

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8359
Order No. R-7812

APPLICATION OF DOYLE HARTMAN FOR
REINSTATEMENT OF CANCELLED UNDER-
PRODUCTION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of February, 1985, the Commission, a quorum being present, having considered the testimony and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, as owner and operator of the 320-acre spacing and proration unit comprising the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, seeks the retroactive reclassification of said unit as non-marginal and the reinstatement of previously cancelled underproduction.

(3) Said unit is a multi-well unit simultaneously dedicated to applicant's Late-Thomas Wells Nos. 1, 2, and 3, located in Units M, L, and J, respectively, of said Section 17.

(4) The aforesaid Late-Thomas Well No. 1 first delivered gas into the pipeline on August 29, 1953, and was dedicated to a 160-acre spacing and proration unit comprising the SW/4 of Section 17 until the entry of Division Order No. R-6781 on

-2-

Case No. 8359

Order No. R-7812

September 25, 1981, which order created the present 320-acre unit comprising the S/2 of Section 17.

(5) Subsequent to creation of said 320-acre unit, the applicant completed Late-Thomas Well No. 2, which first delivered gas into the pipeline on November 9, 1981, and Late-Thomas Well No. 3, which first delivered gas into the pipeline on October 23, 1981.

(6) At the time said Wells Nos. 2 and 3 were completed, Late-Thomas Well No. 1 was and had been for some time classified as a marginal well, and although the newly completed wells were capable of non-marginal production, and demonstrated the non-marginal character of the proration unit on a regular basis, the unit was not reclassified as non-marginal until May, 1982.

(7) Market conditions for natural gas from the Jalmat Gas Pool badly deteriorated in 1982, and beyond the control of the operator, the subject proration unit and wells experienced large amounts of underproduction due to frequent days off-line as the result of pipeline action.

(8) As the result of said underproduction, the unit appeared to be of marginal character and was reclassified to a marginal status effective April 1, 1983, with subsequent loss of accumulated underproduction.

(9) The unit was reclassified as non-marginal effective April 1, 1984, with an overproduced net status, largely because the previously cancelled underproduction was no longer available to the unit to offset any accrued overproduction.

(10) The testimony and the exhibits received at the hearing of this case demonstrate that the wells on the subject unit are and have been since October, 1981 of truly non-marginal character, and the unit should not at any time after that date have been classified as marginal.

(11) No party appeared and objected to the proposed reclassification and reinstatement of cancelled underage.

(12) To retroactively reclassify the subject proration unit as non-marginal as of October 23, 1981, and to carry the unit forward from that date to the present as a non-marginal unit with the status being cumulative from October 23, 1981, to the present, will not impair correlative rights nor cause waste, but will in fact protect the correlative rights of the applicant and should be approved.

-3-

Case No. 8359
Order No. R-7812

IT IS THEREFORE ORDERED THAT:

(1) The Doyle Hartman Late-Thomas 320-acre gas proration unit comprising the S/2 of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, simultaneously dedicated to the Doyle Hartman Late-Thomas Wells Nos. 1, 2, and 3, located in Units M, L, and J, respectively, of said Section 17, is hereby ordered reclassified non-marginal effective October 23, 1981, and to be so classified from that date to the present; further the current net status of said unit shall be recalculated based upon such non-marginal reclassification, and shall reflect the difference between total underproduction and total overproduction during said period of time, as compared to the non-marginal allowable assigned to a proration unit of like size in the Jalmat Gas Pool.

(2) 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, Member



R. L. STAMETS, Chairman and
Secretary

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