

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

SEE FILING INSTRUCTIONS
BOTTOM OF PAGE

DISTRICT I
P.O.Box 1980, Hobbs, NM 88241-1980
DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

GAS WELL CONNECTION, RECONNECTION, OR DISCONNECTION NOTICE

This is to notify the Oil Conservation Division of the following:

Connection _____	First Delivery _____	_____
	Date	Initial Potential
Reconnection _____	First Delivery _____	_____
	Date	Initial Potential
Disconnection _____	_____	_____
	Date	

for delivery of gas from the _____
Operator

Lease

_____	_____	_____	_____	_____
Meter Code	Site Code	Well No.	Unit Letter	S-T-R

Pool				

was made on _____
Date

_____ AOF _____ Choke

OCD use only	
County _____	_____
Land Type _____	_____
Liq. Transporter _____	_____

Transporter

Signature of Transporter Representative

Printed Name and Title

Address and Telephone Number

FILING INSTRUCTIONS:

Each transporter of gas from a prorated gas well shall submit this form in duplicate to the appropriate district office of the Division within 30 days following the connection, reconnection, or disconnection of a well from their gathering/transportation system, in accordance with Rule 1104, Rule 1135, and R-8170 as amended.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

MEMORANDUM

TO: All Operators, Transporters and Purchasers of Gas

FROM: William J. LeMay, Director *WJL*

SUBJECT: Gas Proration Rules

DATE: December 30, 1988

Order R-8170 was entered March 29, 1986 and was effective April 1, 1986. It constituted an update of Order R-1670, as much amended, to create a more current compilation of pool rules as well as amended general rules for gas proration. The update was the result of an industry committee's deliberation and recommendation to make modifications better to meet gas market conditions of 1984-85.

As you know a profound change has taken place and is still taking place in gas gathering, transportation and marketing. There have been many suggestions that the rules devised for 1984-85 conditions are not entirely applicable in 1989-90 and should be amended to cover changed conditions.

As an example, the current rules are written so as to make it very easy for a well to be reclassified from marginal (M) to non-marginal (N), which maximizes the number of N wells. It also leads to a constant variation of the number of wells which generate allowables for N wells. For the larger pools there are three cycles each year; a low number of N wells after reclassification and a build-up until the next reclassification. With more N wells the amount of underproduction also grows and with reclassification the amount of underproduction declines, sometimes drastically. Thus the balance of the pool is in a constant state of flux.

Apparently, it is timely to convene another industry committee to exchange views and suggestions for improving the general rules for gas proration. Without intending to preclude reconsideration of any particular rule, it is believed the following rules should be reviewed for possible revision:

Rule 1 - definitions of "gas purchaser" and "marginal GPU";

Rule 2(a)3(2)

Rule 3(a)

Rule 5

Rule 5(b)1(A)

Rule 9

Rule 9(d)

Rule 10(a)

MEMORANDUM

Operators, Transporters & Purchasers of Gas
December 30, 1988

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Rule 11(a) and (b)
Rule 12(b)
Rule 14(b)
Rule 15(a)

It is desirable to have a broad representation on the committee without having an unmanageable number. Representatives of transporters, purchasers, as well as major and independent producers are desired. Vic Lyon, Chief Engineer for the OCD will chair this committee. If you are interested in being represented on the committee please furnish name and address, in writing, so as to assist in compiling a mailing list. The committee will probably schedule its first meeting in February, 1989.

WJL/VTL/ag

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

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

MEMORANDUM

TO: ALL GAS PRODUCERS AND PURCHASERS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: MORATORIUM FROM SHUT-IN, OVERPRODUCED WELLS IN ALL PRORATED GAS POOLS IN NEW MEXICO

In accordance with the showing that a high-demand emergency currently exists, and under the authority granted the Division Director, pursuant to Rule 11(G) of the General Rules and Regulations for Prorated Gas Pools (Order No. R-8170), a pool-wide moratorium from shut-in for wells for reasons of overproduction is hereby placed in effect.

