

HENRY ENGINEERING
Petroleum Engineers
807 FIRST NATIONAL BANK BUILDING
MIDLAND, TEXAS 79701

June 29, 1984

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

RE: DAVID FASKEN
GULF FEDERAL COM #1
BURTON FLAT (MORROW) FIELD
EDDY COUNTY, NEW MEXICO

Gentlemen:

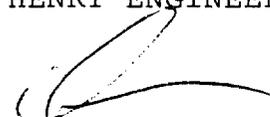
This letter is a follow up to the writer's discussion with your Mr. Harold Garcia last week concerning subject gas well which is currently shut in because of overproduction.

On behalf of our client, David Fasken, we respectfully request the Commission to grant administratively an allowable of 500 MCF per month until the overproduction is made up. This is needed to insure preservation of the leasehold obligations and proper maintenance of the operating equipment.

Your consideration is greatly appreciated. Please call this office if you need any further information.

Sincerely,

HENRY ENGINEERING



S. L. Parks

SLP:prs



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

July 3, 1984

Henry Engineering
807 First National Bank Bldg
Midland, Tx 79701

Attention: S. L. Parks

RE: David Fasken
Gulf Federal Com 1

Dear Mr. Parks:

By the authority granted me in Rule 15 (B) of R-1670, permission is granted to produce the following overproduced proration unit at a rate not to exceed 500 mcf/month until said overproduction is below the overproduced limit.

Gluf Federal Com
1-C of Section 1, Township 21 South, Range 26 East
Burton Flat Morrow (Gas) Eddy County New Mexico

Very Truly Yours,

A handwritten signature in cursive script that reads "Harold Garcia".

Harold Garcia

xc: El Paso Natural Gas
P. O. BOX 1492
El Paso, Tx 79978

Joe D. Ramey
Les Clements

ERNEST L. PADILLA
ATTORNEY AND COUNSELOR AT LAW

First Northern Plaza
P.O. Box 2523
Santa Fe, New Mexico 87501
(505) 988-7577

February 11, 1985

Michael Stogner
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

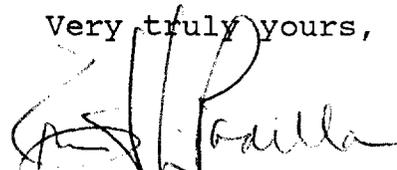
RE: Case 8463

Dear Mr. Stogner:

Pursuant to your instructions, please find enclosed a proposed order for entry in the above referenced case.

Please let me know if I can be of further assistance to you regarding this case.

Very truly yours,



Ernest L. Padilla

ELP:lyg

Enclosure

cc: Sumner Buell, Esq.
James Henry
W. Thomas Kellahin, Esq.
El Paso Natural Gas Co. - "Babe" Kendrick

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. 8463
ORDER NO. _____

APPLICATION OF DAVID FASKEN TO
REMOVE PRORATIONING IN THE
BURTON FLATS MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on January 30, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this _____ day of _____, 1985, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, David Fasken, seeks the removal of prorationing in the Burton Flats Morrow Gas Pool, Eddy County, New Mexico.

(3) That the Burton Flats Morrow Gas Pool was created by Order No. R-4486 effective March 1, 1973, for the production of gas from the Morrow Formation.

(4) That the horizontal limits of said pool have been extended from time to time by order of the Division.

(5) That the Oil Conservation Commission issued Order No. R-4706 on January 16, 1974, prorating the Burton Flats Morrow Gas Pool effective April 1, 1974.

(6) That since the hearing and Entry of Order No. R-4706 the producing rate of the Burton Flats Morrow Gas Pool peaked in 1977 and has steadily declined to the point that the Pool is in an advanced state of depletion.

(7) That production from the Morrow Formation in the Burton Flats Morrow Gas Pool is from many separate stringers which vary greatly in aerial extent and in porosity, permeability and thickness, both within individual stringers and between stringers; that the above stringers are not continuous to the extent that little, if any, communication exists between individual proration units within the pool.

