

Steve

## FINAL DRAFT

### MEMORANDUM

TO: Lori Wrotenbery, Director  
Oil Conservation Division

FROM: Jim Morrow

DATE: October 25, 2000

SUBJECT: Analysis of Proration System – Southeast New Mexico

DEPOSE EXAMINER CATTANACH	
OIL CONSERVATION DIVISION	
UNFILED	EXHIBIT NO. <u>5</u>
CASE NO.	<u>12563</u>

### ANALYSIS OF PRORATION SYSTEM SOUTHEAST NEW MEXICO

By contract dated September 12, 2000, I agreed to perform work for EMNRD as follows:

“Contractor will perform an analysis of the proration system in New Mexico prorated pools, in particular the Eumont Gas Pool and the Jalmat Gas Pool. The contractor will provide the Oil Conservation Division with a recommendation based on the analysis, of whether there is a need to continue to prorate these pools, and if so how it should be done. The contractor may be requested to testify before the Oil Conservation Commission on the proration issue.”

A brief review of the proration system from 1990 to date is discussed below:

#### Gas Proration Review 1990 – 2000

Before April 1, 1991, gas proration rules provided for the assignment of allowables to prorated gas pools on a monthly basis. An examiner hearing at the Division level was held before setting allowables for each pool. Nominations from purchasers and testimony from OCD and industry personnel were used in the allowable determinations. Proration schedules were issued each month; overproduction and underproduction volumes were monitored by the Division and GPU's (Gas Proration Units) were reclassified as marginal or non-marginal based on production from the GPU. GPU's may contain more than one well.

In December 1990, following an industry committee study and a Commission hearing to consider the committee's recommendations along with other testimony, the Commission approved changes in the gas proration rules to be effective on April 1, 1991.

The primary changes provided for the establishment of minimum allowables through the hearing process and for a change in the allocation period from one month to six months. Beginning April

1, 1991, allowables were established for six-month periods – April through September and October through March. Allowables were determined by looking at average pool production or sales for the like period for the previous year and making adjustments based on recommendations by OCD and industry personnel. Hearings were and are now held before the Commission instead of the Division. Six-month proration schedules were printed and overproduction and underproduction volumes were monitored and GPU's were reclassified as either marginal or non-marginal based on production from the GPU.

In January 1994, production reporting was changed from the OCD system to Ongard. This was a major change for OCD and industry and production volumes were not really reliable for two years or more. Using previous production periods to determine allowables became difficult and more adjustments were required. The ability to monitor overproduction and underproduction volumes was not available because of unreliable volumes and a delay in implementing the Ongard programs to monitor the prorated gas pools.

At the February 15, 1996, gas allowable hearing, it was recommended that the allowable factors for the October 1995 through March 1996 be used for the April 1996 through September 1996 period and that the factors be used for future allocation periods until such time as it is determined that changes are needed. The proposal was supported by industry representatives at the hearing and approved by the Commission with two changes requested by Exxon. The April – September 1996 Proration Schedule printed following that hearing was the last issued by OCD. It showed a total of 15.81 non-marginal GPU's in all the prorated pools in Southeast New Mexico. The April – September 1991 schedule, the first with a six-month allocation period, listed 142.72 non-marginal GPU's.

Beginning with the October 1996 through March 1997 allocation period and continuing to present, OCD has recommended to the Commission that the allocation factors be continued for each pool. At a hearing prior to each allocation period, industry input has been requested. Industry has expressed general support for this procedure at each hearing until the February 25, 2000, hearing when the Hartman interest proposed that proration be abolished in the Jalmat and Eumont Gas Pools. SDX and Raptor objected to the Hartman proposal.

The Commission has continued to issue orders establishing allocation factors, but no longer prints proration schedules. With two exceptions the factors have remained constant since April 1996. In April 1997 industry requested and received a factor increase from 46,800 MCF to 70,200 MCF for the Blinbry Gas Pool. Proration was discontinued in the Indian Basin Morrow Pool on August 1, 1996, following an OCD hearing on May 2, 1996.

In February 1995, the Commission suspended proration in four pools until production or other information indicates the pools should again be prorated. The four are the Burton Flat Strawn; Carlsbad Morrow South; Catclaw Draw Morrow; and Monument McKee Ellenberger. Recent production history from these pools is discussed later in the report.

In setting allowables for the various pools, the Commission and the Division have been responsive to industry requests for increased allowables as the demand for gas has increased during the 1990's. Allowable increases requested at the Commission hearings were generally approved. Minimum allowables were approved when requested; proration was suspended in four pools as discussed above and eliminated in two other pools – Burton Flat Morrow and Indian Basin Morrow following an examiner hearing.