The moratorium shall apply to all prorated pools in Southeast and Northwest New Mexico and shall be effective immediately and continue through the month of March, 1989. The moratorium will not be extended beyond the stated period. Please note this measure is being taken for the emergency demand situations that have been documented to exist in the marketplace. During this period every underproduced well should be produced to the maximum of its ability under existing conditions and excessively overproduced wells are to be produced only during and to the extent necessary to meet the emergency demand. Excessively overproduced wells will be curtailed or shut-in after March 31, 1989 to help bring prorated pools into balance.

January 4, 1989
sl/

Dockets Nos. 4-89 and 5-89 are tentatively set for February 1 and February 15, 1989. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 18, 1989

8:15 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

The following cases will be heard before Victor T. Lyon, Examiner, or David R. Catanach, Alternate Examiner:

CASE 9270: (Reopened)

In the matter of Case No. 9270 being reopened pursuant to the provisions of Division Order No. R-8586, which promulgated temporary special rules and regulations for the North Bluitt Siluro-Devonian Pool in Roosevelt County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why said temporary rules for the North Bluitt Siluro-Devonian Pool should not be rescinded.

CASE 9566: (Continued from January 4, 1989, Examiner Hearing.)

Application of Northwest Pipeline Corporation for an unorthodox coal gas well location and a non-standard gas proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 535 feet from the South line and 685 feet from the East line (Unit P) of irregular Section 6, Township 31 North, Range 5 West, Basin-Fruitland Coal Gas Pool, all of said Section 6 to be dedicated to said well forming a 264.56-acre non-standard gas spacing and proration unit for said pool. Said unit is located approximately 5 miles south of Mile Corner No. 240 which is located on the Colorado/New Mexico Stateline.

CASE 9576: Application of Chevron USA, Inc. for an unorthodox oil well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its C. E. LaMunyon Well No. 50 to be drilled at an unorthodox oil well location 1310 feet from the North line and 210 feet from the East line (Unit A) of Section 28, Township 23 South, Range 37 East, Teague Blinebry Pool, the NE/4 NE/4 of Section 28, to be simultaneously dedicated to said well and to the applicant's C.F. LaMunyon Well No. 21 located at a standard oil well location 510 feet from the North line and 660 feet from the East line of said Section 28. Said unit is located approximately 15 miles east of the Teague Siding.

CASE 9577: Application of Meridian Oil Inc. for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Robinson-Jackson Unit Tr. 2A Well No. 33 located 385 feet from the North line and 1325 feet from the East line (Unit B) of Section 27, Township 17 South, Range 29 East, Grayburg Jackson (Q-G-SA-SR) Pool, Robinson-Jackson Waterflood Project, the NW/4 NE/4 of said Section 27 to be dedicated to said well and to the existing Meridian Oil Inc. Robinson Jackson Unit Tr. 2A Well No. 2 located at a standard oil well location 660 feet from the North line and 1980 feet from the East line of said Section 27. Said unit is located approximately 4.5 miles west by south of Loco Hills, New Mexico.

CASE 9578: Application of Meridian Oil Inc. for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1685 feet from the South line and 165 feet from the West line (Unit L) of said Section 22, Township 26 North, Range 8 West, Basin Fruitland Coal Pool, the S/2 of said Section 22 to be dedicated to said well forming a standard 320-acre proration unit for said pool. Said location is approximately 16 miles east by south of Bloomfield, New Mexico.

CASE 9535: (Continued from December 21, 1988, Examiner Hearing.)

Application of Meridian Oil, Inc. for compulsory pooling, unorthodox gas well location, and non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3 and 4 and E/2 SW/4 of Section 7 and Lots 1, 2, 3, and 4, and the E/2 W/2 of Section 18, Township 30 North, Range 8 West, forming a non-standard 334.94-acre gas spacing and proration unit, to be dedicated to its Howell "C" Com Well No. 301 to be drilled at an unorthodox gas well location in the SE/4 NW/4 (Unit F) of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 1.5 miles northwest by north of Archuleta, New Mexico.

CASE 9545: (Continued from December 21, 1988, Examiner Hearing.)

