

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9097
Order No. R-6760-A

APPLICATION OF COLUMBUS ENERGY
CORPORATION FOR AN EXCEPTION TO
RULE 5(a)2(2) OF DIVISION ORDER
NO. R-8170, AS AMENDED, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of May, 1988, 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) At the time of the hearing Division Case Nos. 9096, 9097, 9098, 9099, 9100, and 9101 were consolidated for the purposes of testimony.

(3) The applicant, Columbus Energy Corporation, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for the six previously approved 160-acre non-standard gas spacing and proration units as described in Exhibit "A", attached hereto and made a part hereof.

(4) The applicant presented testimony showing that by utilizing the current formula for calculating gas allocations in the Blanco-Mesaverde Pool as contained in said Order No. R-8170, there exists an inequity in that the gas allowable

assigned to a standard 320-acre proration unit (GPU) containing two wells is greater than the sum of the gas allowables assigned to two adjacent 160-acre non-standard gas proration units of equal deliverability.

(5) The effect of granting the application would be to substitute a deliverability (D) factor in place of the acreage times deliverability (AD) factor contrary to the applicable pool rules and would create other inequities in the pool.

(6) This particular variation of GPU sizes is a common phenomenon in the Blanco-Mesaverde Pool; therefore, a pool-wide rule change would be a more appropriate approach to solving this problem rather than filing exceptions in each case such as this.

(7) Granting this application would also invite numerous applications for similar treatment and would discourage rather than encourage the formation of standard 320-acre GPU's, all of which could disrupt the allocation of gas on an equitable basis in the pool.

(8) This application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

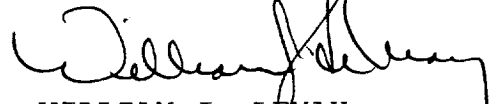
(1) The application of Columbus Energy Corporation for an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Blanco-Mesaverde Pool for each of the six previously approved 160-acre non-standard gas spacing and proration units, as described in Exhibit "A" attached hereto and made a part hereof, is hereby denied.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the typed name.

WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
CASE NO. 9097
ORDER NO. R-6760-A

- A. Lots 1 and 2 and the S/2 NE/4, comprising 160.10 acres of Section 3, dedicated to the applicant's Alberding Well No. 1 located 790 feet from the North and East lines (Unit A) of said Section 3;
- B. The SE/4 of Section 3, dedicated to the applicant's Landaver Well No. 1-E located 2255 feet from the South line and 680 feet from the East line (Unit I) of said Section 3;
- C. The SE/4 of Section 7, dedicated to the applicant's Gross Well No. 1-E located 1850 feet from the South line and 790 feet from the East line (Unit I) of said Section 7;
- D. Lots 3 and 4 and the E/2 SW/4, comprising 156.21 acres of Section 7, dedicated to the applicant's Owens Well No. 1 located 990 feet from the South and West lines (Unit M) of said Section 7;
- E. Lots 1 and 2 and the E/2 NW/4, comprising 156.82 acres of Section 18, dedicated to the applicant's Arnstein Well No. 1-E located 1065 feet from the North line and 1791 feet from the West line (Unit C) of said Section 18; and,
- F. Lots 3 and 4 and the E/2 SW/4, comprising 157.66 acres of Section 18, dedicated to the applicant's Reid Well No. 1 located 990 feet from the South line and 953 feet from the West line (Unit M) of said Section 18.

All of the aforementioned Sections are located in Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico.