



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

GARREY CARRUTHERS
 GOVERNOR

November 13, 1990

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87504
 (505) 827-5800

Mr. William F. Carr
 Campbell & Black
 Attorneys at Law
 Post Office Box 2208
 Santa Fe, New Mexico

Re: CASE NO. 10036
 ORDER NO. R-8170-G

Applicant:
Texaco, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
 OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Thomas Kellahin, Joanne Reuter, Perry Pearce

BEFORE THE
OIL CONSERVATION DIVISION

DC
CAPE FILE
10036

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
TEXACO, INC. FOR AMENDMENT OF
DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM
GAS ALLOWABLES IN THE EUMONT GAS
POOL, LEA COUNTY, NEW MEXICO.

RECEIVED

SEP 19 1990

OIL CONSERVATION DIVISION

CASE NO. 10036

**RESPONSE OF TEXACO INC.
TO HARTMAN'S
MOTION FOR CONSOLIDATION AND POSTPONEMENT**

TEXACO, INC. ("Texaco"), Applicant in the above styled case, opposes the Motion of Doyle Hartman ("Hartman") for postponement of the September 19, 1990 hearing on its application and opposes consolidation of its case with the hearing on the application filed by Hartman for establishment of minimum allowables for the Jalmat Gas Pool and states:

1. Texaco's application for the establishment of minimum allowables in the Eumont Gas Pool was filed with the Division on July 17, 1990 and was set for hearing before a Division Examiner on August 8, 1990.
2. On July 23, 1990, Hartman requested that the case be continued to a September setting and Texaco continued the case to September 5, 1990.
3. At Texaco's request the case was continued a second time to the currently scheduled hearing date of September 19, 1990.

4. On August 28, 1990, Hartman filed his Motion for Consolidation and Postponement which was denied by the Division Director on September 4, 1990.

5. On September 10, 1990 Hartman renewed his Motion for Consolidation and Postponement.

6. Texaco is prepared to present its case to the Division on September 19, has provided notice of this hearing date as required by Division Rules, and opposes any further continuances of this case.

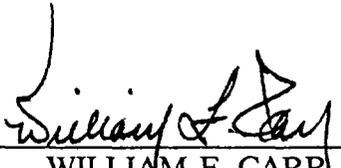
7. The Eumont and Jalmat Pools are defined as separate pools by the Division and each is governed by its own special rules and regulations.

8. Texaco and other operators in the pool will show the Division that establishment of a minimum Eumont gas allowable of 600 mcf for a period of three years will prevent waste and protect the correlative rights of the interest owners in the pool and that additional delays in the establishment of these allowables causes waste and impairs correlative rights.

9. Texaco therefore requests that the Division deny Hartman's Motion for Consolidation and Postponement and permit it and others to present their case on September 19, 1990.

Respectfully submitted,

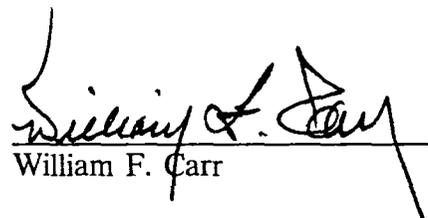
CAMPBELL & BLACK, P.A.

By: 
WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR TEXACO, INC.

CERTIFICATE OF SERVICE

I hereby certify that I have caused a true and correct copy of the foregoing Response of Texaco Inc. to Hartman's Motion for Consolidation and Postponement to be hand-delivered to Joanne Reuter, Esq., the Gallegos Firm, 141 E. Palace Avenue, Santa Fe, New Mexico 87501 on this 12th day of September, 1990.


William F. Carr



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

GARREY CARRUTHERS
GOVERNOR

September 11, 1990

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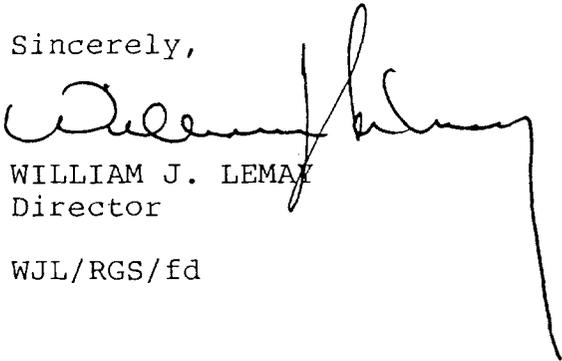
Ms. Joanne Reuter
Gallegos Law Firm
141 E. Palace
Santa Fe, New Mexico 87501

Re: Case No. 10036
Application of Texaco
Inc. for Amendment of
Division Order No. R-8170,
As Amended, to Establish
Minimum Gas Allowables in
the Eumont Gas Pool, Lea
County, New Mexico

Dear Ms. Reuter:

Your renewed Motion for Consolidation and Postponement of the above-referenced case with that of Doyle Hartman for the Establishment of Minimum Gas Allowables in the Jalmat Gas Pool, which is tentatively scheduled for the examiner hearing to be held on October 3, 1990, is hereby denied.