Application of Meridian Oil, Inc. for compulsory pooling and a nonstandard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Basin-Fruitland Coal Gas Pool underlying Lots 3, 4, 5, 6, and 7, the SE/4 NW/4, and the E/2 SW/4 of Section 6 and Lots 1 and 2 and the E/2 NW/4 of Section 7, Township 30 North, Range 8 West, forming a non-standard 331.00-acre gas spacing and proration unit, to be dedicated to its Howell

G Com Well No. 300 to be drilled at a previously authorized unorthodox gas well location (pursuant to Decretory Paragraph No. (4) of Division Order No. R-8768) 1430 feet from the North line and 1090 feet from the West line (Unit F) of said Section 6. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3.25 miles north by west of Archuleta, New Mexico.

CASE 9550: (Continued from December 21, 1968, Examiner Hearing.)

Application of Meridian Oil, Inc. for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 2200 feet from the North line and 1360 feet from the East line (Unit C), Section 36, Township 30 North, Range 6 West, to test the Fruitland (sand) Formation, Lots 1 and 2 and the W/2 NE/4 of said Section 36 to be dedicated to said well forming a non-standard 115.04-acre gas spacing and proration unit for said zone. Said location is approximately 5.5 miles northwest by north of Gobernador, New Mexico.

CASE 9571: (Continued from January 4, 1989, Examiner Hearing.)

Application of Meridian Oil Inc. for an unorthodox coal gas well location and simultaneous dedication, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox coal gas well location 2560 feet from the North line and 2610 feet from the West line (Unit F) of Section 15, Township 30 North, Range 7 West, Basin-Fruitland Coal (Gas) Pool, the W/2 of said Section 15 to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for said pool, to be simultaneously dedicated to said well and to the applicant's San Juan 30-6 Unit Wells Nos. 406 and 402. Said Well No. 402 is located at a standard coal gas well location 1455 feet from the South and West lines (Unit K) of said Section 15 and Well No. 406 is located at a previously authorized unorthodox coal gas well location (pursuant to Decretory Paragraph No. 4 of Division Order No. R-8768) 2105 feet from the North line and 2390 feet from the West line (Unit F) of said Section 15. Said location unit is approximately 2.75 miles east by north of the Navajo Reservoir Dam.

CASE 9579: Application of Sun Exploration and Production Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to base of the Morrow, or 13,000 feet, whichever is deeper, in any and all formations developed on 320-acre spacing units underlying the N/2; and the N/2 NW/4 for any and all formations developed on 80-acre spacing units; and the NE/4 NW/4 for any and all formations developed on 40-acre spacing units in Section 16, Township 22 South, Range 34 East; said units to be dedicated to a well to be drilled at a standard location 660 feet from the North line and 1980 feet from the West line (Unit C) in said Section 16. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 18 miles west by south of Eunice, New Mexico.

CASE 9580: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line (Unit L) of said Section 12, Township 20 South, Range 29 East, Undesignated East Burton Flats Strawn Gas Pool, to test all formations from the surface to the base of the Morrow formation, the S/2 of said Section 12 to be dedicated to the well. Said location is approximately 15 miles northeast of Carlsbad, New Mexico.

CASE 9413: (Continued from December 21, 1988, Examiner Hearing.)

Application of Yates Petroleum Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of temporary special pool rules for the Avalon-Delaware Pool located in portions of Township 20 South, Ranges 27 and 28 East, including a provision to increase the gas-oil ratio limitation to 5,000 cubic feet of gas per barrel of oil. Said area is located approximately 9 miles north of Carlsbad, New Mexico.

CASE 9574: (Continued from January 4, 1989, Examiner Hearing.)

Application of Marshall Pipe & Supply for dual completion and salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Cook Well No. 1 located at a previously approved unorthodox gas well location (Order No. R-8618) 330 feet from the North line and 1960 feet from the East line (Unit B) of Section 34, Township 2 South, Range 29 East, by disposing of produced salt water down through tubing into the Undesignated Tule-Montoya Gas Pool in the perforated interval from 7104 feet to 7116 feet and continue producing gas from the Undesignated Tule-Pennsylvanian Gas Pool up the casing/tubing annulus. Said well is located approximately 3.5 miles east by north from the point common to Roosevelt, Chaves, and De Baca Counties.

CASE 9581: Application of Harvey E. Yates Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox oil well location 1980 feet from the North line and 1370 feet from the West line (Unit F) of Section 17, Township 16 South, Range 37 East, Northeast Lovington Pennsylvania Pool, the S/2 NW/4 of said Section 17 to be dedicated to the well forming a standard 80-acre oil spacing and proration unit for said pool. Said location is approximately 4.5 miles east southeast of Lovington, New Mexico.

