

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 9098
Order No. R-8422

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR AN EXCEPTION TO RULE
5(a)2(2) OF DIVISION ORDER NO. R-8170,
AS AMENDED, SAN JUAN AND RIO ARRIBA
COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 4, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of May, 1988, 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) At the time of the hearing Division Case Nos. 9096, 9097, 9098, 9099, 9100, and 9101 were consolidated for the purposes of testimony.

(3) The applicant, Union Texas Petroleum Corporation, seeks an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of a full deliverability factor in the formula utilized in determining the allowable in the Basin-Dakota and Blanco-Mesaverde Pools for the five previously approved non-standard gas spacing and proration units as described in Exhibit "A", attached hereto and made a part hereof.

(4) In utilizing the current formula for calculating gas allocations in the Basin-Dakota and Blanco-Mesaverde Pools as contained in said Order No. R-8170, according to the testimony presented at the hearing there exists an advantage in that the

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gas allowable assigned to a standard 320-acre proration unit (GPU) containing two wells is greater than the sum of the gas allowables assigned to two adjacent 160-acre non-standard gas proration units of equal deliverability.

(5) The effect of granting the application would be to substitute a deliverability (D) factor in place of the acreage times deliverability (AD) factor contrary to the applicable pool rules and would create other inequities in both pools.

(6) This particular variation of GPU sizes is a common phenomenon in both the Blanco-Mesaverde and Basin-Dakota Pools; therefore, pool-wide rule changes would be a more appropriate approach to solving this problem rather than filing exceptions in each case such as this.

(7) Granting this application would also invite numerous applications for similar treatment and would discourage rather than encourage the formation of standard 320-acre GPU's, all of which could disrupt the allocation of gas on an equitable basis in either pool.

(8) This application should therefore be denied.

IT IS THEREFORE ORDERED THAT:

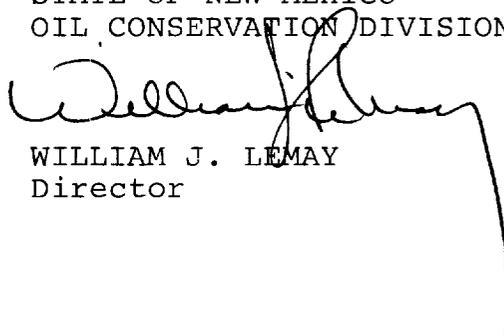
(1) The application of Union Texas Petroleum Corporation for an exception to Rule 5(a)2(2) of the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended, permitting the application of an AD factor of one times the deliverability in the formula utilized in determining the allowable in the Basin-Dakota or Blanco-Mesaverde Pools for each of the previously approved non-standard gas spacing and proration units as described in Exhibit "A", attached hereto and made a part hereof, is hereby denied.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the typed name and extends downwards with a long, thin vertical stroke.

WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
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- A. The NE/4 of Section 35, Township 31 North, Range 12 West, NMPM, Blanco-Mesaverde Pool, San Juan County, New Mexico, approved by Division Order No. R-6644, dated April 7, 1981, and dedicated to the applicant's Rawson Well No. 2 located 995 feet from the North line and 1520 feet from the East line (Unit B) of said Section 35.
- B. The SE/4 of Section 34, Township 25 North, Range 5 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico, approved by Division Administrative Order NSP-1493, dated October 23, 1986, and dedicated to the applicant's Jicarilla "L" Well No. 12 located 1580 feet from the South line and 1600 feet from the East line (Unit J) of said Section 34.
- C. The SW/4 of Section 33, Township 25 North, Range 5 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico, approved by Division Administrative Order NSP-1494, dated October 24, 1986, and dedicated to the applicant's Jicarilla "L" Well No. 5 located 940 feet from the South line and 1850 feet from the West line (Unit N) of said Section 33.
- D. The SE/4 of Section 8, Township 25 North, Range 3 West, NMPM, Blanco-Mesaverde Pool, Rio Arriba County, New Mexico, approved by Division Order No. R-6497, dated October 21, 1980, and affirmed by the Oil Conservation Commission by Order No. R-6497-A, dated February 9, 1981, and dedicated to the applicant's McCroden "A" Well No. 3 located 800 feet from the South line and 865 feet from the East line (Unit P) of said Section 8.
- E. Lots 1, 2, 7, 8, 9 and 10 of Section 3, Township 24 North, Range 5 West, NMPM, Basin-Dakota Pool, Rio Arriba County, New Mexico, forming a 188.01-acre non-standard gas proration unit, approved by Division Administrative Order NSP-1492, dated October 24, 1986, and dedicated to the applicant's Jicarilla "L" Well No. 11 located 1642 feet from the North line and 1650 feet from the East line (Unit G) of said Section 3.