

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8425
Order No. R-7815

APPLICATION OF DOYLE HARTMAN FOR
REINSTATEMENT OF CANCELLED UNDER-
PRODUCTION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 12, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of February, 1985, the Commission, a quorum being present, having considered the testimony and the exhibits received at said hearing, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Doyle Hartman, as owner and operator of the 160-acre spacing and proration unit comprising the SE/4 of Section 13, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, seeks the retroactive reclassification of said unit as non-marginal and the reinstatement of previously cancelled underproduction.

(3) Said unit is a multi-well unit simultaneously dedicated to applicant's Shell State Wells Nos. 2 and 5, located in Units P and J, respectively, of said Section 13.

(4) The aforesaid Shell State Well No. 2 first delivered gas into the pipeline in May, 1954, and was dedicated to the same 160-acre spacing and proration unit as is presently dedicated to the two aforesaid wells.

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(5) The applicant completed his Shell State Well No. 5 in late 1981, and said well first delivered gas into the pipeline on January 12, 1982.

(6) At the time said Well No. 5 was completed, Shell State Well No. 1 was and had been for some time classified as a marginal well, and although the newly completed well was capable of non-marginal production and demonstrated the non-marginal character of the proration unit on a regular basis, the unit was not reclassified as non-marginal until April, 1984.

(7) Although from January, 1982 through March, 1984, the unit had experienced many months of serious underproduction (when compared to the non-marginal allowable for a unit of like size in the Jalmat Gas Pool) due to depressed gas market conditions in the pool, as well as several months of overproduction (compared to the aforesaid non-marginal allowable), no accrued underproduction was available to the unit to offset the overproduction, and as a result the unit was charged with some 25,855 MCF of overproduction upon reclassification.

(8) The testimony and the exhibits received at the hearing of this case demonstrate that the wells on the subject unit are and have been since January, 1982, of truly non-marginal character, and the unit should not at any time after that date have been classified as marginal.

(9) No party appeared and objected to the proposed reclassification and reinstatement of cancelled underage.

(10) To retroactively reclassify the subject proration unit as non-marginal as of January 12, 1982, and to carry the unit forward from that date to the present as a non-marginal unit with the status being cumulative from January 12, 1982, to the present, will not impair correlative rights nor cause waste, but will in fact protect the correlative rights of the applicant and may prevent the waste which could result from the unit wells being shut in, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The Doyle Hartman Shell State 160-acre gas proration unit comprising the SE/4 of Section 13, Township 23 South, Range 36 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico, simultaneously dedicated to the Doyle Hartman Shell State

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Wells Nos. 2 and 5, located in Units P and J, respectively, of said Section 13, is hereby ordered reclassified non-marginal effective January 12, 1982, and is to be so classified from that date to the present; further the current net status of said unit shall be recalculated based upon such non-marginal reclassification and shall reflect the difference between total underproduction and total overproduction during said period of time, as compared to the non-marginal allowable assigned to a proration unit of like size in the Jalmat Gas Pool.

(2) 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JIM BACA, Member



ED KELLEY, Member



R. L. STAMETS, Chairman and
Secretary

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