



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OFFICE OF THE SECRETARY
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-5950

Jennifer A. Salisbury
CABINET SECRETARY

RECEIVED
05 APR 24 10 0 52

April 25, 1996

To: David Catanach
From: Jerry Sexton

Subject: Justis Glorieta Prorated Gas Pool

I would like to recommend the Division continue the minimum gas allowable for this pool and the level be raised from 600 MCF per day to 1,000 MCF per day.

This recommendation is based on the following:

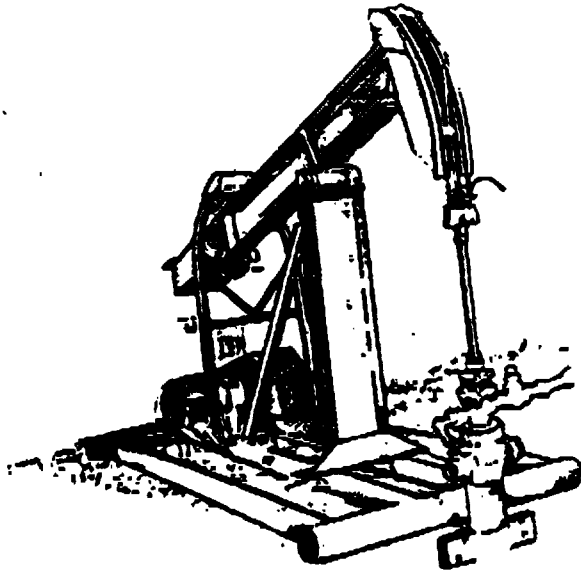
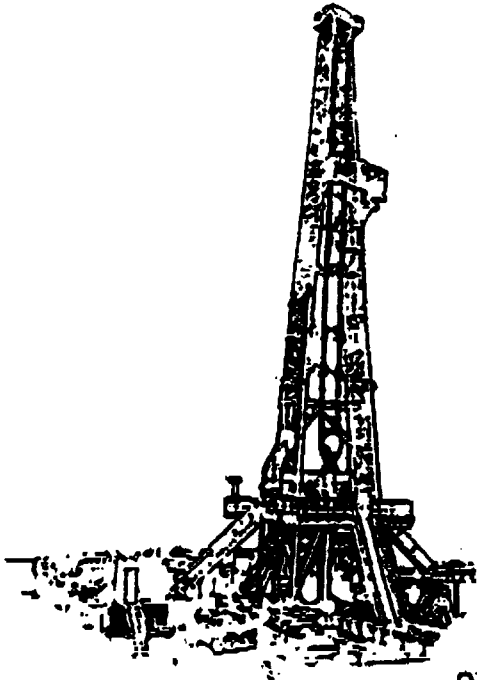
1. Going on the allowable the field would have at this time (based on historical production), the prorated gas allowable would be less than 300 MCF per day. This low allowable would not allow development of any potential gas in the field since payouts of workovers or drilling would not be obtained in a timely fashion.

The Eumont and Jalmat pools are examples of where prorated prevented development. The non-marginal allowable in the summertime, based on historical data, would drop below 200 MCF gas per day, which was unrealistically low after deregulation occurred, but was the historical data used to calculate the allowable. After minimum allowable, these two fields have had a tremendous amount of development.

2. To have Division personnel spend a large amount of time on deprorating the field is probably not economically possible, and it makes more sense to keep prorated in place as a tool to be used in the future if production or correlative rights become an issue in the future.

The Minimum allowable will allow the potential development of this gas field to occur if reserves are encountered.

cc: Rand Carroll



STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

PHONE: (505) 393-6161

FAX: (505) 393-0720

SHOULD YOU HAVE TROUBLE RECEIVING THIS TRANSMISSION, PLEASE CALL (505) 393-6161.

TO: DAVID CATANACH

COMPANY: OCD - Santa Fe

FROM: Jerry Sexton - OCD - Hobbs

DATE: April 25, 1996

PAGES INCLUDING COVER PAGE: 2

COMMENTS: _____

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