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(23) By way of the signed waivers, the other operators in the pool have stated that they do not need prorationing in this pool to protect their correlative rights.

(24) Out of some 130 potentially interested parties to whom Oxy USA, Inc. sent notice of this application, none appeared at the hearing in opposition to the application.

(25) The evidence at this time indicates that termination of gas prorationing would be in the best interest of conservation and that correlative rights would not be violated; however, since there are multiple producers and more than one gas transporter in the pool and because factors that have influenced the conditions of the gas market are so dynamic and the impact of eliminating prorationing in the Pool is not certain, it is in the best interest of conservation to approve this application for a temporary test period, after which the case should be reopened to determine whether or not correlative rights have been impaired as a result of the inability to find a market, whether investment has been made to recover additional reserves and to review any other matters which tend to show that prorationing should be reinstituted or permanently terminated.

(26) During this test period the Pool should be kept on the proration schedule in order to accumulate production information which might be useful to determine whether proration should be reinstated or terminated and to have such records available should the Pool again be prorated. During the test period wells in this pool should not be subject to allowable limitations on production or to the classification as marginal or non-marginal.

(27) This case should be reopened at an examiner hearing in June 1991, at which time the operators in the subject pool should be prepared to appear and present evidence and testimony relative to the determinations of the permanent termination of gas prorationing for the Burton Flat-Morrow Gas Pool.

(28) The Special Rules and Regulations for the Burton Flat-Morrow Gas Pool, as promulgated by Division Order No. R-8170, as amended, should be suspended during the test period, and the actual operations of said pool should be governed henceforth by the General Rules and Regulations applicable for gas wells in Southeast New Mexico currently completed in the Morrow formation.

(29) If the Division should determine that gas prorationing should be reinstituted at any time during or at the end of the test period, the wells in the Pool should be returned to their status as of the date this Order is effective with respect to classification and accumulated over or underproduction.

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(30) In order to encourage operators to drill new wells, workover existing wells, install needed compression and enter into longer term sales agreements, provision should be made for a minimum allowable for all non-marginal wells in the pool should prorationing be reinstituted. Evidence presented in this case showed that the allowable of approximately 750 MCF per day for an acreage factor of 1.0 assigned for November 1989 is sufficient to encourage capital expenditure, and operators are not prevented from meeting long-term contracts because of allowable restrictions.

(31) This order should be effective April 1, 1990, which is the beginning of a Classification period.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Oxy USA, Inc., seeking an order terminating gas prorationing in 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, is hereby approved *for a temporary test period commencing April 1, 1990, and ending at a time determined by the Division.*

(2) The Special Rules and Regulations for said pool, as promulgated by Division Order No. R-8170, as amended, are hereby suspended during the test period.

(3) Said pool shall be governed by the General Rules and Regulations applicable for gas wells in Southeast New Mexico currently completed in the Morrow formation.

(4) The Burton Flat-Morrow Gas Pool shall be kept on the Proration Schedule for Southeast New Mexico during the test period for statistical purposes only, and the classification of wells and assignment of allowables as shown therein shall not be applied as limitations of production on the wells in the pool, and no over or underproduction shall be accrued by the wells during the test period.

(5) This case shall be reopened at an Examiner Hearing in June 1991, at which time the operators in the subject pool may appear and present evidence relative to the permanent termination of gas prorationing for the Burton Flat-Morrow Gas Pool.

(6) If the Division should determine at any time during the test period that the Pool should again be prorated, each well completed therein as of the effective date of this order shall be assigned its classification and over or underproduction status as of the effective date of this order.