(8) That the Burton Flats Morrow Pool is bounded by the following non-prorated gas pools:

- (a) Avalon Morrow on the west;
- (b) Angell Ranch Morrow Pool on the north;
- (c) East Burton Flats Morrow Gas Pool on the southeast
- (d) East Carlsbad Morrow Gas Pool on the southeast

(9) That the foregoing non-prorated Morrow Gas Pools do not appear to experience any difficulties with respect to fair and reasonable allocation of natural gas production.

(10) That there appears to be no distinction between market demand and actual takes of gas by pipeline purchasers in the non-prorated Morrow Gas Pools and the Burton Flats Morrow Gas Pool.

(11) That only 72 of the 126 proration units in the subject pool have active wells and 58 of these wells, currently producing from the Burton Flats Morrow Gas Pool, are classified as marginal wells.

(12) That only six (6) of twelve (12) non-marginal wells within the Burton Flats Morrow Gas Pool are over-produced wells.

(13) That the six (6) non-marginal wells which are over-produced in the field are widely separated within the subject pool and appear to be completed in limited reservoirs.

(14) That such over-produced non-marginal wells are unduly being discriminated against under current proration practices in the subject pool since there is demand for their gas.

(15) That by virtue of such discrimination, such non-marginal overproduced wells' correlative rights are being impaired.

(16) That the demand for natural gas from the Burton Flats Morrow Gas Pool greatly exceeds the actual takes from the Pool.

(17) That prorationing in the Burton Flats Morrow Gas Pool is no longer feasible or necessary to prevent waste or to protect correlative rights.

(18) That the number of natural gas purchasers within the Burton Flats Morrow Gas Pool does not affect ratable takes from the Pool.

(19) That the number of non-standard proration units and unorthodox locations do not affect correlative rights in the Burton Flats Morrow Pool.

(20) That removal of prorationing in the Burton Flats Morrow Pool will not cause waste.

(21) That removal of prorationing in the Burton Flats Morrow Pool will afford each owner within the Pool the opportunity to produce to the just and equitable share of the natural gas underlying his proration unit.

IT IS, THEREFORE, ORDERED:

(1) That prorationing in the Burton Flats Morrow Gas Pool in Eddy County, New Mexico, is hereby eliminated effective the _____ day of _____, 1985.

(2) That except as herein modified, the provisions of Order No. 4706, as amended, shall remain in full force and effect.

Case No. _____
Order No. 8463

-4-

DONE at Santa Fe, New Mexico, on the day and the year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
Director

(Seal)

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

February 12, 1985

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501 "Hand Delivered"

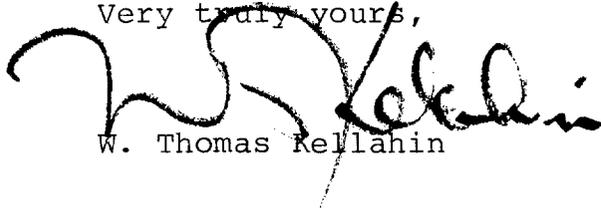
Re: David Fasken
NMOCD Case 8463

Dear Mr. Stogner:

In accordance with your request on January 30, 1985, at the referenced hearing, please find enclosed on behalf of Cities Service Oil & Gas Corporation, a proposed order denying the application of Mr. Fasken.

It appears that Mr. Fasken would have prorating of the Burton Flat Morrow Pool terminated because the gas nominations for some three months have exceeded the gas production. Your attention is invited to Continental Oil Company -v- Oil Conservation Commission, 70 N.M. 310, at page 320, (copy enclosed) in which the New Mexico Supreme Court held that even when market demand exceeds the allowables, prorating is still required to prevent waste.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. E. F. Motter
Cities Service Company
P. O. Box 1919
Midland, Texas 79702

Gerald Barnes, Esq.
Cities Service Company
P. O. Box 300
Tulsa, Oklahoma 74102

Ernest L. Padilla, Esq.
Attorney at Law
P. O. Box 2523
Santa Fe, NM 87501

Mr. Babe Kendrick
El Paso Natural Gas
P. O. Box 1492
El Paso, Texas 79978

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 PURPOSES OF
CONSIDERING:

APPLICATION OF DAVID FASKEN
FOR TERMINATION OF PRORATIONING
IN THE BURTON FLAT-MORROW GAS
POOL, EDDY COUNTY, NEW MEXICO.

