

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9346
ORDER NO. R-8654

APPLICATION OF READ & STEVENS, INC.
FOR TERMINATION OF GAS PRORATION,
CANCELLING OF OVERPRODUCTION AND
EMERGENCY RELIEF FROM SHUT-IN
REQUIREMENTS IN THE BUFFALO VALLEY-
PENNSYLVANIAN GAS POOL, CHAVES
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 30, 1988, and on April 13, 1988 at Santa Fe, New Mexico, before Examiners Michael E. Stogner and David R. Catanach, respectively.

NOW, on this 16th 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) The applicant, Read and Stevens, Inc., seeks an order terminating gas proration and for cancellation of overproduction in the Buffalo Valley-Pennsylvanian Gas Pool located in portions of Townships 14 and 15 South, Ranges 27 and 28 East, NMPM, Chaves County, New Mexico.

(3) Applicant further seeks emergency relief from RULE 11 (b)(2) of Division Order No. R-8170, as amended, shut-in requirements due to overproduction, for its Harris Federal Wells Nos. 8 and 9 both located in the SE/4 NW/4 (Unit F) of Sections 26 and 23, respectively, of Township 15 South, Range 27 East, NMPM, Chaves County, New Mexico.

(4) The applicant also seeks any additional relief as the Division may deem necessary in this matter.

(5) Mewbourne Oil Company, a working interest owner in the subject pool, and El Paso Natural Gas Company, a gas purchaser and transporter in the subject pool, both appeared in opposition to the application.

(6) The Buffalo Valley-Pennsylvanian Gas Pool was designated, defined and created by Division Order No. R-2349, made effective November 1, 1962, for the production of gas from the Pennsylvanian formation; its horizontal limits have been extended several times by various orders of the Division.

(7) Gas proration was instituted in the Buffalo Valley-Pennsylvanian Gas Pool by Division Order No. R-1670-H, entered in Case No. 4040 and made effective May 1, 1969.

(8) Gas proration in said pool was originally established for the following basic reasons:

- (a) for the protection of correlative rights;
- (b) there was more than one pipeline purchaser purchasing gas produced from the pool;
- (c) there was more than one producer of gas from the pool; and
- (d) total deliverability of the producing wells in the pool exceeded the reasonable market demand for the gas from said pool.

(9) During the hearing in the immediate case evidence was presented showing that:

- (a) there are three pipeline purchasers taking gas production from the subject pool;
- (b) there are 30 wells in the subject pool operated by 7 different operators;
- (c) the pool contains 6 wells with acreage factors of either less than or greater than one;
- (d) there are 24 marginal wells in the pool; and
- (e) there are two non-marginal wells that are six times overproduced and four under-produced non-marginal wells in the pool.

(10) The applicant's Harris Federal Well No. 8 located 1650 feet from the North and West lines (Unit F) of Section 26 and Harris Federal Well No. 9 located 1650 feet from the North and West lines (Unit F) of Section 23, both in Township 15 South, Range 27 East, NMPM, Chaves County, New Mexico, are currently six times overproduced and are subject to the shut-in provisions of RULE 11 (b)(2) of said Order No. R-8170, as amended.

(11) The applicant failed to provide sufficient evidence to justify the termination of proration for this pool and failed to prove that:

- (a) the elimination of proration in the Buffalo Valley-Pennsylvanian Gas Pool would not adversely affect the correlative rights of the owners of the marginal wells and the underproduced non-marginal wells in said pool;
- (b) the termination of proration in the subject pool would not result in waste; and
- (c) the cancellation of over-production for the two subject wells, as described above, would not violate correlative rights of owners within the pool or cause waste.

(12) This application should therefore be denied in its entirety.

IT IS THEREFORE ORDERED THAT:

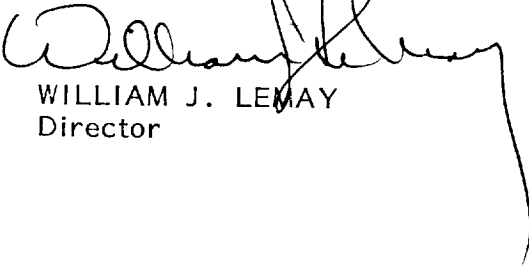
(1) The application of Read and Stevens, Inc. for an order terminating gas proration and for cancellation of overproduction in the Buffalo Valley-Pennsylvanian Gas Pool, located in portions of Townships 14 and 15 South, Ranges 27 and 28 East, NMPM, Chaves County, New Mexico, for the emergency relief from shut-in requirements due to overproduction for its Harris Federal Wells No. 8 and 9, and for any additional relief as the Division may deem necessary in this matter, is hereby denied in its entirety.

(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



WILLIAM J. LEMAY
Director

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