

**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. 11350
ORDER NO. R-10435**

**GAS ALLOWABLES FOR THE PRORATED GAS POOLS IN NEW MEXICO FOR
OCTOBER, 1995 THROUGH MARCH, 1996.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9:00 a.m. on August 3, 1995, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 22nd day of August, 1995, the Commission, a quorum being present and having considered the testimony, 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) This hearing was called for the purpose of accepting nominations and other evidence and information to assist in determining October, 1995 through March, 1996 gas allowables for the prorated gas pools in New Mexico. Nine 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) Amendments to the Gas Proration Rules approved by the Commission Order No. R-8170-H in December, 1990 provide for allowables to be established for six month allocation periods beginning in April and October of each year.

(4) Average monthly allowables for October, 1995 through March, 1996 for each pool should be based on the monthly average individual pool production for October, 1994 through March, 1995, with administrative adjustments where appropriate.

(5) Accurate pool production volumes for October, 1994 through March, 1995 were not available due to incomplete production data. Oil Conservation Division preliminary allowables were based on available production information with adjustments to make proposed allowables consistent with previous allowables.

(6) Meridian submitted testimony and exhibits to support their request for increased allowables in the Northwest New Mexico pools. They discussed "infrastructure factors" which will increase both producing and pipeline capacity. Meridian indicated that currently assigned allowables do not restrict production. Amoco submitted exhibits and testimony to support their request that current allowables (April through September, 1995) be continued in effect for October, 1995 through March, 1996.

(7) Oryx Energy Company submitted evidence to support Oil Conservation Division's proposed allowable for the Indian Basin Upper Penn Pool. Chevron voiced their support.

(8) Exxon requested that allowable for the Tubb Pool be increased to 16,750 MCF per month. Evidence was submitted to show that several wells are capable of producing at this rate.

(9) Exxon indicated their support for Oil Conservation Division proposed allowables in Blinebry and Eumont. Chevron supports the Eumont allowable.

(10) Testimony by Oil Conservation Division showed that 1994 gas production increased slightly compared to 1993. 1995 production is expected to be approximately the same as 1994. The Oil Conservation Division witness stated that Canadian competition is decreasing New Mexico's share of the California market.

(11) Allowable increases proposed for the Tubb Pool in the Southeast and for the four Northwest Pools should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Exhibits "A" and "B" attached to and incorporated herein, are adopted for the purpose of making allowable assignments for the prorated gas pools in New Mexico for the

months of October, 1995 through March, 1996. Exhibit "A" includes the increase proposed for the Tubb Pool. Exhibit "B" is a modification of Exhibit "B" from Order No. R-10328. It will continue the allowables currently in effect for the pools in the Northwest.

(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.

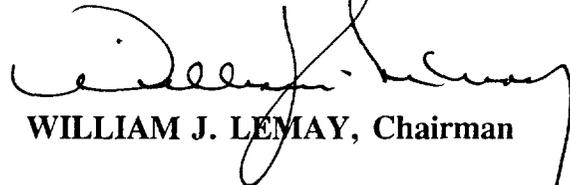
**STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION**



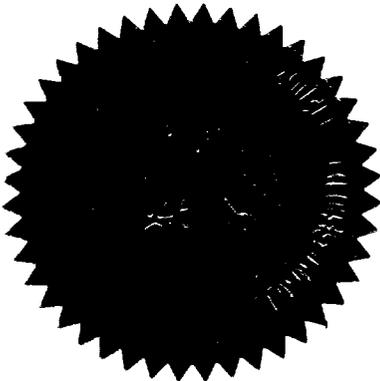
JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman



S E A L

OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS OF SOUTHEAST NEW MEXICO
 FOR OCTOBER 1995 THROUGH MARCH 1996

POOL NAME	AVG MONTHLY POOL SALES OCT94-MAR95	POOL ADJUSTMENTS	MONTHLY POOL ALLOWABLE OCT95-MAR96	MONTHLY MARGINAL POOL ALLOWABLE OCT94-MAR95	MONTHLY NON-MARGINAL POOL ALLOWABLE OCT94-MAR95	NUMBER OF NON-MARGINAL ACR. FACTORS	MONTHLY ACREAGE ALLOC. FACTOR OCT95-MAR96
Atoka Penn	87,467	0	87,467	87,467	0	0.00	24,000*
Blinbry Oil and Gas	362,015	0	362,015	313,517	48,498	0.00	42,550*
Buffalo Valley Penn	203,570	17,769	221,339	155,339	66,000	2.00	33,000
Eumont Yates 7 Rivers Qn	2,160,499	13,832	2,174,331	2,136,331	38,000	1.00	38,000
Indian Basin Morrow	39,404	0	39,404	17,100	22,304	1.08	20,652
Indian Basin Upper Penn	3,714,900	89,717	3,804,617	3,004,617	800,000	4.00	200,000
Jalmat Tansill YT 7 Rivers	512,116	(12,038)	500,078	490,928	9,150	0.50	18,300
Justis Glorieta	33,898	0	33,898	33,898	0	0.00	18,300*
Tubb Oil and Gas	164,035	(2,007)	162,028	157,840	4,188	0.25	16,750

**All Gas Volumes Shown in MCF

*Factors from previous period.

OIL CONSERVATION DIVISION
 MARKET DEMAND AND ALLOWABLE DETERMINATION SCHEDULE
 PRORATED GAS POOLS OF NORTHWEST NEW MEXICO
 FOR OCTOBER 1995 THROUGH MARCH 1996

POOL NAME	AVG MONTHLY POOL SALES APR93-SEP93	POOL ADJ	MONTHLY POOL ALLOWABLE OCT95-MAR96	MONTHLY MARGINAL POOL ALLOW- ABLE OCT95-MAR96	MONTHLY NON- MARGINAL POOL ALLOW- ABLE OCT95-MAR96	NUMBER OF NON- MARGINAL ACR FACTORS	NUMBER OF NON-MARGINAL ACR.*DIV.	MONTHLY ACREAGE ALLOC. FACTOR	MONTHLY ACR.*DIV. FACTOR
Basin Dakota	9,548,540	108,958	9,657,498	9,377,498	280,000	15.05	7,978	11,163	14.04
Blanco Mesaverde	16,495,592	535,491	17,031,083	14,049,750	2,981,333	129.16	85,529	5,771	26.14
Blanco P.C. South	1,216,638	39,353	1,255,991	1,106,658	149,333	84.80	3,974	440	28.18
Tapacito Pictured Cliffs	326,656	2,509	329,165	314,232	14,933	8.00	566	467	19.79

**All Gas Volumes Shown in MCF