CASE: 8463
Order R-

CITIES SERVICE OIL & GAS
CORPORATION PROPOSED ORDER
OF THE DIVISION

BY THE DIVISION

This cause came on for hearing at 8:00 a.m. on January 30, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this ____ day of _____, 1985, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, David Fasken, seeks an order terminating gas prorationing in the Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, and cancelling all cumulative over-production and under-production within said pool.

(3) That the Burton Flat Morrow Gas Pool was created by Division Order R-4486 effective March 1, 1973.

(4) That gas prorationing was instituted in the Burton Flat Morrow Gas Pool by Division Order R-4706 entered in Division Case 5111 effective January 18, 1974.

(5) That gas prorationing in the Burton Flat Morrow Gas Pool was established because the following basic elements existed:

(a) That there was more than one pipeline purchaser purchasing gas produced from pool wells; and

(b) That there was more than one producer of gas; and

(c) That the total deliverability capacity of the producing wells in the pool exceeded the reasonable market demand for gas from said pool.

(6) That at the hearing the applicant provided evidence:

(a) That there are ten pipeline purchasers taking production from the subject pool;

(b) That there are 72 wells in the subject pool with some 26 different operators;

(c) That there are 54 proration units within the pool that do not have producing wells;

(d) That there are 59 marginal wells in the pool;

(e) That there are 6 over-produced non-marginal wells and 6 under-produced non-marginal wells in the pool;

(f) That for the months of September, October, and November, 1984, the gas nominations have exceeded the gas production from the pool; and

(g) That the entire pool is over-produced in terms of the pool allowable.

(7) That Applicant, David Fasken, operates his Gulf Federal No. 1 well which is currently more than six times over-produced in the subject pool and is shut-in.

(8) That Cities Service Oil & Gas Corporation operates some 18 wells in the subject pool and appeared in opposition to the application.

(9) That applicant failed to provide substantial evidence that the gas nominations exceeding the gas production from the subject pool represented anything more than a temporary seasonal fluctuation in the gas market.

(10) That the applicant failed to provide substantial evidence that the reasonable market demand from the subject pool would continue to exceed the deliverability capacity of the pool wells over the remaining life of the pool.

(11) That the applicant failed to provide substantial evidence of the relationship between the gas nominations, the gas allowables, and the actual gas takes or purchases in the subject pool.

✓ (12) That the applicant failed to provide evidence that the elimination of proration would not adversely affect the correlative rights of the owners of 59 marginal wells in the pool.

✓ (13) That the applicant failed to provide substantial evidence that the deliverability capacity of each of the 12 non-marginal wells in the pool and what percentage of the pool allowable could be produced by those existing non-marginal wells.

(14) That the applicant failed to provide substantial evidence that the range of deliverabilities of the wells' capacity to produce, when prorationing was initiated, is materially different from the range of deliverabilities now.

✓ (15) That the applicant failed to provide substantial evidence that the termination of proration for the subject pool would not result in waste and would not violate correlative rights.

✓ (16) That the applicant failed to provide substantial evidence as to whether or not pipeline ratable take would continue in the absence of prorationing for this pool.

(17) That the applicant failed to provide substantial evidence that the subject pool, which is now overproduced under the prorationing rules, would, in the absence of prorationing, be consistently underproduced.

(18) That the applicant concurred that the current straight acreage proration formula was the most practicable method for allocating production in the pool.

(19) That the applicant concurred that the Burton Flats Morrow Gas Pool as now developed was a common source of supply.

(20) That the applicant failed to provide substantial evidence that the cancelling of over and under production would not violate correlative rights of owners within the pool or cause waste.

(21) That the subject pool is not depleted and has not been fully drilled to a density of 320-acre spacing as permitted by the pool rules for this pool.

(22) That the opportunity for additional drilling of some 54 open proration and spacing units within the pool could meet anticipated market demand needs for the subject pool.