Sincerely,


WILLIAM J. LEMAX
Director

WJL/RGS/fd

— Stovall
— Kelly
— Stogner
— Davidson

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

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SEP 10 1990

OIL CONSERVATION DIVISION

CASE NO. 10036

MOTION FOR CONSOLIDATION AND POSTPONEMENT

Doyle Hartman ("Hartman") hereby renews his motion to the New Mexico Oil Conservation Division ("OCD") to consolidate the above-captioned application with the Application of Doyle Hartman for Amendment of Division Order No. R-8170, as Amended, to Establish Minimum Gas Allowables in the Jalmat Gas Pool, Lea County, New Mexico, OCD Case No. 10036, and to postpone hearing on the consolidated applications until its examiner's hearing scheduled for October 17, 1990. Hartman earlier filed this same motion in his application for minimum Jalmat Allowables, but was denied by letter of the Director dated September 4, 1990. Hartman therefore reiterates his request in this docket and respectfully requests reconsideration of his motion.

1. As more fully set forth in the Affidavit of Michael Stewart attached hereto, the Eumont and Jalmat Gas Pools are essentially one pool geologically and have been separated under the New Mexico natural gas proration system by historical happenstance and a common arbitrary boundary line. The pools are serviced by more than one pipeline, but the pipelines' gathering and transportation facilities are common to, and access, both the Jalmat and Eumont Gas Pools. Therefore, should Eumont allowables be set at a minimum without the concomitant setting of similar minimum

allowables in the Jalmat gas pool, Jalmat gas production may be unfairly and improperly excluded from access to market. This would be unreasonably discriminatory to Jalmat producers and suppress the ultimate recovery of hydrocarbons from the pool, thereby creating waste. If minimum allowables are set for both pools simultaneously, both Eumont and Jalmat producers will have an equal opportunity to produce a just and equitable share of the oil and gas and to compete for gathering and transportation capacity (on an equal basis) to market. The two applications for minimum allowables should, therefore, be heard and decided by the OCD at the same time.

2. The application of Texaco for minimum allowables in the Eumont Pool is presently scheduled to be heard by an OCD hearing examiner on September 19, 1990. In order to assimilate the requisite information for consideration by the OCD regarding the Jalmat and Eumont applications and to insure that all interested parties are given proper notice, Hartman believes that additional pre-hearing time is necessary and justified. Postponement until the Hearing Examiner's docket of October 17, 1990 would provide all parties involved with a more reasonable time schedule and promote a more efficient and effective hearing process.

Respectfully Submitted,

GALLEGOS LAW FIRM

By 

J.E. GALLEGOS

JOANNE REUTER

141 East Palace Avenue

Santa Fe, New Mexico 87501

(505) 983-6686

ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

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5. The Eumont and Jalmat Gas Pools are essentially the same geologic reservoir producing from a common source of supply but which have been separated by an arbitrary boundary line resulting from the combination of several pre-existing pools as a matter of convenience and historical happenstance.

6. The Jalmat and Eumont Gas Pools are highly permeable reservoirs with excellent pressure communication between the wells within the reservoir.

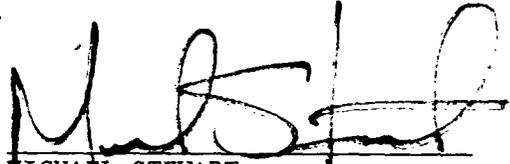
7. The Jalmat and Eumont Gas Pools are serviced by common gathering and transportation facilities.

8. Approval of a minimum allowable for the Eumont Gas Pool without the simultaneous approval of the minimum allowable for the Jalmat Gas Pool, may result in:

- (a) denial of equal access to existing common gathering and transportation facilities,
- (b) the continuation of unjust restrictions to the further development of the Jalmat Gas Pool, resulting in a reduction in the total gas ultimately produced from the pool, thereby causing waste,

(c) the impairment of Doyle Hartman's correlative rights by denying him the opportunity to produce his fair share of gas in the Jalmat Gas Pool.

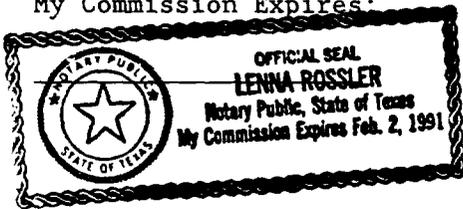
Further Affiant Sayeth Naught.


MICHAEL STEWART

SUBSCRIBED AND SWORN to before me this 29th day of August, 1990.


Notary Public

My Commission Expires:



BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
TEXACO, INC. FOR AMENDMENT OF
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RECEIVED

SEP 10 1990

OIL CONSERVATION DIVISION

CASE NO. 10036

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Motion for Consolidation and Postponement was hand delivered to William F. Carr, Campbell & Black, 110 North Guadalupe, Santa Fe, New Mexico 87501 this 10th day of September, 1990.