CASE 9582: Application of Strata Production Company for pool creation and special pool rules, or in the alternative for pool extension and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Bone Spring formation comprising Lots 2 and 7 of Section 4, Township 21 South, Range 32 East, and for the promulgation of special rules and regulations therefor including provisions for 80-acre spacing and proration units and designated well location requirements. IN THE ALTERNATIVE, the applicant seeks to extend the Hat Mesa-Bone Spring Pool to include Lots 1, 2, and 7 of said Section 4 and for the promulgation of special rules and regulations therefor including provisions for 80-acre spacing and proration units and designated well location requirements. Said area is located approximately 3.75 miles southeast of the junction of U.S. Highway 62/180 and Old New Mexico Highway No. 176.

CASE 9583: Application of Exxon Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the base of the San Andres formation to the top of the Mississippian formation, excepting however the Undesignated Empire Abo Pool, underlying the following described acreage in Section 17, Township 18 South, Range 27 East, and in the following described manner:

the NW/4 SW/4 (Unit L) to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools within the above-described vertical limits developed on 40-acre spacing;

the W/2 SW/4 to form a standard 80-acre oil spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 80-acre spacing;

the SW/4 to form a standard 160-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 160-acre spacing; and,

the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools within said vertical extent developed on 320-acre spacing (which presently includes but not necessarily limited to the Undesignated Scoggin Draw Atoka Gas Pool and the Undesignated Kaiser Ranch Strawn Gas Pool.)

All of the above-described units to be dedicated to a single well to be drilled at an unorthodox location 2095 feet from the South line and 992 feet from the West line of said Section 17.

Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 6 miles south of Riverside, New Mexico.

CASE 9584: Application of Bran Oil Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in any and all formations developed on 160-acre spacing unit underlying the SE/4 of Section 32, Township 6 South, Range 26 East, (which includes but is not limited to the undesignated West Pecos Slope Abo Pool) for said unit to be dedicated to a well to be drilled at a standard location in said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles west northwest of Elkins, New Mexico.

CASE 9585: Application of Stevens Operating Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in any and all formations developed on 160-acre spacing units underlying the NE/4 of Section 32, Township 6 South, Range 26 East, (including but not limited to the undesignated West Pecos Slope Abo Pool) for said unit to be dedicated to a well to be drilled at a standard location in said Section 32. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles west northwest of Elkins, New Mexico.

CASE 9568: (Continued from January 4, 1989, Examiner Hearing.)

Application of Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox gas well location 1980 feet from the North line and 990 feet from the West line (Unit E) of Section 26, Township 19 South, Range 25 East, Undesignated Boyd-Morrow Gas Pool or Undesignated Cemetery-Morrow Gas Pool, the N/2 of said Section 26 to be dedicated to said well forming a standard 320-acre proration unit for either pool. Said location is approximately 5 miles west of Lakewood, New Mexico.

CASE 9163: (Reopened)

In the matter of Case No. 9163 being reopened pursuant to the provisions of Division Order No. R-8470, which promulgated temporary special rules and regulations for the West Anderson Ranch-Wolfcamp Pool in Lea County, New Mexico, including a provision for 80-acre spacing units. Operators in the subject pool may appear and show cause why the West Anderson Ranch-Wolfcamp Pool rules should not be rescinded at this time.

CASE 9586: Application of Enron Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cinta Roja-Morrow Gas Pool underlying all of Section 11, Township 24 South, Range 35 East, forming a standard 640-acre gas spacing and proration unit for said pool, to be dedicated to a well to be drilled at a standard gas well location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 12 miles northwest of Jal, New Mexico.

