

Entered March 22, 1982
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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. 7074
Order No. R-6565-C

IN THE MATTER OF CASE 7074 BEING
REOPENED PURSUANT TO THE PROVISIONS OF
ORDER NO. R-6565 AND R-6565-B WHICH CREATED
THE SOUTH ELKINS-FUSSELMAN GAS POOL, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 3, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of March, 1982, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That by Order No. R-6565 and R-6565-B, dated January 22, 1981 and July 28, 1981, respectively, temporary special rules and regulations were promulgated for the South Elkins-Fusselman Gas Pool, Chaves County, New Mexico.
- (3) That pursuant to the provisions of Order No. R-6565 and R-6565-B, this case was reopened to allow all interested parties to present evidence as to the exact nature of the reservoir, and more particularly, as to the proper rate of withdrawal from the reservoir if it is determined that said pool is producing from a retrograde gas condensate reservoir.
- (4) That the evidence presented at this hearing establishes that said South Elkins-Fusselman is a retrograde gas condensate reservoir.

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(5) That the evidence presented further established that 1,500 MCF of gas per day should be established as a maximum rate of withdrawal for wells in said pool.

(6) That continuation of said pool as a gas pool with special pool rules to provide for such production limitation will prevent waste and will not violate correlative rights.

IT IS THEREFORE ORDERED:

(1) That effective April 1, 1982, Special Rules and Regulations for the South Elkins-Fusselman Gas Pool are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
SOUTH ELKINS-FUSSELMAN GAS POOL

RULE 1. Each well completed or recompleted in the South Elkins-Fusselman Gas Pool or in the Fusselman formation within one mile thereof, and not nearer to or within the limits of another designated Fusselman pool, shall be produced in accordance with the Special Rules and Regulations hereinafter set forth.

RULE 2. A gas well in the South Elkins-Fusselman Gas Pool shall be permitted to produce no more than 1,500 MCF of gas per day during the effective period of these pool rules.

RULE 3. An initial shut-in pressure test shall be taken on each gas well and shall be reported to the Division on Form C-125.

RULE 4. Any well completed after the effective date of these rules shall receive an allowable only upon receipt by the appropriate Division district office of Division Form C-104, properly executed.

RULE 5. The date 7:00 a.m. April the first of each year shall be known as the balancing date, and the twelve months following this date shall be known as the gas proration period.

RULE 6. Any gas well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period. Any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

RULE 7. Production during any one month of a gas proration period in excess of the allowable assigned to a well for such month shall be applied against the underproduction carried into such period in determining the amount of allowable, if any, to be cancelled.

RULE 8. Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period, provided that such overproduction shall be compensated for during such succeeding period. Any well which has not compensated for the overproduction carried into a gas proration period by the end of such proration period shall be shut in until such overproduction is compensated for. If, at any time, a well is overproduced an amount equaling three times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than three times its current monthly allowable.

RULE 9. The allowable assigned to a well during any one month of a gas proration period in excess of the production for the same month shall be applied against the overproduction carried into such period in determining the amount of overproduction, if any, which has not been compensated for.

RULE 10. The Division may allow overproduction to be compensated for at a lesser rate than would be the case if the well were completely shut in upon a showing after notice and hearing that complete shut in of the well would result in material damage to the well or reservoir.

RULE 11. The monthly gas production from each gas well shall be metered separately and the gas production therefrom shall be reported to the Division on Form C-115 so as to reach the Division on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the produced gas.

RULE 12. Each purchaser or taker of gas shall submit a report to the Division so as to reach the Division on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on Form C-111 with the wells being listed in the same order as they are listed on the appropriate proration schedule.

RULE 13. Failure to comply with any provision of these rules shall result in the immediate cancellation of allowable assigned to the affected well. No further allowable shall be assigned until all rules and regulations have been complied

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with. The Division Director shall notify the operator of the well and purchaser in writing of the date of allowable cancellation and the reason therefor.

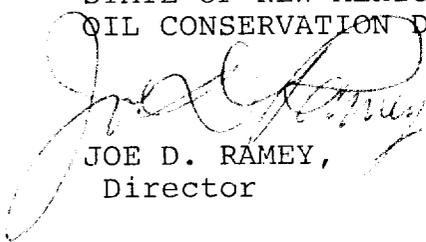
RULE 14. All transporters or users of gas shall file gas well-connection notices with the Division as soon as possible after the date of connection.

IT IS FURTHER ORDERED:

(1) That jurisdiction of this cause is 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



JOE D. RAMEY,
Director

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