

Entered January 18, 1974
A.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION COMMISSION ON ITS OWN MOTION TO
CONSIDER EXTENDING THE POOL LIMITS OF THE
BURTON FLATS-STRAWN GAS POOL, EDDY COUNTY,
NEW MEXICO, TO CONSIDER THE INSTITUTION OF
GAS PRORATIONING IN SAID POOL, AND TO CONSIDER
THE ADOPTION OF SPECIAL RULES AND REGULATIONS
FOR SAID POOL.

CASE NO. 5112
Order No. ~~R-4707~~

ORDER OF THE COMMISSION

*Order No. 5112
to R-1670-Q
12/18/74*

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 16, 1974,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of January, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, 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 by Order No. R-4622 effective September 1, 1973,
the Commission created the Burton Flats-Strawn Gas Pool, Eddy
County, New Mexico, for the production of gas from the Strawn
formation.

(3) That the horizontal limits of said pool have not
been extended since that time.

(4) That the horizontal limits of the Burton Flats-Strawn
Gas Pool as defined by the Commission at the time of hearing
this case comprise the following described area:

EDDY COUNTY, NEW MEXICO
TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 3: S/2

(5) That the Burton Flats-Strawn Gas Pool in Eddy County,
New Mexico, should be extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 10: All

(6) That at the time of hearing of this case, there were three wells producing from the subject pool as defined in Finding No. (4) above, and as extended pursuant to Finding No. (5) above, and one additional well producing from the Strawn formation in Section 34, Township 20 South, Range 28 East, immediately to the North and that the aforesaid four wells are producing from a common reservoir.

(7) That at the time of the hearing of this case, gas was being taken from wells producing from the subject reservoir by three transporters, being El Paso Natural Gas Company, Southern Union Gas Company, and Transwestern Pipe Line Company.

(8) That during the month of November, 1973, the latest month for which full monthly statistics are available, the estimated total delivery capacity of the three wells which had pipe line connections during the entire month was at least 18,200 MCF per day.

(9) That during the month of November, 1973, the actual production from the aforesaid three wells producing from the subject reservoir was approximately 10,950 MCF per day.

(10) That since, during the month of November, 1973, no restrictions other than market demand were placed upon the production from wells producing from the subject reservoir, actual production should be considered as market demand for gas from the reservoir.

(11) That during the month of November, 1973, the total delivery capacity of the wells producing from the subject reservoir exceeded market demand for gas from the reservoir.

(12) That under the conditions that now exist in the subject pool, there is a potential for non-ratable taking by pipelines from the various wells in the pool.

(13) That non-ratable taking by pipelines from the various wells in the pool would constitute a violation of correlative rights.

(14) That unrestricted production creates a potential for drainage which is not equalized by counter-drainage and that such drainage constitutes a violation of correlative rights.

(15) That the protection of correlative rights is a necessary adjunct to the prevention of waste.

(16) That in order to prevent waste and ensure that all owners of property in the subject pool have the opportunity to produce without waste their fair share of the gas in the pool, the subject pool should be prorated to limit the amount of gas to be recovered from each tract to that tract's share of the reasonable market demand for gas from the pool.

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(17) That to ensure that each owner of property in the subject pool has the opportunity to produce that amount of gas that can be practicably obtained without waste substantially in the proportion that the recoverable gas under his tract bears to the total recoverable gas in the pool, the subject pool should be prorated in order to limit the amount of gas to be produced from the pool to the reasonable market demand and the capacity of the gas transportation facilities serving that pool.

(18) That the subject pool has not been completely developed.

(19) That production from the Strawn formation in the subject pool is from separate carbonate units with indeterminate areal extent and varying porosity and thickness within individual units and between units.

(20) That the above-described units are not continuous across the pool but are interconnected by the perforations in the various completions in the pool.

(21) That due to the above-described variations in the units and the lack of continuity of the units, the effective feet of pay and the reserves underlying each developed tract cannot be practicably determined from the data obtained at the wellbore.

(22) That there are recoverable gas reserves underlying each of the developed 320-acre tracts within the horizontal limits of the subject pool, as described in Finding No. (4) above and as extended pursuant to Finding No. (5) above, and one additional developed 320-acre tract in the Strawn formation in Section 34, Township 20 South, Range 28 East, immediately to the North, there being a total of four wells completed and capable of producing from the Burton Flats-Strawn gas reservoir.

(23) That due to the nature of the reservoir, the amount of recoverable gas under each producer's tract cannot be practicably determined in the subject pool by a formula which considers effective feet of pay and pore volume.

(24) That due to the nature of the reservoir, the total amount of recoverable gas in the subject pool cannot be practicably determined by a formula which considers effective feet of pay and pore volume.

(25) That due to the nature of the reservoir, the proportion of recoverable gas underlying each tract to the total amount of recoverable gas in the subject pool cannot be practicably determined by a formula which considers effective feet of pay and pore volume.

(26) That the amount of recoverable gas under each producer's tract cannot be practicably determined in the subject pool by a formula which considers the deliverability of a well.

(27) That the total amount of recoverable gas in the subject pool cannot be practicably determined by a formula which considers the deliverability of the wells in the pool.

(28) That the proportion of recoverable gas underlying each tract to the total amount of recoverable gas in the subject pool cannot be practicably determined by a formula which considers the deliverability of the wells within the pool.

