

240

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

APPLICATION OF OXY USA, INC. FOR
TERMINATION OF GAS PRORATIONING IN
THE BURTON FLAT-MORROW GAS POOL,
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 21, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of April, 1990, 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) The applicant, Oxy USA, Inc., seeks 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.
- (3) The Burton Flat-Morrow Gas Pool was created by Division Order No. R-4486, effective March 1, 1973, for the production of gas from the Morrow formation.
- (4) The horizontal limits of said pool have been extended several times by order of the Division.

Case No. 9872
Order No. R-8170-E
Page No. 2

(5) Gas prorationing was instituted in the Burton Flat-Morrow Gas Pool by Division Order No. R-4706, dated January 18, 1974, issued in Division Case No. 5111, which was later changed to Order No. R-1670-P and was subsequently changed again and is presently governed by Order No. R-8170, as amended.

(6) Gas prorationing in the Burton Flat-Morrow Gas Pool was originally established for the following reasons:

- (a) there was more than one pipeline purchaser purchasing gas produced from pool wells;
- (b) there was more than one producer of gas;
- (c) the total deliverability of the producing wells in the pool exceeded the reasonable market demand for gas from said pool;
- (d) the pool contains several wells with fractional acreage factors; and
- (e) the foregoing conditions created the opportunity for a violation of correlative rights.

(7) At the time of the hearing on this case, evidence was presented that:

- (a) there are eleven pipeline transporters taking production from the subject pool;
- (b) there are 61 wells in the subject pool with some 19 different operators;
- (c) there are 43 marginal wells in the pool;
- (d) there are 7 overproduced non-marginal wells and 11 underproduced non-marginal wells in the pool; and
- (e) the entire pool is underproduced in terms of the pool allowable.

(8) The Burton Flat-Morrow Gas Pool is adjacent or within one mile of six Morrow gas pools, only one of which is prorated.