

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4436
Order No. R-4085

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR THE AMENDMENT OF THE GENERAL RULES AND
REGULATIONS GOVERNING THE PRORATED GAS POOLS
OF NEW MEXICO AND THE AMENDMENT OF THE SPECIAL
RULES AND REGULATIONS GOVERNING THE TAPACITO-
PICTURED CLIFFS AND BASIN-DAKOTA GAS POOLS
LOCATED IN RIO ARRIBA, SAN JUAN, AND SANDOVAL
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 2, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of December, 1970, 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 El Paso Natural Gas Company is the owner and operator of certain wells in certain prorated gas pools in New Mexico and is also the owner and operator of pipelines connected to wells in certain prorated gas pools in New Mexico.
- (3) That El Paso Natural Gas Company by its application in this case sought a hearing seeking the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest New Mexico and the Special Rules and Regulations governing

the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties to permit substantial change in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules.

(4) That the Commission, upon its own motion, broadened the notice given concerning the above-described application to permit consideration of the above-described changes for the prorated gas pools of Southeast New Mexico as well.

(5) That Rule 9(B) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 10(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico should be amended to provide that the monthly allowable to be assigned to each marginal well should be equal to its average monthly production during the preceding gas proration period.

(6) That Rule 15(B) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico should be amended to provide that when a well is overproduced in an amount equaling six times its average monthly allowable it should be shut in during that month and each succeeding month until it is overproduced less than six times its average monthly allowable for the preceding proration period.

(7) That Rule 16(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 16(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico should be amended to provide for the reclassification from non-marginal to marginal of each underproduced well that does not produce during at least one month of a proration period its average monthly allowable for the period.

(8) That Rule 18 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico and Rule 18 of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico should be amended to set forth a procedure for adjusting the allowable and net status of a well that has been reclassified from marginal to non-marginal.

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(9) That each of the above-described amendments is necessary in order to prevent waste and to adequately protect the correlative rights of all operators in the subject pools.

IT IS THEREFORE ORDERED:

(1) That Rule 9(B) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

RULE 9(B). The monthly allowable to be assigned to each marginal well shall be equal to its average monthly production during the preceding gas proration period.

(2) That Rules 15(A) and 15(B) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico are hereby amended to read in their entirety as follows:

RULE 15(A). Overproduction: 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. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said proration period shall be shut in until such overproduction is made up, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

RULE 15(B). If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the preceding proration period (or, in the case of a new well, six times the average monthly allowable for a well of like deliverability and acreage) it shall be shut in during that month and each succeeding month until it is overproduced less than six times

its average monthly allowable for the preceding proration period, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

(3) That Rule 16(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

RULE 16(A). After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of said period shall be classified marginal if its highest single month's production is less than its average monthly allowable for said period, unless, within 15 days after the close of said period, the operator or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

(4) That Rule 18 of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico is hereby amended to read in its entirety as follows:

RULE 18. If, at the end of a proration period, a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of like deliverability and acreage, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly. (If the well has been classified as marginal for one proration period only, any underproduction cancelled as the result of such classification shall be reinstated upon reclassification back to non-marginal status. All uncompensated-for overproduction accruing to the well while marginal shall be chargeable upon reclassification to non-marginal.)

(5) That Rule 15(B) and Rule 16(A) of the Special Rules and Regulations for the Tapacito-Pictured Cliffs Gas Pool are hereby deleted.

(6) That Rule 16(A) of the Special Rules and Regulations governing the Basin-Dakota Gas Pool is hereby deleted.

(7) That Rule 10(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

RULE 10(A). The monthly allowable to be assigned to each marginal well shall be equal to its average monthly production during the preceding gas proration period.

(8) That Rule 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

RULE 15(A). Overproduction: 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. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said proration period shall be shut in until such overproduction is made up, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

If, at any time, a well is overproduced in an amount equaling six times its average monthly allowable for the preceding proration period, (or, in the case of a new well, six times the average monthly allowable for a unit of corresponding size) it shall be shut in during that month and each succeeding month

until it is overproduced less than six times its average monthly allowable for the preceding proration period, provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that said special authority shall be rescinded for any well produced in excess of the monthly rate of production authorized by the Secretary-Director.

(9) That Rule 16(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

RULE 16(A). After the production data is available for the last month of each gas proration period, any well which had an underproduced status at the beginning of said period shall be classified marginal if its highest single month's production is less than its average monthly allowable for said period, unless, within 15 days after the close of said period, the operator or other interested person presents satisfactory evidence to the Commission showing that the well is not of marginal character and should not be so classified.

(10) That Rule 18 of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico is hereby amended to read in its entirety as follows:

RULE 18. If, at the end of a proration period, a marginal well has produced more than the total allowable for the period assigned a non-marginal unit of corresponding size, the marginal well shall be reclassified as a non-marginal well and its allowable and net status adjusted accordingly. (If the well has been classified as marginal for one proration period only, any underproduction cancelled as the result of such classification shall be reinstated upon reclassification back to non-marginal status. All uncompensated-for overproduction accruing to the well while marginal shall be chargeable upon reclassification to non-marginal.)

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(11) That the provisions of this order shall become effective January 1, 1971.

(12) 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



DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member

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



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