CASE 9587: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending certain pools in Lea County, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Cherry Canyon production and designated as the South Antelope Ridge-Cherry Canyon Pool. The discovery well is the J. C. Williamson Curry State Well No. 2 located in Unit C of Section 22, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 22: NW/4

(b) CREATE a new pool in Lea County, New Mexico classified as an oil pool for Abo production and designated as the Stateline-Abo Pool. The discovery well is the Lanexco Inc. Crawford State Well No. 3 located in Unit D of Section 4, Township 24 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM
Section 4: Lots 1, 2, 3, 4 and S/2 NW/4

(c) EXTEND the Cruz-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 30: NW/4

(d) EXTEND the Gladiola-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 37 EAST, NMPM
Section 34: NE/4

(e) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: SE/4

(f) EXTEND the Querecho Plains-Upper Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 14: SW/4

(g) EXTEND the Shipp-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 2: SW/4

(h) EXTEND the South Shoe Bar-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM
Section 31: SW/4

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 6: SW/4

(i) EXTEND the North Vacuum Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 16: E/2

DOCKET: COMMISSION HEARING - THURSDAY - JANUARY 19, 1989

9:00 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

CASE 9458: (De Novo)

Application of Mallon Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Bell Canyon, Cherry Canyon, and Brushy Canyon formations (Delaware Mountain Group) underlying the NW/4 SW/4 (Unit L) of Section 27, Township 26 South, Range 29 East, forming a standard statewide 40-acre oil spacing and proration unit, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 3/4 mile north of where the Pecos River crosses the Texas/New Mexico Stateline. Upon application of Red Bluff Water Power Control District, this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9489: (De Novo)

Application of Blackwood & Nichols Co., Ltd. for salt water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Nacimiento formation in the perforated interval from approximately 1798 feet to 2250 feet in its Northeast Blanco Unit Well No. 206 located 790 feet from the South line and 1190 feet from the West line (Unit M) of Section 10, Township 31 North, Range 7 West, which is located approximately 8 miles north-northeast of Navajo dam, New Mexico. Upon application of Blackwood & Nichols Co., Ltd., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9511: (De Novo)

Application of Phillips Petroleum Company for salt water disposal, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the South Peterson-Fusselman Pool and Montoya formation in the perforated interval from approximately 7892 feet to 7994 feet in its Lambirth "A" Well No. 6 located 1830 feet from the South line and 1980 feet from the East line (Unit J) of Section 30, Township 5 South, Range 33 East, which is located 10.5 miles west of Pep, New Mexico. Upon application of Enserch Exploration, Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 9588: Application of Sun Exploration and Production Company for the institution of gas proration and special pool rules for the South Shoe Bar-Atoka Gas Pool, Lea County, New Mexico. Application of Sun Exploration and Production Company for the institution of proration in the South Shoe Bar-Atoka Gas Pool, Lea County, New Mexico, and to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand for gas from said pool. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among wells in the pool.

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87504
505/927-5800

MEMORANDUM

TO: ALL GAS PRODUCERS, TRANSPORTERS AND PURCHASERS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: RECLASSIFICATION PROCEDURES FOR PRORATED GAS WELLS

In accordance with my memorandum dated December 30, 1988, a Gas Proration Rules Committee was formed and has had several meetings. It is the consensus of that committee that the Director should use his discretionary authority to reclassify wells under Rule 12(b) of Order R-8170. The Committee is considering a number of rule changes which will be considered at hearing when the Committee has completed its work, probably several months in the future. Because of the continual classification/reclassification which has been occurring under existing rules, the following rules which were under review by the Committee will be implemented under my discretionary authority.

RULE 13(a) RECLASSIFICATION TO MARGINAL. A Non-marginal well may be reclassified to marginal status in either of the following ways:

(1) after the production data is available for the last month of each classification period, any GPU which had an underproduced status at the beginning of the proration period shall be reclassified to marginal if its highest single month's production during the classification period is less than its average monthly allowable during such period; or

(2) a GPU which is underproduced more than the overproduction limit as described in 11(b)(1) or 11(b)(2), whichever is applicable, may be classified as marginal at the discretion of the Director.

RULE 14(a) RECLASSIFICATION TO NON-MARGINAL. If, at the end of any classification period, a marginal GPU has produced more gas during the proration period to that time than its shadow allowable for that same period, the GPU shall be reclassified as a non-marginal GPU.

"SHADOW ALLOWABLE" of a marginal GPU is the allowable assigned in the same pool to a non-marginal GPU of the same A + AD character as the marginal GPU.

It is the Committee's view, with which I concur, that the revised classification procedure will help solve one of the major problems in gas proration today; viz. that too much allowable is going to wells incapable, or owners unwilling to produce at allowable rates and too little is going to wells which are capable and whom owners are anxious to produce at full allowable rates.

