

**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. 11721
Order No. R-10782**

**GAS ALLOWABLES FOR THE
PRORATED GAS POOLS IN NEW
MEXICO FOR APRIL, 1997 THROUGH
SEPTEMBER, 1997.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 13, 1997, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19th day of March, 1997, the Commission, a quorum being present, 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 April, 1997 through September, 1997 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) 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) At the February 13 hearing, the Oil Conservation Division proposed that the allowable factors used for the October, 1996 through March, 1997 allocation period be continued for the April, 1997 through September, 1997 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 at the hearing expressed general support for the OCD proposed allowables with the exception of Marathon and Exxon who each proposed increasing the monthly acreage allocation factor (F_1) in the Blinebry Gas Pool from 46,800 MCF to 70,200 MCF.

(7) Both Marathon and Exxon presented testimony and evidence that increasing the monthly Acreage Allocation Factor (F_1) to 70,200 MCF from the OCD recommended 46,800 MCF in the Blinebry Gas Pool would allow the operators in the field to produce some of their better wells which are in the overproduced status and to be able to justify workovers and additional infill drilling.

(8) No one objected to higher allowables in the Blinebry Gas Pool.

(9) The allocation factors proposed by OCD along with the increased allowable in the Blinebry Gas Pool requested by Marathon and Exxon should be approved.

IT IS THEREFORE ORDERED THAT:

(1) Exhibit "A" attached to and incorporated herein, is adopted for the purpose of making allowable assignments for the prorated gas pools in New Mexico for the months of April, 1997 through September, 1997. This exhibit includes the recommendations of OCD and the adjustments requested by industry representatives.

(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.

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

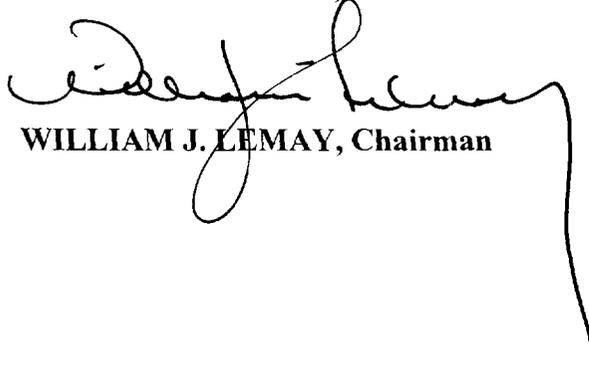
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



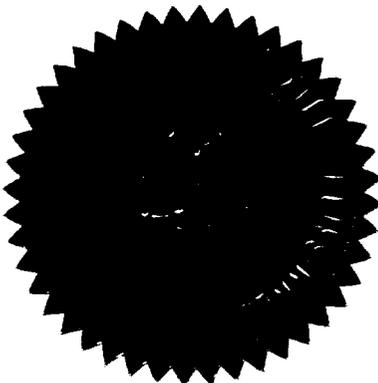
JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman



S E A L

EXHIBIT "A"
CASE NO. 11721
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Allowable Allocation Factors
New Mexico Prorated Gas Pools
April, 1997 through September, 1997

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 Morrow	20,652
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