

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

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

**CASE NO. 11102
ORDER NO. R-10220**

**GAS ALLOWABLES FOR THE PRORATED GAS
POOLS IN NEW MEXICO FOR OCTOBER, 1994
THROUGH MARCH, 1995.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on September 22, 1994 at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW on this 21st day of October, 1994, the Commission, a quorum being present and having considered the testimony, the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

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

(2) This hearing was called for the purpose of accepting nominations and other evidence and information to assist in determining October, 1994 through March, 1995 gas allowables for the prorated gas pools in New Mexico. Thirteen of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico, and the other four prorated gas pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico.

(3) Amendments to the Gas Proration Rules approved by the Commission Order No. R-8170-II in December, 1990 provide for the allowables to be established for six month allocation periods beginning in April and October of each year.

(4) Average monthly allowables for October, 1994 through March, 1995 for each pool should be based on the monthly average individual pool production for October 1993 through March, 1994, with administrative adjustments where appropriate.

(5) Production information for 1994 was not available because of delays in getting C-115 production information into the new system. Estimates based on 1993 data were therefore used as a basis for preliminary allowables. Producers, purchasers, and transporters of gas were asked to review these preliminary allowables and to participate in the September 22 hearing by providing information which would assist in arriving at the final allowable assignments.

(6) Exxon presented evidence and testimony at the hearing to support a requested increase in the Eumont Pool F1 factor. An increase from the 30,000 MCF per month proposed by OCD to 37,772 MCF per month was requested. Exxon testified that the increase is needed to support their planned workover program and that a market is available for the additional gas.

Conoco Inc. submitted testimony and exhibits in support of the F1 factor proposed by OCD but indicated no objection to the Exxon proposal.

(7) Exxon also presented evidence to support a request that the F1 factor in the Blinbry Pool be increased from 38,000 to 42,550 citing workover plans, producing capacity and the previous winter allocation period F1 factor as reasons for the increase.

(8) Oryx Energy Company presented evidence to support OCD's proposed F1 factor of 200,000 for the Indian Basin-Upper Pennsylvanian Pool.

(9) Meridian presented evidence to support their request for a 551,925 MCF per month pool allowable adjustment for the Blanco Mesaverde Pool. This would increase total pool allowable to 17 BCF per month. Meridian estimated 1994 production data for the pool based on Meridian production. These estimates indicate that production averaged over 17 BCF per month during the first 5 months of 1994.

The proposed increase would result in an F1 factor of 6,795 and an F2 factor of 30.81. This would assign an allowable in excess of deliverability for any proration unit with an acreage factor of one or more.

The OCD proposed factors, $F1 = 5,733$ and $F2 = 26$, would assign allowables equal to or in excess of deliverability for proration units with acreage factors of one or more and deliverabilities of 1,323 MCF per day or less. A review of Mesaverde deliverability data shows approximately 40 GPUs with deliverabilities above 1,323. Allowables for these 40 or so GPUs would be at least 86% of deliverability assuming acreage factors of one. This indicates that the factors proposed by OCD should provide sufficient allowable for the pool.

(10) Statements and/or letters supporting proposed OCD allowables were entered into the hearing record by Amoco, Amerada Hess, Conoco, Chevron, Exxon, Marathon, Meridian, Oryx, and Phillips. Each also expressed either agreement with or no opposition to the allowable increases proposed for Eumont, Blinebry, and Blanco Mesaverde.

(11) Based on testimony presented at the hearing, there is sufficient demand for New Mexico gas to accommodate the proposed allowables.

(12) OCD presented data to show that total natural gas production from New Mexico wells has increased from 1.019 TCF in 1991 to 1.403 TCF in 1993. Projected total production for 1994 is 1.6 TCF. Testimony was also presented to show that the proration system has allowed prorated pools to participate in supplying the increasing demand for New Mexico gas.

(13) No working interest owner or other interested party appeared at the hearing in opposition to the allowables set out above.

(14) The allowable increases requested in Findings Paragraph Nos. (6) and (7) should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Exhibits "A" and "B" attached to and incorporated herein, including the increased allowables requested in Finding Paragraph Nos. (6) and (7) are adopted for the purpose of making allowable assignments for the prorated gas pools in New Mexico for the months of October, 1994 through March, 1995.