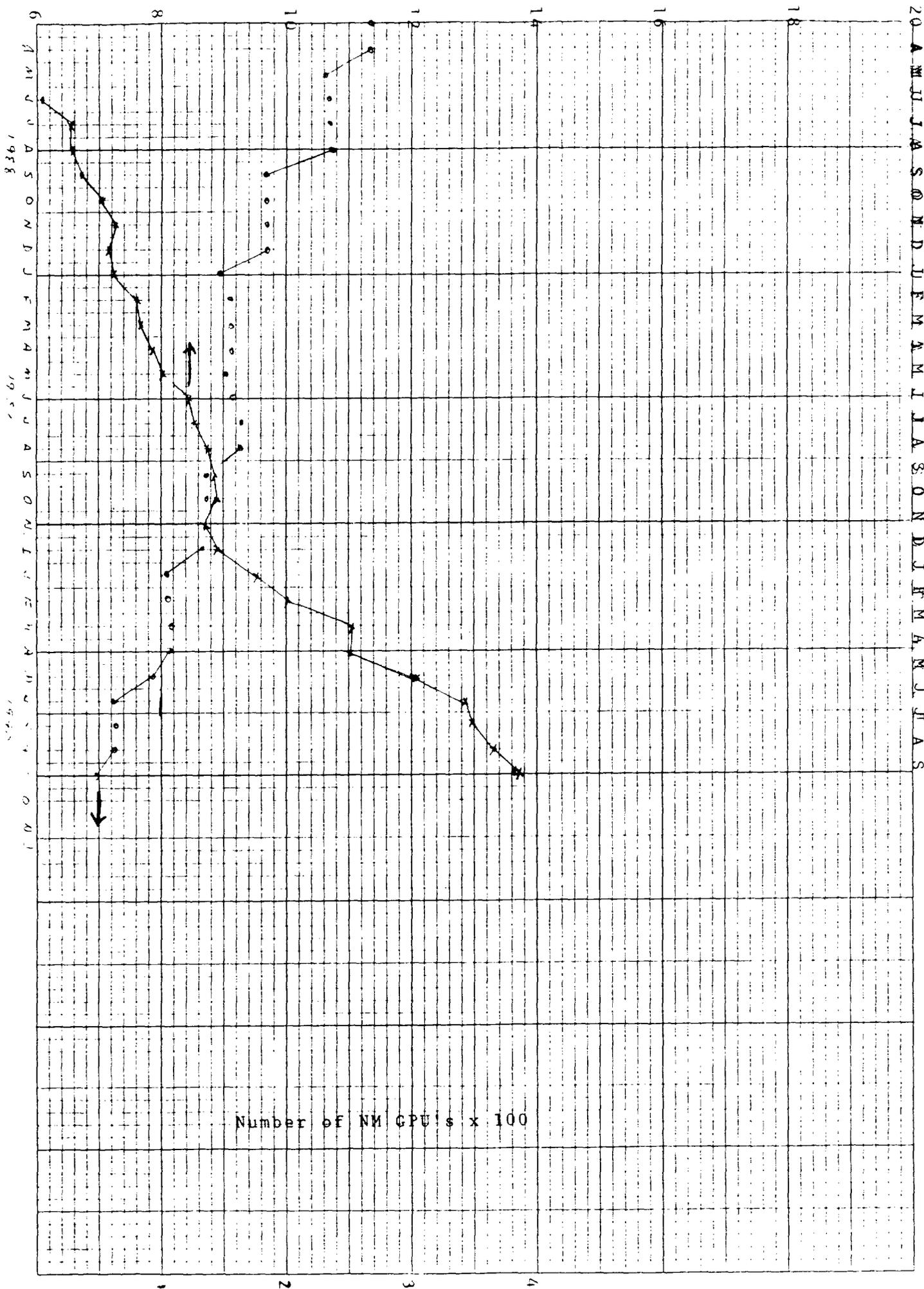
It is contemplated that a hearing will be held before year-end to consider the rule changes being proposed by the Committee.

You are being advised of this administrative change so that you may understand the changes which will be implemented in the August proration schedules.

