

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION, AT THE RECOMMENDATION OF THE COMMISSION'S "PICTURED CLIFFS GAS PRORATION COMMITTEE," TO CONSIDER THE AMENDMENT OF COMMISSION ORDER NO. R-1670 FOR THE PURPOSE OF ELIMINATION OF GAS PRORATIONING IN THE AZTEC-PICTURED CLIFFS, BALLARD-PICTURED CLIFFS, FULCHER KUTZ-PICTURED CLIFFS, AND WEST KUTZ-PICTURED CLIFFS GAS POOLS IN SAN JUAN, RIO ARRIBA, AND SANDOVAL COUNTIES, NEW MEXICO.

CASE NO. 5154
Order No. R-1670-R

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 30, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 7th day of February, 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 Order No. R-565, dated December 23, 1954, as subsequently amended, adopted Special Rules for the Aztec-Pictured Cliffs Pool, the Fulcher Kutz-Pictured Cliffs Pool, and the South Blanco-Pictured Cliffs Pool, in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, and provided for the prorating of gas production from said pools.

(3) That Order No. R-566, dated December 23, 1954, as subsequently amended, adopted Special Rules for the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, and provided for the prorating of gas production from said pool.

(4) That Order No. R-846, dated July 18, 1956, as subsequently amended, adopted Special Rules for the Ballard-Pictured Cliffs Pool in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, and provided for the prorating of gas production from said pool.

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(5) That subsequent to the issuance of the above-described orders, Order No. R-1670 was issued by the Commission on May 20, 1960, and said order consolidated all gas prorationing orders into one single order, said Order No. R-1670, and superseded, among others, all of the orders mentioned in Findings Nos. (2), (3) and (4) above.

(6) That said Order No. R-1670, as amended, currently includes among the gas pools which are prorated pursuant thereto, the Aztec-Pictured Cliffs Pool, the Ballard-Pictured Cliffs Pool, the Fulcher Kutz-Pictured Cliffs Pool and the West Kutz-Pictured Cliffs Pool, in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(7) That by memorandum dated November 14, 1973, the Secretary-Director of the Commission notified all gas purchasers and producers in the San Juan Basin that a Pictured Cliffs Gas Proration Study Committee had been appointed to study the Pictured Cliffs gas pools and to make recommendations to the Commission concerning possible elimination of gas prorationing from some or all of said pools.

(8) That the Committee, by letter dated December 19, 1973, notified the Commission that it was its unanimous recommendation that the Commission call a hearing to consider the elimination of gas prorationing in the Aztec-Pictured Cliffs, Ballard-Pictured Cliffs, Fulcher Kutz-Pictured Cliffs, and West Kutz-Pictured Cliffs Pools, whereupon the instant case was docketed.

(9) That the evidence adduced at the hearing shows that the productivity of the aforesaid four pools has so declined that the average daily per well production is approximately 100 MCF of gas per day.

(10) That according to the evidence, 79.1 percent of the wells in the Aztec-Pictured Cliffs Pool, 85.1 percent of the wells in the Ballard-Pictured Cliffs Pool, 73.6 percent of the wells in the Fulcher Kutz-Pictured Cliffs Pool, and 86.7 percent of the wells in the West Kutz-Pictured Cliffs Pool produced an average of less than 3000 MCF per month during the first nine months of 1973.

(11) That due to the low productivity of the wells in the subject pools, gas prorationing should be discontinued in said pools.

(12) That the elimination of gas prorationing in the subject pools, under present conditions, will not cause waste nor impair correlative rights.

(13) That the most practicable time at which gas prorationing should be discontinued in the subject pools would be at the expiration of the current gas proration period at 7:00 o'clock a.m., April 1, 1974.

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(14) That the Commission should continue to observe gas production and gas purchase practices and trends in the subject pools, and should take whatever steps it may deem advisable if it appears correlative rights may become impaired or waste might result in the absence of gas prorationing.

IT IS THEREFORE ORDERED:

(1) That effective at 7:00 o'clock a.m., April 1, 1974, gas prorationing is hereby discontinued in the Aztec-Pictured Cliffs Pool, the Ballard-Pictured Cliffs Pool, the Fulcher Kutz-Pictured Cliffs Pool, and the West Kutz-Pictured Cliffs Pool, in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

(2) That Commission Order No. R-1670, dated May 20, 1960, as amended, is hereby further amended to delete all reference therein to the aforesaid four pools effective at 7:00 o'clock a.m., April 1, 1974.

(3) 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



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