(2) The Oil Conservation Division is hereby directed to prepare proration schedules for the October, 1994 through March, 1995 allocation period in accordance with this order and other Division Rules, Regulations and Orders. Copies of this order shall be included in each proration schedule.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

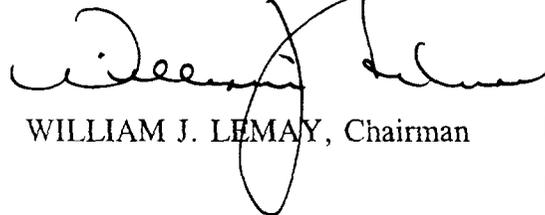
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



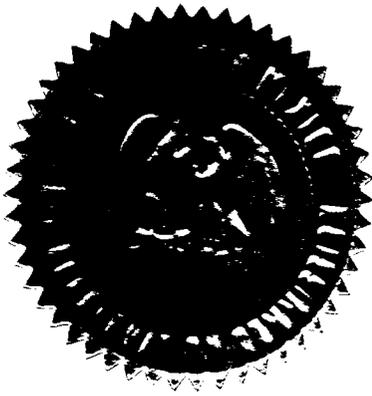
GARY CARLSON, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman



S E A L

**OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS OF SOUTHEAST NEW MEXICO
 OCTOBER 1994 THROUGH MARCH 1995**

Pool Name	Avg Monthly Pool Production Oct93-Mar94	Pool Adjustments	Monthly Pool Allowable Oct94-Mar95	Monthly Marginal Pool Allowable Oct94-Mar95	Monthly Non-Marginal Pool Allowable Oct94-Mar95	Number of Marginal Acr Factors	Monthly Acctg Alloc Factor
Atoka Penn	84,641	23,359	108,000	60,000	48,000	2.00	24,000
Blinebry Oil and Gas	0	577,650	577,650	450,000	127,650	3.00	42,550
Buffalo Valley Penn	341,879	0	341,879	308,879	33,000	1.00	33,000
Burton Flat Strawn	59,758	0	59,758	59,758	0	0.00	20,000
Carlsbad Morrow, South	232,247	0	232,247	232,247	0	0.00	25,000
Catclaw Draw Morrow	403,996	0	403,996	403,996	0	0.00	70,000
Eumont Yates 7 Rivers Qn	2,861,119	178,756	3,039,875	2,171,119	868,756	23.00	37,772
Indian Basin Morrow	62,772	0	62,772	46,772	16,000	1.00	16,000
Indian Basin Upper Penn	3,857,493	0	3,857,493	2,857,493	1,000,000	5.00	200,000
Jalmat Tansill YT 7 Rivers	1,077,424	0	1,077,242	985,924	91,500	5.00	18,300
Justis Glorieta	51,636	48,564	100,200	27,000	73,200	4.00	18,300
Monument McKee Ellen	12,366	0	12,366	12,366	0	0.00	12,000
Tubb Oil and Gas	0	321,500	321,500	200,000	121,500	9.00	13,500

****All Gas Volumes Shown in MCF**

Average pool production volumes are October 1993 to December 1993. 1994 unavailable.
 Production data unavailable for Blinebry and Tubb.

OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS OF NORTHWEST NEW MEXICO
 OCTOBER 1994 THROUGH MARCH 1995

Pool Name	Avg Monthly Pool Production Oct93-Mar94	Pool Adjustment	Monthly Pool Allowable Oct94-Mar95	Monthly Marginal Pool Allowable Oct94-Mar95	Monthly Non-Marginal Allowable OCT94-Mar95	Number of Non-Marginal Act. Factors	Number of Non-Marginal Act. Div.	Monthly Acreage Alloc. Factor	Monthly Div. Factor
Basin Dakota	9,517,413	0	9,517,413	9,237,413	280,000	15.00	8,000	11,200	14.00
Blanco Mesaverde	16,448,075	0	16,448,075	13,466,742	2,981,333	130.00	86,000	5,733	26.00
Blanco P.C. South	1,345,534	0	1,345,534	1,196,201	149,333	85.00	4,000	439	28.00
Tapacito Pictured Cliffs	311,519	0	311,519	296,586	14,933	8.00	560	467	20.00

****All Gas Volumes Shown in MCF**
 Average Pool Production volumes are October 1993 to December 1993.
 1994 unavailable.