Four prorated pools with low or zero production and one to three wells were never added to the six-month proration schedules. These are the Crosby: Devonian (Gas), Elkin: Fusselman, South (Gas), Grama Ridge: Wolfcamp (Gas) and Parkway: Atoka, West (Prorated Gas). The last three were retrograde reservoirs with fixed allowables well above the producing rates.

In some of the prorated gas pools production has declined significantly over the past 10 years so that proration is having little effect in those pools. Although production in the prorated pools has not been monitored closely over the last few years, it appears that some operators of wells capable of exceeding the allowable are attempting to stay within the rules in producing their wells.

In reviewing production in the various pools, the Annual and Monthly Production Reports were first reviewed to get some idea of producing rates compared to allowables. Ongard data was then obtained (by pool) which grouped producing wells into GPU's for comparison to the GPU allowable. The period of review generally used was January 1997 through March 2000. An example Ongard report for the Indian Basin Upper Penn (Pro Gas) Pool for March 2000, is attached. Allowable for each GPU in Indian Basin is obtained by multiplying 200,000 by the acreage factor. Production in excess of the allowable is listed in the overproduction column with a minus sign in front.

Even though only a few wells in the Southeast prorated pools are affected by proration, some GPU's are reporting overproduction. As production declines in the prorated pools, fewer wells will be able to produce at the allowable rate. The proration system currently provides an effective method for identifying and monitoring those GPU's which are overproducing.

Each prorated pool in the Southeast was reviewed and the results by individual pool are included later in the report. Recommendations for each pool are shown below. The Jalmat and Eumont Pools were reviewed first since those were mentioned "in particular" in the work contract.

### RECOMMENDATIONS

It is recommended that production from the prorated pools be monitored on a monthly, quarterly, or other basis and compared to allowables for the purpose of identifying overproduction and requiring compliance with the rules. A report similar to the one attached for Indian Basin could

be printed out for each pool, reviewed by OCD personnel and made available to each pool operator either on line or by hard copy. Ongard could develop a system to further automate the proration functions if it appears justified.

Since the allowable factors have remained almost constant since 1996 for the Northwest as well as the Southeast Pools, the Commission may want to consider discontinuing the semi-annual allowable hearings and continuing the current allowables until such time as the Division sees a need for change or until a request for change is received and approved by the Division.

Jalmat; Tan-Yates-7Rvrs (Pro Gas) Pool

It is recommended that the current allowable be continued in effect until an OCD Examiner Hearing is conducted to consider whether proration in Jalmat should be continued, modified, suspended, or discontinued. Since spacing and proration unit rules and procedures have been developed in conjunction with the gas proration rules, these rules would need to be reviewed if proration is discontinued.

Eumont; Yates-7Rvrs-Queen (Pro Gas) Pool

Here too it is recommended that proration be continued until and OCD Examiner Hearing is conducted concerning continued proration and spacing rules and procedures.

Indian Basin; Upper Penn (Pro Gas) Pool

It is recommended that OCD continue Gas Proration in this pool.

Blinebry Oil and Gas (Pro Gas) Pool

Continued proration is recommended until production data indicates there are no GPU's in the pool capable of overproduction.

PRORATION SUSPENDED POOLS

Burton Flat Strawn (Prorated Gas) Pool - Continue suspension.

Monument McKee Ellenberger (Prorated Gas) Pool - Continue suspension.

Catclaw Draw Morrow (Prorated Gas) Pool - Consider reinstating proration.

Carlsbad Morrow South (Prorated Gas) Pool – Monitor production to look for overproducing GPU's to determine if reinstatement of proration should be considered.

Atoka Penn (Pro Gas) Pool

Consider suspension of proration or deproration following an examiner hearing.

Buffalo Valley Penn (Pro Gas) Pool

Consider suspension or termination or proration following an examiner hearing.

Justis Glorieta (Pro Gas) Pool

Consider suspension or termination or proration following an examiner hearing.

Tubb Oil and Gas (Pro Gas) Pool

Continue proration..

### JALMAT; TAN-YATES-7RVRS (PRO GAS) POOL

On the last monthly proration schedule issued in March 1991, there were 353.49 total GPU's in the Jalmat Pool; 20.25 were non-marginal and the remainder were marginal. The initial six-month schedule (April – September 1991) also listed 20.25 non-marginal GPU's. On the April – September 1996 schedule 0.75 non-marginal units were listed. Recent production information indicates six GPU's have over produced the non-marginal allowable rate since January 1997.

Effective January 1, 1991, following an OCD hearing on November 14, 1990, Doyle Hartman's request for a 600 MCF per day minimum allowable for an acreage factor of 1 was approved. At his request the minimum allowable was made permanent by OCD order following a hearing on March 15, 1994. This minimum allowable remains in effect today. In assigning the allowable on a six-month basis 30 ½ days in an average month are used to result in a monthly acreage factor of 18,300 MCF.

