

**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. 10657  
Order No. R-9831**

**APPLICATION OF MARATHON OIL COMPANY  
FOR REINSTATEMENT OF UNDERPRODUCTION  
FOR A GPU IN THE INDIAN BASIN-UPPER  
PENNSYLVANIAN GAS POOL, EDDY COUNTY,  
NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on January 7, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 19th day of January, 1993, 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, Marathon Oil Company, in accordance with the provisions of Rule No. (14)(b) of the General Rules for the Prorated Gas Pools of New Mexico, as promulgated by Division Order No. R-8170, as amended, seeks an order reinstating canceled underproduction from the gas proration period ending March 31, 1990 for a gas proration unit (GPU) in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 34, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, said unit dedicated to the applicant's Indian Basin "D" Well No. 1 located in Unit K of Section 34.

(3) The evidence presented indicates that the Indian Basin "D" Well No. 1, being a non-marginal producer, accumulated underproduction in the amount of 167,977 MCFG prior to and during the gas proration period ending March 31, 1990.

(4) In January, 1990, the Indian Basin "D" Well No. 1 was reclassified from non-marginal to marginal, and as a result, the accrued underproduction was canceled in accordance with Rule No. (13)(b) of Division Order No. R-8170, as amended.

(5) The evidence and testimony further indicates that during the first quarter of 1991, the applicant undertook action to improve the producing capability of the subject well. As a result of this successful action, the Indian Basin "D" Well No. 1 was reclassified to non-marginal in April, 1991.

(6) During the gas proration period from April, 1991 to March, 1992 the subject well accrued overproduction in the amount of 355,857 MCFG. During the period from April, 1992 to December, 1992, the subject well accumulated overproduction in the approximate amount of 297,610 MCFG.

(7) In accordance with the provisions of Rule No. (11)(a) of Division Order No. R-8170, as amended, the subject well will be shut-in by the Division on April 1, 1993 until such time as the overproduction accrued during the gas proration period from April, 1991 to March, 1992 is made up.

(8) The applicant requested that the underproduction, as described in Finding No. (3) above, be reinstated and credited against the overproduction accrued during the gas proration period from April, 1991 to March, 1992.

(9) Reinstatement of the accrued underproduction will have the effect of reducing the amount of overproduction accrued during the gas proration period from April, 1991 to March, 1992, and thereby reducing the amount of time the subject well will be shut in.

(10) Rule No. (14)(b) of Division Order No. R-8170, as amended, provides that: "REINSTATEMENT OF STATUS: a GPU reclassified to non-marginal under the provisions of Rule 14(a) shall have reinstated to it all underproduction which accrued or would have accrued as a non-marginal GPU from the current production period, *underproduction from the prior proration period may be reinstated after notice and hearing*".

(11) The applicant notified all operators in the Indian Basin-Upper Pennsylvanian Gas Pool of its application in this case.

(12) Chevron USA Inc., an offset operator to the subject GPU, appeared through counsel at the hearing but presented no evidence or testimony.

(13) No other operator appeared at the hearing in opposition to the application.

(14) Approval of the application in accordance with Rule No. (14)(b) of Division Order No. R-8170, as amended, will not cause waste and will not violate correlative rights.

**IT IS THEREFORE ORDERED THAT:**

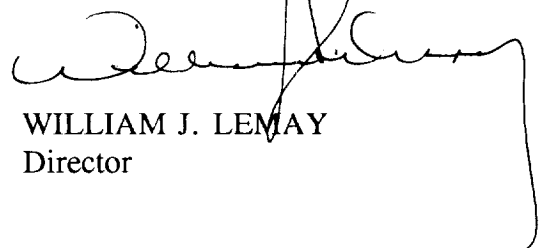
(1) The application of Marathon Oil Company to reinstate canceled underproduction in the amount of 167,977 MCFG from the gas proration period ending March 31, 1990 for a gas proration unit (GPU) in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 34, Township 21 South, Range 23 East, NMPM, Eddy County, New Mexico, said unit dedicated to the applicant's Indian Basin "D" Well No. 1 located in Unit K of Section 34, is hereby approved.

(2) The underproduction as described above shall be credited against overproduction from the subject GPU accrued during the gas proration period from April, 1991 to March, 1992.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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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