July 5, 1989

dr/

12-Month average F-1 x 1000



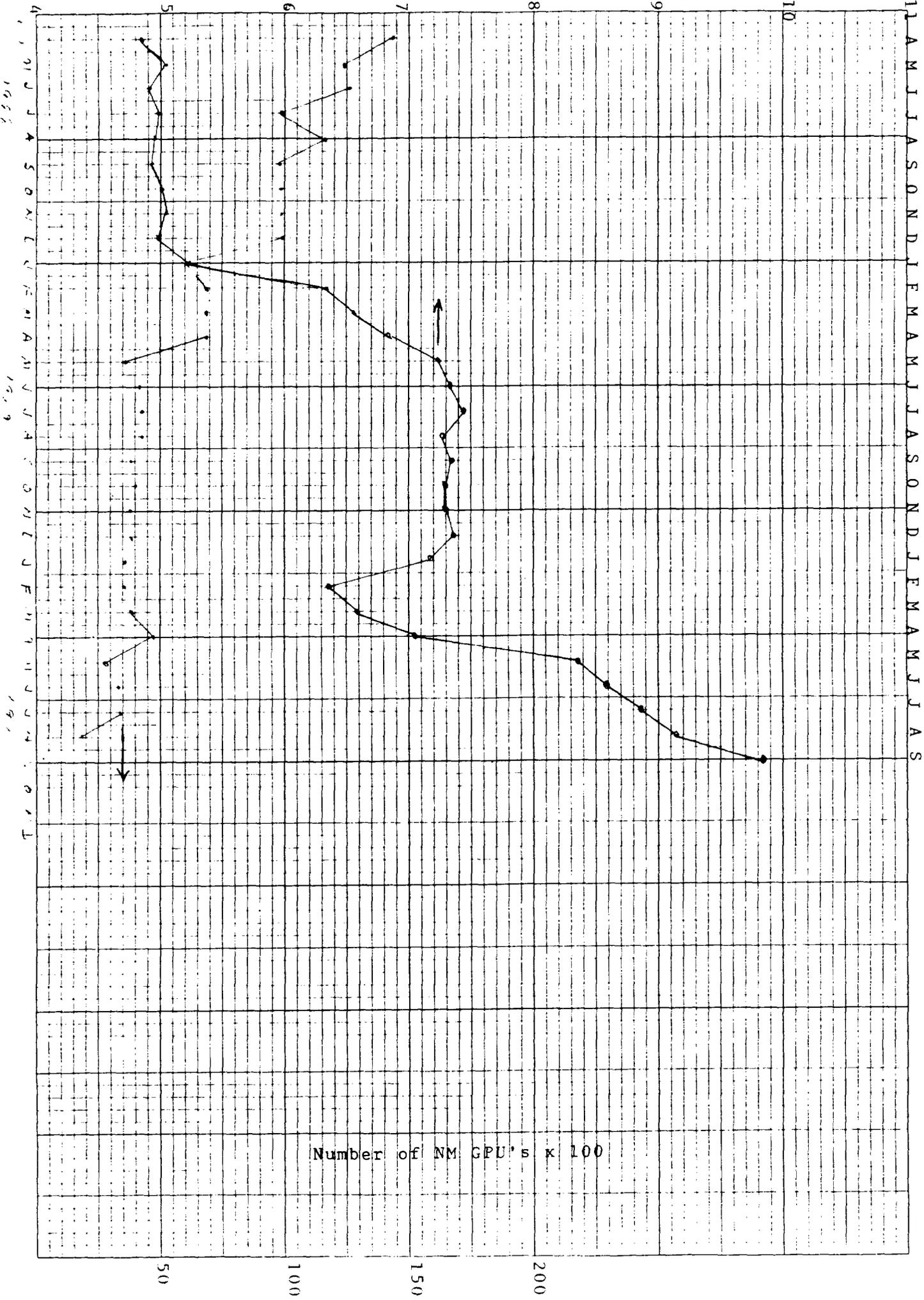
20 A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
 1988
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NO. 340R-10 DIETZGEN GRAPH PAPER
 10 X 10 PER INCH
 EUMONT POOL
 DIETZGEN CORPORATION
 MADE IN U.S.A.