By


JOANNE REUTER

BEFORE THE
OIL CONSERVATION DIVISION

-Stovall
-McMay
-Stogner
-Davidson

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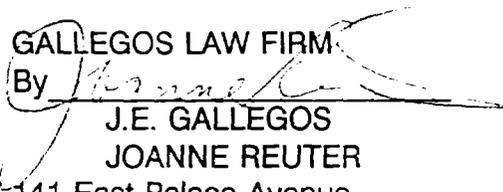
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GALLEGOS LAW FIRM

By 

J.E. GALLEGOS

JOANNE REUTER

141 East Palace Avenue

Santa Fe, New Mexico 87501

(505) 983-6686

ATTORNEYS FOR DOYLE
HARTMAN, OIL OPERATOR

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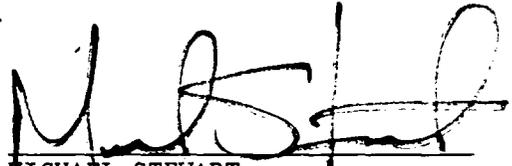
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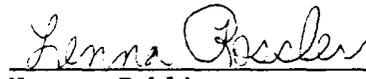
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Further Affiant Sayeth Naught.



MICHAEL STEWART

SUBSCRIBED AND SWORN to before me this 29th day of August, 1990.



Notary Public

My Commission Expires:



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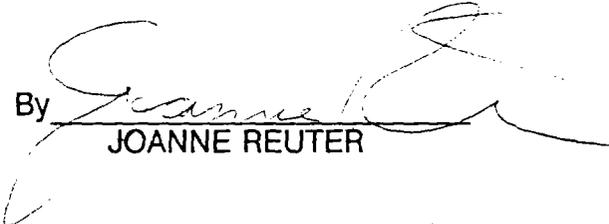
OIL CONSERVATION DIVISION

CASE NO. 10036

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By


JOANNE REUTER

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✓ Stovall
- Kelly
- Davidson
- Sproger

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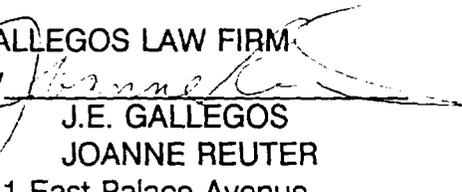
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J.E. GALLEGOS
JOANNE REUTER

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HARTMAN, OIL OPERATOR

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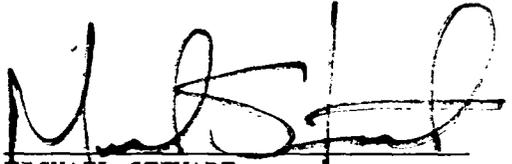
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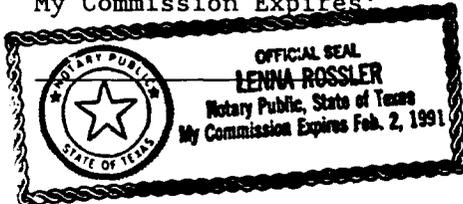
MICHAEL STEWART

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Notary Public

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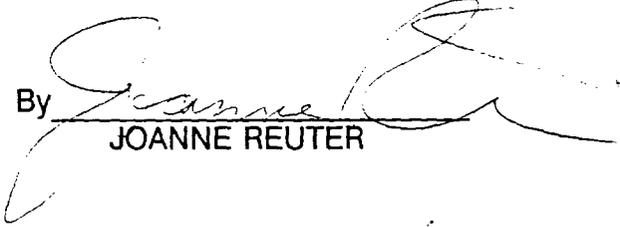
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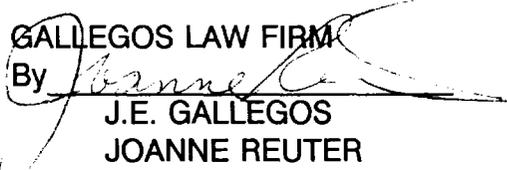
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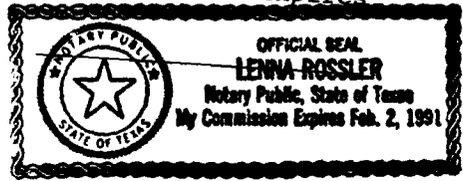
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By


JOANNE REUTER

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
WILLIAM P. SLATTERY
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

August 13, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED
AUG 13 1990
OIL CONSERVATION DIVISION

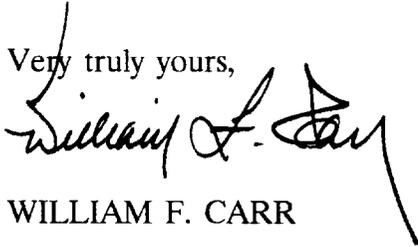
Re: Case 10036:
Application of Texaco, Inc. for Amendment of Division Order No. R-8170,
as Amended, to Establish a Minimum Gas Allowable for the Eumont Gas
Pool, Lea County, New Mexico

Dear Mr. LeMay:

Texaco, Inc. hereby requests that the above-referenced case scheduled for hearing before a Division Examiner on September 5, 1990, be continued to the Examiner hearings to be held on September 19, 1990.

