

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

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

**CASE NO. 12040
Order No. R-11057**

**GAS ALLOWABLES FOR THE
PRORATED GAS POOLS IN NEW
MEXICO FOR OCTOBER, 1998
THROUGH MARCH, 1999.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing at 9 o'clock a.m. on September 10, 1998, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, (the "Commission").

NOW, on this 10th day of September, 1998, the Commission, a quorum being present, having considered the testimony and the evidence received at the hearing,

FINDS THAT:

- (1) Due public notice has been given and, the Commission has jurisdiction of this case and its subject matter.
- (2) This hearing was called for the purpose of accepting nominations and other evidence and information to assist in determining October, 1998 through March, 1999 gas allowables for the prorated gas pools in New Mexico. Eight of the prorated gas pools are in Lea, Eddy, and Chaves Counties in Southeast New Mexico, and the other four prorated gas pools are in San Juan, Rio Arriba, and Sandoval Counties in Northwest New Mexico.
- (3) Since 1991, allowables for the prorated gas pools in New Mexico have been established for six month allocation periods beginning in April and October of each year. Allowables have been determined using prior year allocation period production volumes with adjustments where appropriate based on evidence and recommendations from operators, purchasers, and transporters.

(4) For the past several allocation periods, non-marginal allocation factors and well allowables have remained almost constant in most pools. Increased demand for New Mexico gas has resulted in a large reduction in the number of non-marginal wells and the assignment of marginal allowables to most wells in prorated pools.

(5) By Memorandum dated August 21, 1998 sent out with the docket for this hearing, the Oil Conservation Division proposed that the allowable factors used for the April, 1998 through September, 1998 allocation period be continued for the October, 1998 through March, 1999 period. The Division also proposed that these factors be used for future allocation periods until such time as it is determined that changes are needed.

(6) Industry representatives have expressed general support for the OCD proposed method of determining allowables.

(7) The allocation factors proposed by OCD should be approved.

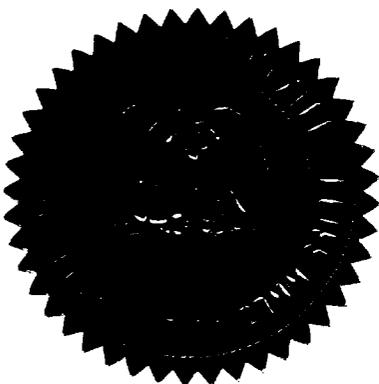
IT IS THEREFORE ORDERED THAT:

(1) The attached Exhibit "A", is adopted for the purpose of making allowable assignments for the prorated gas pools in New Mexico for the months of October, 1998 through March, 1999.

(2) The allowable allocation factors shown in Exhibit "A" shall be used as Division recommended allowables for future allocation periods until such time as it is determined that changes are needed.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JAMI BAILEY, Member

WILLIAM J. LEMAY, Member

LORI WROTENBERY, Chairman

EXHIBIT "A"
CASE NO. 12040
ORDER NO. R-11057

Allowable Allocation Factors
New Mexico Prorated Gas Pools
October, 1998 through March, 1999

SOUTHEAST NEW MEXICO

Pool	Monthly Acreage Allocation Factor (F.)
Atoka Penn	24,000
Blinebry Oil and Gas	70,200
Buffalo Valley Penn	33,000
Eumont Yates 7 River Queen	38,000
Indian Basin Upper Penn	200,000
Jalmat Tansill Yates 7 Rivers	18,300
Justis Glorieta	18,300
Tubb Oil and Gas	18,425

NORTHWEST NEW MEXICO

Pool	Monthly Acreage Allocation Factor (F1)	Monthly Acreage X Deliverability Factor(F2)
Basin Dakota	11,163	14.04
Blanco Mesaverde	5,771	26.14
Blanco P.C. South	440	28.18
Tapacito Pictured Cliffs	467	19.79