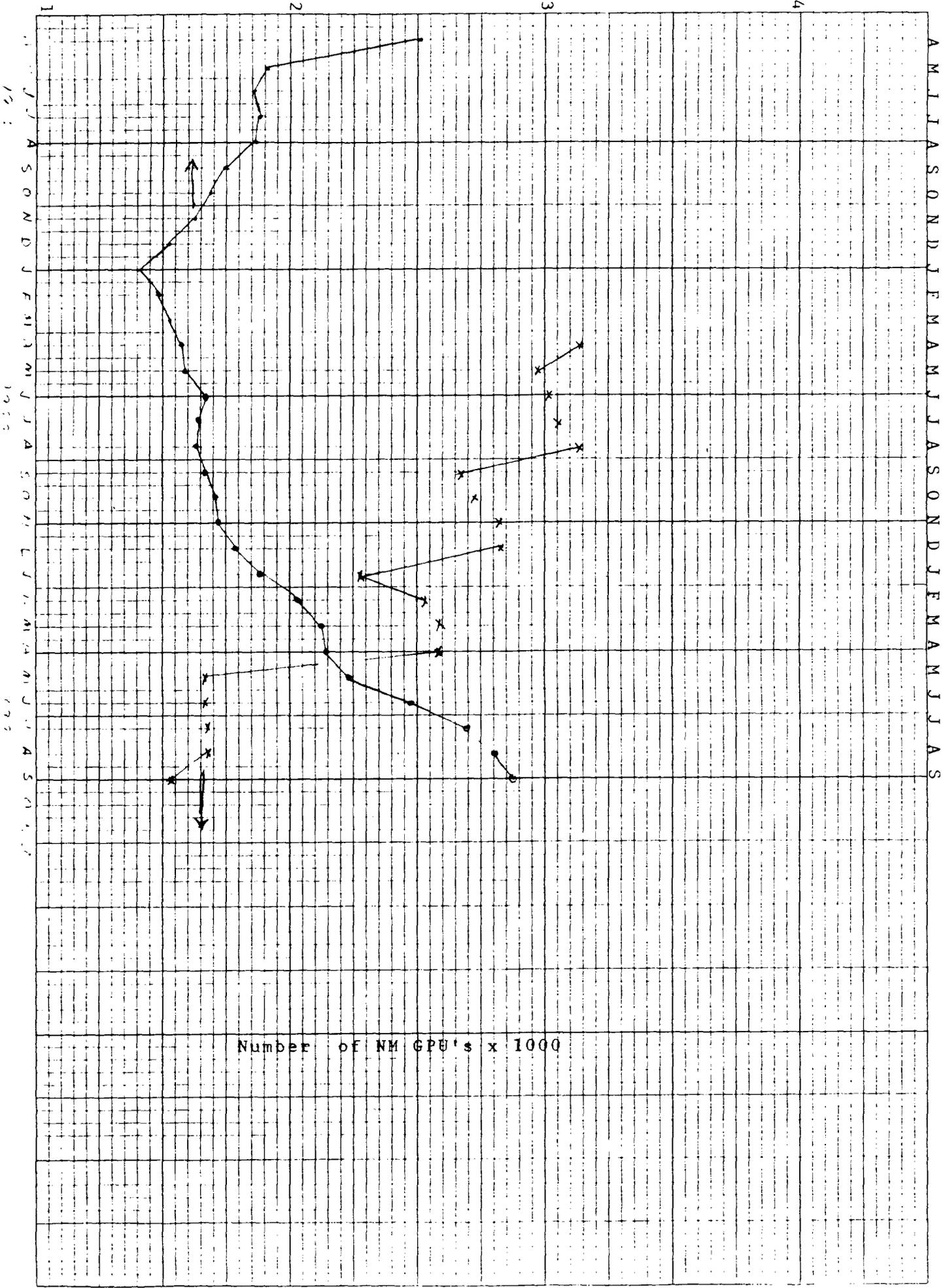
Number of NM GPU's x 100

1988 Number of NM GPU's 1989 12-Month Average F-1 1990

12-Month Average F-1 x 1000



12-Month Average F-1 x 1000



Number of NM GPU's and 12-Month Average F-1
 1988
 1989
 1990

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12-Month Average F-1 x 1000

1988

Number of NM GPU's and 12-Month Average F-1

1989

1990

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