Your attention to this matter is appreciated.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

cc : Mr. Robert Hart
Texaco, Inc.
Post Office Box 730
Hobbs, New Mexico 88240

Gene Gallegos, Esq.
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

"HAND-DELIVERED"

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August 2, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

RECEIVED
AUG 2 1990
OIL CONSERVATION DIVISION

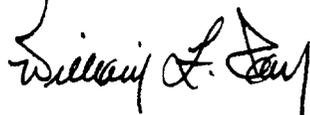
Re: Case 10036:
Application of Texaco, Inc. for Amendment of Division Order No. R-8170,
as Amended, to Establish a Minimum Gas Allowable for the Eumont Gas
Pool, Lea County, New Mexico

Dear Mr. LeMay:

Texaco, Inc. hereby requests that the above-referenced case scheduled for hearing before a Division Examiner on August 8, 1990, be continued to the Examiner Hearing to be held on September 5, 1990.

Your attention to this matter is appreciated.

Very truly yours,


WILLIAM F. CARR

WFC:mlh

cc : Mr. Robert Hart
Texaco, Inc.
Post Office Box 730
Hobbs, New Mexico 88240

Gene Gallegos, Esq.
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

"HAND-DELIVERED"



D. A. Duke
Gas Sales Manager
Gas Department
Gas Sales and
Marketing Division

Texaco USA

Company
Marketing Division
Marketing Department

September 13, 1990

*Copy file
10036*

Mr. William J. LeMay
State of New Mexico Energy Resources Department
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Sante Fe, New Mexico 87504

**SUBJECT: Eumont Field
Eumont Yates Seven Rivers Queen
Formation**

Gentlemen:

Texaco Producing Inc., as a processor, purchaser and marketer of gas, supports an increase in the allowable from 300/MCFD to 600/MCFD (per 160 acre proration unit) of gas well gas produced from the subject formation/field.

Texaco is processing and marketing its Eumont Field gas at its Eunice Gas Plant, located in Lea County, New Mexico. The Eunice Gas Plant is currently processing 70/MMCFD with a total plant capacity of 110/MMCFD. The excess capacity will allow Texaco to process and market the requested increase in allowable from the Eumont Field and deliver residue into El Paso Natural Gas Company and Northern Natural Gas Company pipelines. Texaco is confident that there are markets available which will purchase this incremental volume of gas.

Yours very truly,

TEXACO PRODUCING INC.

D. A. DUKE
Gas Sales Manager

DAD:cjb
13/1



Chevron U.S.A. Inc.
P.O. Box 1150, Midland, TX 79702

September 14, 1990

Application of Texaco, Inc.
Re: Amendment of
Division Order No. R-8170
Establish Minimum Gas
Allowables in the Eumont
Gas Pool, Lea County,
New Mexico

New Mexico Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

Attention: Mr. William J. LeMay, Director

Dear Sirs,

Chevron U.S.A. Inc., the largest operator in the subject pool, supports Texaco's application to establish a minimum natural gas allowable of 600 mcf of gas per day (18,000 mcf of gas per month) for a standard 160-acre Eumont gas proration unit. We also support the proposed 3-year time period since this will allow operators sufficient time to increase activity levels and demonstrate actual production increases.

Increasing the minimum gas allowable will create a more stable base from which operators will be able to evaluate marginal gas properties, thereby reducing risk and improving confidence levels. Additionally, this will significantly improve the economics of work in the pool, cutting payouts approximately in half. Both these aspects could lead to substantially increased levels of activity. The increased allowable will also prevent waste by producing recoverable reserves with the optimum number of wellbores.

Chevron also believes that increasing the minimum gas allowable will greatly reduce the number of requests to re-configure or simultaneously dedicate acreage being processed by the OCD since sufficient margins would be available. This would not only lower the workload of the operators and regulatory agencies, but also increase the pace of reservoir development in the pool.

September 14, 1990

The vast majority of Eumont gas production is currently sold on the spot market and is not under contract obligation. Chevron believes, therefore, that increasing the minimum gas allowable will not impair the ability of smaller operators to continue to sell their gas and will preserve correlative rights in the pool. As indicated by Texaco's survey, Chevron and other major operators will support the establishment of markets for smaller operators should that become necessary later. Chevron makes it a practice to market working interest owners gas under terms of the Joint Operating Agreement or an agency agreement. We also market gas from third party property with proper agreements through Chevron's Gas Marketing Department.