Gas production from the Jalmat Gas Pool as compiled in Ongard records is shown on an attached graph and in tabular form. Monthly gas production and the number of producing wells are shown for each month from January 1993 to July 2000. The July 2000 data is incomplete since much of the data for July has not reached the system. The chart shows that the current producing rate is slightly more than one-half the rate in January 1993.

The Ongard system was used to produce information (Proration Report) to show production volumes for each Jalmat GPU for comparison to the non-marginal allowable. Five GPU's indicated overproduction between January 1997 and June 2000. These are discussed below.

#### Conoco Inc – Vaughn B1 Well No. 8

This GPU overproduced by a total of 2000 MCF during January, February and March 1997. Allowable for the well was 9150 MCF per month (18,300 MCF x 0.50 Acreage Factor.) The GPU underproduced in April, May and June making up the overproduction.

#### Doyle Hartman – Myers B Federal Well No. 33

This GPU reported production of 56,907 MCF in August 1997. Allowable was 36,600 MCF (18,300 MCF x 2.0 Acreage Factor) resulting in overproduction of 20,307 MCF. The overproduction was made up in September 1997. The August report may have been in error since the GPU reported production of 12,566 MCF in July, 11,194 MCF in September, and 11,344 MCF in October.

#### SDX Resources – Enco State Well No. 1

9515 MCF was produced in July 1998. Allowable for the GPU was 9150 MCF (18,300 MCF x 0.50 Acreage Factor) resulting in overproduction of 365 MCF. The GPU produced 8024 MCF in August 1998 resulting in underproduction of 1126 MCF which returned it to under produced status.

#### Doyle Hartman – R.W. Cowden B Well No. 4

Total overproduction of 25,655 MCF occurred between November 1998 and May 1999. Monthly allowable assigned to the GPU during the period of overproduction was 8667 MCF (18,300 MCF x 75.78 Acres divided by 160 Acres.) Underproduction began in June 1999 and enlargement of the proration unit was approved in September 1999 increasing the allowable to 17,817 MCF. Overproduction was made up in November 1999.

#### Arch Petroleum – Arnott Ramsey NCT-E Wells No. 11 and 12

Production of 90,971 MCF was reported in June 1999 resulting in overproduction of 58,946 MCF. Allowable is 32,025 MCF (18,300 MCF x 1.75 Acreage Factor.) This volume is possibly in error since the GPU produced 907 MCF in May 1999, 1,010 MCF in July and 1,221 MCF in August. In error or not, the overproduction had been made up in August 1999.

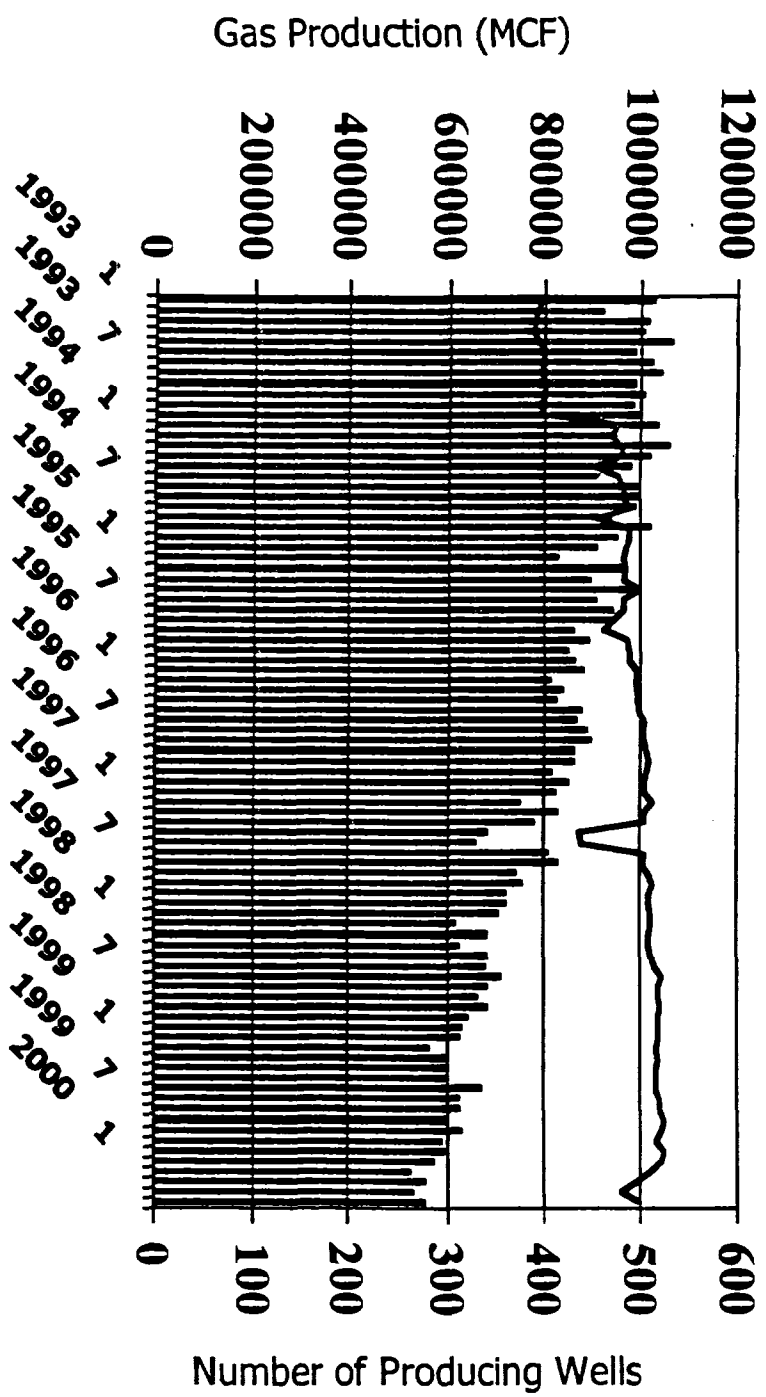
None of these five instances of overproduction would have required that the GPU's be shut in for make up. None were ever six times overproduced nor overproduced at the end of two consecutive proration periods.