(23) That the fact that the David Fasken Gulf Federal No. 1 well is over-produced, in violation of the proration rules for the subject pool, results from the applicant's failure to comply with the prorationing rules and is insufficient basis to justify the termination of prorating for this pool.

(24) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the Application of David Fasken in this case is hereby DENIED.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Richard L. Stamets
Director



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION

TONY ANAYA
 GOVERNOR

July 15, 1985

POST OFFICE BOX 2088
 STATE LAND OFFICE BUILDING
 SANTA FE, NEW MEXICO 87501
 (505) 827-5800

Mr. Ernest L. Padilla
 Attorney at Law
 P. O. Box 2523
 Santa Fe, New Mexico

Re: CASE NO. 8463
 ORDER NO. R-7982

Applicant:

David Fasken

Dear Sir:

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

Sincerely,

R. L. STAMETS
 Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
 Artesia OCD x
 Aztec OCD

Other Tom Kellahin, H. L. Kendrick

ERNEST L. PADILLA
ATTORNEY AND COUNSELOR AT LAW

200 W. Marcy, Suite 212
First Northern Plaza

P.O. Box 2523
Santa Fe, New Mexico 87501
(505) 988-7577

September 13, 1985

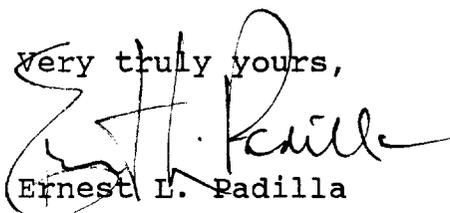
Richard L. Stamets, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

RE: Application of David Fasken
Case 8463 (de - novo)

Dear Mr. Stamets:

With your concurrence I would like to continue the above - referenced case, which is set for September 18, 1985, before the Commission, to the next scheduled docket of the Commission.

Very truly yours,



Ernest L. Padilla

cc: W. Thomas Kellahin, Esq.

ELP/gv

PADILLA & SNYDER

ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. BOX 2523
SANTA FE, NEW MEXICO 87504
(505) 988-7577

November 14, 1985

HAND DELIVERY

Richard L. Stamets, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

Bill

Re: Oil Conservation Commission Case No. 8463.

Dear Mr. Stamets:

This letter acknowledges my earlier call to your office to continue the above-referenced case to the next Commission's hearing docket on January 7, 1986.

Very truly yours,

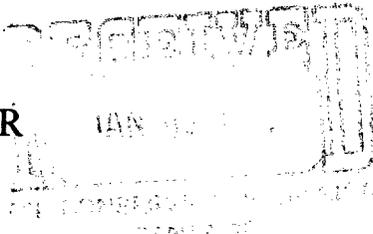
Ernest L. Padilla
Ernest L. Padilla

ELP:njp

cc: W. Thomas Kellahin, Esquire
James Henry

PADILLA & SNYDER

ATTORNEYS AT LAW
200 W. MARCY, SUITE 212
P.O. Box 2523
SANTA FE, NEW MEXICO 87504
(505) 988-7577



December 31, 1985

Handwritten initials: RKL and M.S.

R. L. Stamets, Director
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Application of David Fasken, Case No. 8463

Dear Mr. Stamets:

Inasmuch as an order has not been issued in Division Case 8684 on the application of David Fasken for pool extension and contraction, I hereby request continuance of the above-referenced Commission case to the next regularly scheduled Commission hearing date.

Very truly yours,
Ernest L. Padilla
Ernest L. Padilla

ELP:njp

cc: James Henry
W. Thomas Kellahin, Esquire

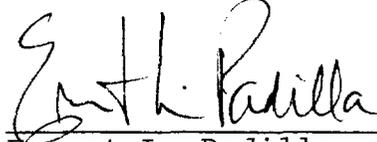
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF DAVID FASKEN TO REMOVE PRORATIONING
IN THE BURTON FLAT MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO.

CASE NO. 8463

ENTRY OF APPEARANCE

COMES NOW Ernest L. Padilla and enters his
appearance in the above cause on behalf of David Fasken.



Ernest L. Padilla
Attorney for David Fasken
200 West Marcy, Suite 212
Post Office Box 2523
Santa Fe, New Mexico 87504