

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION COMMISSION

M.S.
JT 2/6/85

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

CASE NO. 8361
Order No. R-7814

APPLICATION OF DOYLE HARTMAN
FOR REINSTATEMENT OF CANCELLED
UNDERPRODUCTION, LEA COUNTY,
NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this ____ day of January, 1985, the Commission, a quorum being present, having considered the testimony and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Doyle Hartman, as owner and operator of his Custer State Well No. 1, located in the SW/4 NE/4 of Section 36, Township 24 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, seeks the retro-active reclassification of said well as non-marginal and the reinstatement of previously cancelled underproduction.

(3) That said well was completed as a gas well on an 80-acre proration unit comprising the SE/4 NW/4 and SW/4 NE/4 of said Section 36 in the Jalmat Gas Pool and first delivered gas into the pipe line on December 27, 1979.

(4) That said well was classified as non-marginal effective February 1, 1980, with a net underproduced status.

(5) That from the time of said classification on February 1, 1980, through February, 1981, the subject well was frequently overproduced, and reached a maximum net overproduced status of 10,686 MCF over the allowable at the end of February, 1981.

(6) That subsequent to February 28, 1981, the applicant, in cooperation with El Paso Natural Gas Company, the purchaser, engaged in a program of deliberate underproduction to bring the well back into balance, and by January 31, 1982, had succeeded, and the well closed January 1982, with an underproduced net status rather than the previous overproduced status.

(7) That market conditions for natural gas from the Jalmat Gas Pool badly deteriorated in 1982, and beyond the control of the operator, the subject well experienced large amounts of underproduction due to frequent days off-line as the result of pipe line action.

(8) That as the result of said underproduction, the well appeared to be of marginal character and was reclassified to a marginal status effective September 1, 1982, with subsequent loss of accumulated underproduction.

(9) That the well was reclassified as non-marginal effective April 1, 1984, with an overproduced net status, largely because the previously cancelled underproduction was no longer available to the well to offset any accrued overproduction.

(10) That the testimony and the exhibits received at the hearing of this case demonstrate that the subject well is and always has been of truly non-marginal character, and should not at any time have been classified as marginal.

(11) That to retroactively reclassify the subject well as non-marginal as of the date of first production, and to carry the well forward from that time to the present as a non-marginal well with the status being cumulative from first production to the present, will not impair correlative rights nor cause waste, but will in fact protect the correlative rights of the applicant and ~~may prevent the waste which could result from the well being shut in~~, and should be approved.

(11) That no party appeared and objected to the proposed ~~reclassification~~ reclassification and reinstatement of cancelled underdrage.

IT IS THEREFORE ORDERED:

(1) That the Doyle Hartman Custer State Well No. 1, located in the SW/4 NE/4 of Section 36, Township 24 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, is hereby ordered reclassified non-marginal from date of first production, and to be so classified from that date to the present; further, that the current net status of said well shall be recalculated based upon such non-marginal reclassification, and shall reflect the difference between total underproduction and total overproduction during said period of time, as compared to the non-marginal allowable assigned to a proration unit of like size in the Jalmat Gas Pool.

(2) 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

RICHARD L. STAMETS, Chairman

JIM BACA, Member

ED KELLEY, Member