Finally, Chevron submits that even though the same aspects apply, the Jalmat gas pool should be treated as a separate entity. Consideration of increasing the minimum allowable in this pool should follow the same sequence of events as the Eumont gas pool culminating with a request for consideration to the OCD.

In summary, Chevron believes that the operators, the OCD, and the State of New Mexico all stand to benefit from an increased minimum gas allowable in the Eumont gas pool, and we fully support Texaco's efforts relative to this application (Case 10036) before the Oil Conservation Division

Yours very truly,



R. C. Anderson
New Mexico District Manager

JRCH/lcw
NDM/00914.02

cc: Texaco, Inc.
P. O. Box 730
Hobbs, New Mexico 88240
Attn: Mr. J. A. Head, Area Manager

case file

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
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TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 11, 1990

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SEP 11 1990

OIL CONSERVATION DIVISION

Robert G. Stovall, Esq.
General Counsel
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Oil Conservation Division Case No. 10036
Application of Texaco Inc., for Amendment of Division Order No. R-8170,
as Amended, to Establish Minimum Gas Allowables in the Eumont Gas
Pool, Lea County, New Mexico

Dear Mr. Stovall:

This letter is in response to our conversation of Friday, September 7, 1990 in which you advised that Northern Natural Gas Company had requested a continuance of the above-referenced case until October 3, 1990.

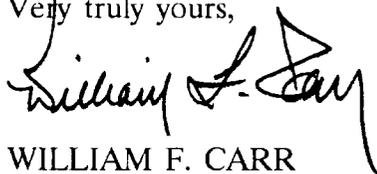
Although I have not been contacted by a representative of Northern Natural concerning this matter, I have discussed an additional continuance of this case with representatives of Texaco. As you are aware, this case was originally docketed for hearing on August 8 and has already been continued twice to accommodate another interest owner in the Eumont area.

Robert G. Stovall, Esq.
General Counsel
Oil Conservation Division
September 11, 1990
Page Two

Texaco and Conoco are preparing testimony for the September 19th hearing. Notice of this hearing has been provided to over 500 interest owners by certified mail and we are planning to go forward with this case as scheduled on September 19.

Texaco opposes any additional continuances of this case.

Very truly yours,

A handwritten signature in black ink, appearing to read "William F. Carr". The signature is written in a cursive style with a large, stylized initial "W".

WILLIAM F. CARR

WFC:mlh

100 SEP 13 1990
RPT 8 51

ALLINE FORD BROWN
P.O. BOX 190645
DALLAS, TEXAS 75219

September 10, 1990

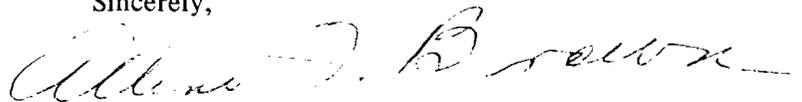
William J. Le May, Director
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

New Mexico Oil Conservation Division Case
10036 In the Matter of the Application of
Texaco, Inc. for Amendment of Division Order
No. R-8170, as Amended, to Establish Minimum
Gas Allowables in the Eumont Gas Pool, Lea
County, New Mexico

Dear Mr. Le May:

I am a royalty owner in the Eumont Gas Pool and I support Texaco's request to establish a minimum natural gas allowable of 600 Mcf of gas per day for a standard 160-acre Eumont Gas Spacing Unit.

Sincerely,



Alline F. Brown

AFB:llb

Fields

Atoka
Blainebrgy
Buffalo Valley
Burton FT Morrow
So. Carlsbad
Catawau Draw
Eimont
Indian Basin Morrow
Indian Basin P. Penn
Jalmarat
Justis
Tubb

Basin - Dakota
Blanco - Mesa verde
So. Blanco P.C.
Tapacito P.C.

Year Month
Eimont

1 Marginal Allowable
2 New Marginal Allowable
3 Total Allowable
4 Marginal GFLs
5 New Marginal GFLs
6 Marginal Production
7 New Marginal Production
8 Total Production
9 Monthly Dist. in Annual Production 1980-1992

Year	Month	Eimont	1	2	3	4	5	6	7	8	9
1989	Jan										
	Feb										
	Mar										
	Apr										
	May										
	Jun										
	Jul										
	Aug										
	Sep										
	GM Total										
	Oct										
	Nov										
	Dec										
	1990										
	Jan										
	Feb										
	Mar										
	GM Total										
	Apr										
	May										
	Jun										
	Jul										
	Aug										
	Sep										
	GM Total										
	Oct										
	Nov										
	Dec										
	1991										
	Jan										
	Feb										
	Mar										
	GM Total										
	Oct										
	Nov										
	Dec										
	1992										
	Jan										
	Feb										
	Mar										
	GM Total										
	Oct										
	Nov										
	Dec										
	1993										
	Oct										
	Nov										
	Dec										
	GM Total										

GM Total

GM Total

0.9122

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
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JEFFERSON PLACE
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POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

July 17, 1990

HAND-DELIVERED

William J. LeMay, Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

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JUL 17 1990

OIL CONSERVATION DIV.
SANTA FE

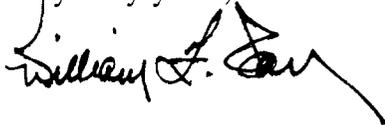
10036

Re: In the Matter of the Application of Texaco, Inc. For Amendment of Division Order No. R-8170, as Amended, to Establish Minimum Gas Allowables in the Eumont Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

Enclosed in triplicate is an application of Texaco, Inc. in the above-referenced case. Texaco, Inc. respectfully requests that this matter be placed on the docket for the August 8, 1990 Examiner hearings.