(29) That the amount of recoverable gas under each producer's tract cannot be practicably determined by a formula which considers previous production and pressure decline.

(30) That due to the early state of depletion of the subject pool, the total amount of recoverable gas in the pool cannot be practicably determined by a formula which considers previous production and pressure decline.

(31) That the proportion of recoverable gas underlying each tract to the total amount of recoverable gas in the subject pool cannot be practicably determined by a formula which considers previous production and pressure decline.

(32) That the amount of gas which can be practicably obtained without waste by the owner of each property in the subject pool substantially in the proportion that the recoverable gas under his tract bears to the total recoverable gas in the pool can be practicably determined best by allocating the allowable production among the wells on the basis of developed tract acreage compared to total developed tract acreage in the pool.

(33) That, considering the nature of the reservoir and the known extent of development, a proration formula based upon surface acreage will afford the owner of each property in the pool the opportunity to produce his just and equitable share of the gas in the pool so far as such can be practicably obtained without waste substantially in the proportion that the recoverable gas under such property bears to the total recoverable gas in the pool.

(34) That in order to prevent waste, the total allowable production from all gas wells producing from the subject pool should be limited to the total reasonable market demand for gas from the pool.

(35) That in order to prevent waste the total allowable production from each gas well producing from the subject pool should be limited to that well's share of the reasonable market demand for gas from the pool.

(36) That, in order to prevent drainage between tracts that is not equalized by counter drainage, the allowable production from the pool should be prorated to the various producers on a just and equitable basis.

(37) That, considering the available reservoir information, a 100 percent surface acreage formula is the most reasonable basis for allocating the allowable production among the wells delivering to the gas transportation facilities.

(38) That the adoption of a 100 percent surface acreage formula for allocating the allowable production in the subject pool will, insofar as is presently practicable, prevent drainage between producing tracts which is not equalized by counter drainage.

(39) That in order to ensure that each operator is afforded the opportunity to produce his property ratably with all other operators in the pool, allowable production from the pool should be prorated to the various producers upon a just and equitable basis.

(40) That the adoption of a 100 percent surface acreage formula for allocating the allowable production in the subject pool will insofar as is presently practicable allow each operator the opportunity to produce his property ratably with all other operators in the pool.

(41) That the subject pool should be governed by the general rules and regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, insofar as such general rules and regulations are not inconsistent with this order.

IT IS THEREFORE ORDERED:

(1) That the Burton Flats-Strawn Gas Pool in Eddy County, New Mexico, as heretofore classified, defined and described, is hereby extended to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 10: All

(2) That the Burton Flats-Strawn Gas Pool in Eddy County, New Mexico, is hereby prorated effective April 1, 1974.

(3) That the subject pool shall be governed by the general rules and regulations for the prorated gas pools of Southeastern

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New Mexico promulgated by Order No. R-1670, as amended, insofar as such general rules and regulations are not inconsistent with this order.

SPECIAL RULES AND REGULATIONS
FOR THE
BURTON FLATS-STRAWN GAS POOL

A. WELL LOCATION AND ACREAGE REQUIREMENTS

RULE 1. Each well completed or recompleted in the Burton Flats-Strawn Gas Pool or in the Strawn formation within one mile thereof and not nearer to nor within the boundaries of another pool producing from the Strawn formation shall be spaced, drilled, operated, and prorated in accordance with the rules for the Burton Flats-Strawn Gas Pool as set forth herein.

RULE 2. Each well shall be located no nearer than 1980 feet to the end boundary nor nearer than 660 feet to the side boundary of the proration unit nor nearer than 330 feet to any governmental quarter-quarter section line.

C. ALLOCATION AND GRANTING OF ALLOWABLES

RULE 8. (A) The total allowable to be allocated to gas wells in the pool regulated by this order each month shall be equal to the sum of the "preliminary" or "supplemental" nominations (whichever is applicable) together with any adjustments which the Commission deems advisable. The allowable remaining each month after deducting the total allowable assigned to marginal wells shall be allocated among the non-marginal wells entitled to an allowable in the proportion that each well's acreage factor bears to the total of the acreage factors for all non-marginal gas wells in the pool.

RULE 8. (B) Allowables to newly completed gas wells shall commence on the day of connection to a gas transportation facility as determined from an affidavit furnished to the Commission (Drawer DD, Artesia, New Mexico 88210) by the purchaser or the date of filing of Form C-104 and a plat (Form C-102) whichever data is the latter.

RULE 9. (A) A standard unit consisting of 320 acres shall be assigned an acreage factor of 1.00, provided however, the acreage tolerances provided in Rule 5 (A) shall apply.

C. GENERAL

RULE 25. The vertical limits of the Burton Flats-Strawn Gas Pool shall be the Strawn formation.

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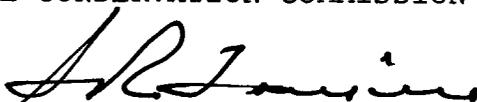
RULE 26. The first proration period for the Burton Flats-Strawn Gas Pool shall commence on April 1, 1974.

IT IS FURTHER ORDERED:

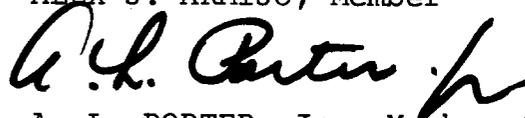
(1) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

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