

Entered December 2, 1983
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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. 7753 DE NOVO
Order No. R-7236-A

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR THE RECLASSIFICATION OF
MARGINAL GAS WELLS IN THE PRORATED
GAS POOLS OF NORTHWEST NEW MEXICO
AND THE SUSPENSION OF CERTAIN
PRORATION RULES.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 16, 1983, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 2nd day of December, 1983, 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 applicant, El Paso Natural Gas Company, is seeking substantial changes in the application of gas prorationing as carried out in Northwest New Mexico under the provisions of Division Order No. R-1670, as amended, by the following proposals or alternatives:

(a) That applicant requested there not be any marginal wells (proration units or units) in the four prorated gas pools in San Juan, Rio Arriba and Sandoval Counties, during January, February, and March, 1983, and to accomplish this, the reclassification of all marginal wells (units) in said pools as non-marginal wells (units) effective January 1, 1983, said wells (units) to become non-marginal wells (units) with a zero net over/under produced status as of January 1, but to be eligible for reclassification to marginal after March 31, if

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their production-allowable history from January 1 through March 31 so justifies;

(b) That all non-marginal wells (units) in December, 1982, would continue to be classified as non-marginal at least until March 31, and would continue to accumulate their net over/under produced status;

(c) That no well (unit) would be reclassified as marginal until after the March, 1983, production has been reported, when all provisions of Rule 16-A of the Special Rules for prorated gas pools in Northwest New Mexico as promulgated by Order No. R-1670, as amended, would again be applicable;

(d) That Rule 15B of the prorated gas pool rules which pertains to the shutting-in of wells which are six times overproduced would be suspended for the period from January through June of 1983 to accommodate those wells which may be subject to shut-in as the result of assignment of lower than normal allowables during the first six months of 1983; and

(e) That an average production of 1,000 Mcf per month or less be established as the level which will qualify wells in each of the prorated gas pools for classification as exempt marginal wells or the establishment of such other production level as may be appropriate based upon the evidence.

(3) That this matter originally came on for hearing before an examiner of the Oil Conservation Division, hereinafter referred to as the "Division", on February 1, 1983.

(4) That on March 10, 1983, Division Order No. R-7236 was entered including provisions for the following:

- (a) the reclassification of proration units in the Blanco-Mesaverde and Basin-Dakota Pools based on a production level of 67 MCF per day and in the South Blanco-Pictured Cliffs and Tapacito-Pictured Cliffs Pools based on a production level of 33 MCF per day;
- (b) the suspension of the shut-in provisions of Rule 15 B of said gas proration rules until October 1, 1983;
- (c) the denial of the application to amend the definition of "exempt" marginal wells;

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(d) provisions for determining a well's over or under/produced status following the effective date of the order; and

(e) an effective date April 1, 1983.

(5) That on April 8, 1983, Southern Union Exploration Company filed a timely application for hearing De Novo in Case No. 7753.

(6) That Case No. 7753 was heard De Novo by the Commission on November 16, 1983.

(7) That no evidence was presented upon which the Commission could make findings to change any of the findings or terms and provisions of said Order No. R-7236.

(8) That said Division Order No. R-7236 should be affirmed and adopted as the order of the Commission.

IT IS THEREFORE ORDERED:

(1) That Division Order No. R-7236 entered March 10, 1983, is hereby affirmed by the Commission and adopted in its entirety as the order of the Commission.

(2) 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

JIM BACA, MEMBER

Ed Kelley

ED KELLEY, MEMBER

Joe D. Ramey
JOE D. RAMEY, CHAIRMAN &
SECRETARY

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