Very truly yours,



WILLIAM F. CARR

WFC:mlh

Enclosures

cc w/enclosures: Mr. Robert Hart

GAS COMPANY OF NEW MEXICO

DAVID N. KIRKLAND
DIRECTOR - SUPPLY CONTROL

September 18, 1990

Mr. William J. LeMay, Director
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

RE: Application of Texaco, Inc. for amendment of Division Order No. R-8170, as amended, to establish a minimum gas allowable for the Eumont Gas Pool, Lea County, New Mexico. Texaco is requesting a minimum natural gas allowable for a 3 year period equal to 600 mcf/d for an acreage factor of 1.00 or 2400 mcf/d of gas for a standard Eumont 640-acre gas spacing unit.

Dear Mr. LeMay:

The Gas Company of New Mexico (GCNM) respectfully requests that the following be considered in the decision for establishing a minimum gas allowable for the Eumont Gas Pool, Lea County, New Mexico:

- the assignment of a minimum allowable is a departure from setting allowables based on market demand; this reflects economic forces rather than market forces;
- the setting of a minimum allowable limits the opportunity for all producers to equally share in the market based on a well's ability to produce thereby creating a disparity between producers and between producing elements.
- the reclassification of wells in response to production activity under the current rules minimizes allowable withheld from the market by non-producing non-marginal wells.

The Gas Company of New Mexico does not have contractual obligations with Texaco in the Eumont Pool, however the impact of the proposed minimum allowable precedent applied statewide would be increased cancelled allowables for wells unable to find a market for the increased production requirement associated with high minimum

allowables. This would have adverse economic implications for natural gas consumers in New Mexico.

The existing proration rules have provided adequate allowables in the Eumont Pool. Currently there is only one well shut in for over production in the Eumont Pool. Producing these wells would result in higher allowables, assuming that there is a demand for this increased supply. If allowables are assigned based on a minimum amount and not on market demand, the assigned allowables could be higher than that required by the market. With no market for this potential supply, higher allowables as set by the minimum are artificial and do not accurately reflect the market.

GCNM recommends that the Commission not approve the proposed application for minimum allowable proposed by Texaco.

David N. Kirkland

A handwritten signature in cursive script, appearing to read "D. Kirkland".



Warren Petroleum Company

A Division of Chevron U.S.A. Inc.
P.O. Box 1150, Midland, TX 79702

Manufacturing Department

September 13, 1990

Re: Eumont Yates Seven Rivers Queen
Prorated Pool Unit
Lea County, New Mexico

State of New Mexico
Energy Mineral & Natural Resources Dept.
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, NM 87504

Attn: Mr. William LeMay

Gentlemen:

Warren is currently processing Eumont gas at the Eunice and Monument gas facilities in Lea County, New Mexico. We have additional processing capabilities at each of our above gas plants to handle increased Eumont production.

For additional information, please contact me at 915/687-7301 or you may write to me at:

Warren Petroleum Company
P. O. Box 1150
Midland, TX 79702

Thank you for your assistance.

Sincerely,

WARREN PETROLEUM COMPANY

B. J. Blakemore
Gas Supply Representative

:CS

cc: M. A. Thomas - Tulsa
K. A. Peterson - Monument
F. C. Noah - Eunice



D A Duke
Gas Sales Manager
Gas Department
Gas Sales and
Purchases Division

Texaco USA

PO Box 4700
Houston TX 77210 4700
713 752 7760

September 13, 1990

Mr. William J. LeMay
State of New Mexico Energy Resources Department
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Sante Fe, New Mexico 87504

**SUBJECT: Eumont Field
Eumont Yates Seven Rivers Queen
Formation**

Gentlemen:

Texaco Producing Inc., as a processor, purchaser and marketer of gas, supports an increase in the allowable from 300/MCFD to 600/MCFD (per 160 acre proration unit) of gas well gas produced from the subject formation/field.

Texaco is processing and marketing its Eumont Field gas at its Eunice Gas Plant, located in Lea County, New Mexico. The Eunice Gas Plant is currently processing 70/MMCFD with a total plant capacity of 110/MMCFD. The excess capacity will allow Texaco to process and market the requested increase in allowable from the Eumont Field and deliver residue into El Paso Natural Gas Company and Northern Natural Gas Company pipelines. Texaco is confident that there are markets available which will purchase this incremental volume of gas.

