

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. 8298
Order No. R-7669

APPLICATION OF MESA PETROLEUM
CO. FOR RETROACTIVE ALLOWABLE,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on August 8, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of September, 1984, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Mesa Petroleum Co., seeks the assignment of a retroactive gas allowable to its State Com AK Well No. 35 and its State Com AK Well No. 35E located in Section 36, Township 32 North, Range 12 West, NMPM, Basin-Dakota Pool.

(3) The applicant seeks the assignment of said retroactive allowable from the date of first connection in October, 1980, until the date of the first regular allowable in April, 1982.

(4) Said State Com AK Well No. 35E was completed as an infill well on June 27, 1980, and first production occurred on October 28, 1980, on the existing State Com AK Well No. 35 gas proration unit (GPU).

(5) Said well (State Com AK Well No. 35E) is the second well on the GPU.

(6) Said well was allowed to produce without the required deliverability test until the same was received on August 2, 1982.

(7) Said well was included in the gas proration schedule by supplement beginning in April, 1982, approximately 18 months following the date of first production.

(8) Said well first appeared in the December, 1982, Gas Proration Schedule wherein the GPU was classified as non-marginal and production during said 18 month period was shown as overproduction of approximately 367,637 MCF.

(9) In said schedule said GPU was approximately 19 times overproduced.

(10) Based on deliverability alone, said GPU should have been classified as marginal.

(11) Under the gas proration rules a marginal GPU would have carried no overage.

(12) From October 1982, through June 1984, said GPU has been shut in for a total number of days approximately equivalent to 18 months.

(13) The market for natural gas and the resultant gas allowables have declined drastically since applicant's well received its first allowable in 1982.

(14) Notwithstanding the 18 months shut-in of said GPU described in Finding No. (12) above, because of the decline in allowables, said GPU is now overproduced a greater number of times than in December 1982.

(15) All required tests have now been filed for wells on said GPU and it has been shut-in for a period approximately equal to the period of production without regular allowable.

(16) There appears to be no further need or benefit in requiring said GPU to remain shut-in.

(17) Retroactive allowable for the period when the well was not in compliance with Division rules should not be made, however, the well's overproduced status should be adjusted to zero as of September 1, 1984.

(18) The entry of an order with the above status adjustment will not result in waste or violation of correlative rights.

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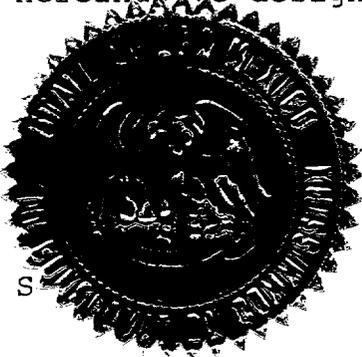
IT IS THEREFORE ORDERED THAT:

(1) The application of Mesa Petroleum Co. for assignment of retroactive allowable to its State Com AK Well No. 35 and Well No. 35E located in Section 36, Township 32 North, Range 12 West, NMPM, Basin-Dakota Pool, San Juan County, New Mexico, is hereby denied.

(2) The overproduced status of the GPU upon which said wells are located is hereby adjusted to zero as of 7:00 o'clock a.m. on September 1, 1984.

(3) 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.



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A handwritten signature in cursive script, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS,
Acting Director