

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9872
ORDER NO. R-8170-E-1

IN THE MATTER OF CASE 9872 BEING REOPENED PURSUANT TO THE PROVISIONS OF DIVISION ORDER NO. R-9463, WHICH, AMONG OTHER THINGS, PROVIDED FOR THE REOPENING OF SAID CASE 9872 IN ORDER THAT ALL OPERATORS IN THE BURTON FLAT-MORROW GAS POOL, EDDY COUNTY, NEW MEXICO, MAY APPEAR AND PRESENT EVIDENCE RELATIVE TO THE PERMANENT TERMINATION OF GAS PRORATIONING FOR SAID BURTON FLAT-MORROW GAS POOL.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 19, 1991, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of October, 1991 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) By Division Order No. R-8170-E, dated April 2, 1990, issued in Case No. 9872 and made effective April 1, 1990, the following provisions affecting the Burton Flat-Morrow Gas Pool, encompassing portions of Townships 20 and 21 South, Ranges 26, 27 and 28 East, NMPM, Eddy County, New Mexico were instituted:

- a) the prorationing of gas production, pursuant to the provisions of Division Order No. R-8170, as amended, was suspended for a temporary testing period commencing April 1, 1990 and ending June, 1991;

- b) the General Rules and Regulations applicable for Morrow gas wells in Southeast New Mexico were applied to said pool during the testing period;
- c) production records were kept on said pool and reported on the Proration Schedule for Southeast New Mexico during the testing period for statistical purposes only;
- d) the Division retained jurisdiction in this matter should it had been determined at any time during the test period that the pool should again be prorated, each well would have been reassigned its classification and over or under production status as of April 1, 1990; and,
- e) if gas prorationing had been reinstated, each non-marginal well would be assigned a minimum allowable of 750 MCF per day.

(3) The temporary testing period and the provisions of said Order No. R-8170-E were extended to September, 1991 by Division Order No. R-9463, dated March 22, 1991, in order to evaluate the effects of the new six-month allocation periods established by Division Order No. R-8170-H on said pool and to avoid having the pool return to proration in the middle of an allocation period should conditions warrant.

(4) OXY USA, Inc., the applicant in the original hearing, appeared at this hearing and presented evidence showing that since February 1990 the Burton Flat-Morrow Gas Pool:

- a) has shown an increase in gas production;
- b) several new wells have been drilled;
- c) compression installation and work-over activity has increased;
- d) there continues to be a market for all the gas from the pool;
- e) there continues to be support from the vast majority of the interested parties within the pool for deproportion;
- f) no objections were received; and,