Yours very truly,

TEXACO PRODUCING INC.


D. A. DUKE
Gas Sales Manager

DAD:cjb
13/1

ENRON**Gas Pipeline Operating Company**

WESTERN REGION - HOBBS DISTRICT

2626 West Marland • Hobbs, New Mexico 88240 • (505) 397-6000

September 13, 1990

State of New Mexico
Energy Mineral & Natural Resources Dept.
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, NM 87504

RE: Eumont Field

Attention: Mr. William LeMay

Enron Gas Pipeline Operating Company has the capabilities to process additional Eumont gas at our Hobbs, New Mexico plant.

We are looking forward to the additional volume. We feel that there is a market for this valued gas from this area.

For additional information, contact me at 505/397-6000.



Robert L. Anderson
District Manager - Hobbs, New Mexico

RLA/cj

SID RICHARDSON CARBON & GASOLINE CO.

FIRST CITY BANK TOWER
201 MAIN STREET
FORT WORTH, TEXAS 76102
817/390-8600

September 14, 1990

File: 1-Wi-267-90
LC-1.5.1

Mr. William J. LeMay
State of New Mexico Energy Resources Department
Oil Conservation Division
P. O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87504

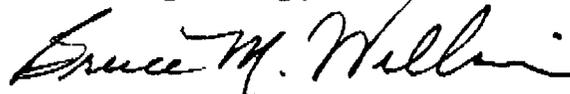
Re: Eumont Field
Eumont Yates Seven Rivers Queen Formation

Gentlemen:

Sid Richardson Carbon & Gasoline Co. (SRC&G Co.), as a gatherer, processor, purchaser and marketer of gas, supports an increase in the allowable of gas well gas produced from the subject formation/field.

SRC&G Co. is gathering and processing Eumont Field gas at its Jal Gas Plant, located in Lea County, New Mexico. The plant has available capacity to handle any requested increase in allowable volumes from the Eumont Field and to deliver residue gas into the El Paso Natural Gas Company and Transwestern Pipeline Company pipelines. SRC&G Co. is certain that there are markets available which will purchase this incremental volume of gas.

Yours very truly,



Bruce M. Williams
Manager of Gas Contracts

BMW/ag

ARCO Oil and Gas Company

10000
10000
10000
10000
10000

NEW MEXICO OIL CONSERVATION DIVISION
RE: 10036
'90 AUG 9 AM 9 07

August 6, 1990

Mr. William J. LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 10036
M.S.

RE: In the matter of the application of Texaco, Inc. for Amendment of Division Order No. R-8170, as Amended, to Establish Minimum Gas Allowable in the Eumont Gas Pool, Lea County, New Mexico

Dear Mr. LeMay:

This letter is to inform you that ARCO Oil and Gas Company supports Texaco's application seeking amendment of Division Order No. R-8170, as amended, to establish a minimum natural gas allowable for a three year period of time in the Eumont Gas Pool, Lea County, New Mexico, of 600 MCF of gas per day (18,000 MCF of gas per month) for a standard 160-acre Eumont Gas Spacing Unit. ARCO believes that the new allowable will encourage industry activity and result in the additional recovery of Eumont reserves.

Very truly yours,



James A. Nicholson
District Engineer

JCF:JAN



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



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

December 29, 1993

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

**Doyle Hartman, Oil Operator
c/o Gallegos Law Firm
Attention: J. E. Gallegos
141 East Palace Avenue
Santa Fe, New Mexico 87501**

**Texaco Exploration and Production Inc.
c/o Campbell, Carr, Berge & Sheridan, P.A.
Attention: William F. Carr
P. O. Box 2208
Santa Fe, New Mexico 87504-2088**

**Re: Eumont and Jalmat Gas Pool Allowables, Lea County, New Mexico.
Reopened Cases 10036 and 10111, Division Order Nos. R-8170-G and
R-8170-J.**

Dear Messrs. Gallegos and Carr:

Reference is made to both your requests to continue these Cases to February, 1994. Because the subject in both matters are closely related and since both pools share many of the same reservoir characteristics and geology and are in close proximity to each other, these cases should either be heard together or at least back-to-back.

Therefore, both Reopened Cases 10036 and 10111 are hereby continued to the Examiners Hearing scheduled for February 17, 1994.

Please take note that both orders contain time constraints and the provisions for both have already been extended past their respective due dates. It is therefore pertinent that both cases be heard at the February 17th hearing and that no further continuances will be granted.

Should there be any questions or comments concerning this matter, please contact me in Santa Fe at (505) 827-5811.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: Florene Davidson, OCD - Santa Fe

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

IN THE MATTER OF THE APPLICATION OF
TEXACO, INC. FOR AMENDMENT OF
DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM
GAS ALLOWABLES IN THE EUMONT GAS
POOL, LEA COUNTY, NEW MEXICO.

RECEIVED
SEP 19 1990
OIL CONSERVATION DIVISION
CASE NO. 10036

**RESPONSE OF TEXACO INC.
TO HARTMAN'S
MOTION FOR CONSOLIDATION AND POSTPONEMENT**

TEXACO, INC. ("Texaco"), Applicant in the above styled case, opposes the Motion of Doyle Hartman ("Hartman") for postponement of the September 19, 1990 hearing on its application and opposes consolidation of its case with the hearing on the application filed by Hartman for establishment of minimum allowables for the Jalmat Gas Pool and states:

1. Texaco's application for the establishment of minimum allowables in the Eumont Gas Pool was filed with the Division on July 17, 1990 and was set for hearing before a Division Examiner on August 8, 1990.
2. On July 23, 1990, Hartman requested that the case be continued to a September setting and Texaco continued the case to September 5, 1990.
3. At Texaco's request the case was continued a second time to the currently scheduled hearing date of September 19, 1990.

4. On August 28, 1990, Hartman filed his Motion for Consolidation and Postponement which was denied by the Division Director on September 4, 1990.

5. On September 10, 1990 Hartman renewed his Motion for Consolidation and Postponement.

6. Texaco is prepared to present its case to the Division on September 19, has provided notice of this hearing date as required by Division Rules, and opposes any further continuances of this case.

7. The Eumont and Jalmat Pools are defined as separate pools by the Division and each is governed by its own special rules and regulations.

8. Texaco and other operators in the pool will show the Division that establishment of a minimum Eumont gas allowable of 600 mcf for a period of three years will prevent waste and protect the correlative rights of the interest owners in the pool and that additional delays in the establishment of these allowables causes waste and impairs correlative rights.

9. Texaco therefore requests that the Division deny Hartman's Motion for Consolidation and Postponement and permit it and others to present their case on September 19, 1990.

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

CASE NO. 100036

**APPLICATION OF TEXACO, INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM GAS
ALLOWABLES IN THE EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO**

**RECEIVED
SEP 14 1990
OIL CONSERVATION DIVISION**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Pre-Hearing Statement for the Application of Texaco, Inc., was hand delivered this 14th day of September, 1990 to William F. Carr, Campbell & Black, 110 North Guadalupe, Santa Fe, New Mexico 87501.

GALLEGOS LAW FIRM

By 

JOANNE REUTER

141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 100036

APPLICATION OF TEXACO, INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM GAS
ALLOWABLES IN THE EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO

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SEP 14 1990
OIL CONSERVATION DIVISION

CERTIFICATE OF SERVICE

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GALLEGOS LAW FIRM

By 

JOANNE REUTER

141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 100036

APPLICATION OF TEXACO, INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM GAS
ALLOWABLES IN THE EUMONT GAS POOL,
LEA COUNTY, NEW MEXICO

RECEIVED
SEP 14 1990
OIL CONSERVATION DIVISION

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Pre-Hearing Statement for the Application of Texaco, Inc., was hand delivered this 14th day of September, 1990 to William F. Carr, Campbell & Black, 110 North Guadalupe, Santa Fe, New Mexico 87501.

GALLEGOS LAW FIRM

By 

JOANNE REUTER

141 East Palace Avenue
Santa Fe, New Mexico 87501
(505) 983-6686

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 100036

APPLICATION OF TEXACO, INC. FOR
AMENDMENT OF DIVISION ORDER NO. R-8170,
AS AMENDED, TO ESTABLISH MINIMUM GAS
ALLOWABLES IN THE EUMONT GAS POOL,
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ARCO Oil and Gas Company 

Western District
600 N. Marquette
Midland, Texas 79701
Post Office Box 1610
Midland, Texas 79702
Telephone 815 688 5200

January 3, 1994

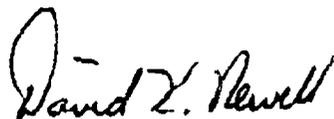
Mr. William J. LeMay
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

RE: Hearing on Eumont Gas Pool Minimum Gas Allowable
January 6, 1994

Dear Mr. LeMay:

ARCO Oil and Gas Company is in support of maintaining a minimum gas allowable in the Eumont Gas Pool of 600 MCFD. ARCO completed 13 workovers or recompletions in the Eumont Gas Pool in 1993, and drilled 4 Eumont Gas Pool wells in 1993. ARCO is planning to workover 4 wells and drill 2 wells in 1994 if the minimum gas allowable is maintained at 600 MCFD. Although the current pool allowable for October 1993 through March 1994 is above 600 MCFD, the 600 MCFD minimum allowable is seen as necessary for making a prudent investment in these wells by providing a floor for future allowables. These wells are expected to produce for a number of years.

Sincerely,



David K. Newell
Senior Operations/ Analytical Engineer
ARCO Oil and Gas Company