The monthly Proration Reports used for analysis of Jalmat overproduction are similar to the Indian Basin example. The data is arranged by operator, lease, and GPU. Both well and GPU production are listed. Review of the data shows that most of the GPU's are producing at rates well below the minimum allowable rate. Gas proration is not currently having a large affect on production in the Jalmat Gas Pool. As production continues to decline, there will less effect.

#### RECOMMENDATION

It is recommended that the current allowable be continued in effect until an OCD Examiner Hearing is conducted to consider whether proration in Jalmat should be continued, modified, suspended, or discontinued. Since spacing and proration unit rules and procedures have been developed in conjunction with the gas proration rules, these rules would need to be reviewed if proration is discontinued.

# **GAS PRODUCTION IN THE JALMAT-TAN-YATES-7 RVRS (PRO GAS)**





PRODUCTION IN THE JALMAT;TAN-YATES-7 RVRS (PRO GAS)

YEAR	MONTH	GAS PRODUCTION	NUMBER OF PRODUCING WELLS
-----	-----	-----	-----
1993	1	1,027,653	395
1993	2	922,460	391
1993	3	1,014,830	388
1993	4	1,008,438	388
1993	5	1,070,349	395
1993	6	984,262	399
1993	7	1,024,647	397
1993	8	1,045,876	396
1993	9	986,110	398
1993	10	1,008,203	401
1993	11	982,484	395
1993	12	995,245	399
1994	1	1,037,420	475
1994	2	946,277	469
1994	3	1,059,499	478
1994	4	1,018,159	479
1994	5	979,432	449
1994	6	914,138	475
1994	7	992,447	480
1994	8	994,472	481
1994	9	985,460	488
1994	10	937,230	455
1994	11	1,020,520	488
1994	12	949,202	486
1995	1	908,525	483
1995	2	829,247	480
1995	3	958,888	482
1995	4	894,561	480
1995	5	978,163	497
1995	6	908,266	481
1995	7	939,568	481
1995	8	937,004	471
1995	9	862,352	461
1995	10	890,914	484
1995	11	850,345	486
1995	12	863,827	488
1996	1	880,702	495
1996	2	812,765	493
1996	3	837,782	495
1996	4	827,514	496
1996	5	873,626	498
1996	6	867,381	504
1996	7	889,090	501
1996	8	895,469	504
1996	9	863,583	506
1996	10	861,698	507
1996	11	817,283	506
1996	12	849,143	504
1997	1	825,986	503
1997	2	751,381	511
1997	3	829,285	503
1997	4	781,643	503
1997	5	681,516	503

PRODUCTION IN THE JALMAT;TAN-YATES-7 RVRS (PRO GAS)

YEAR	MONTH	GAS PRODUCTION	NUMBER OF PRODUCING WELLS
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1997	7	808,208	503
1997	8	829,283	501
1997	9	744,231	507
1997	10	756,389	511
1997	11	723,831	508
1997	12	721,672	507
1998	1	708,615	509
1998	2	614,876	509
1998	3	683,934	508
1998	4	623,969	507
1998	5	684,221	510
1998	6	678,391	513
1998	7	708,961	521
1998	8	681,850	518
1998	9	660,999	518
1998	10	681,883	519
1998	11	641,921	517
1998	12	626,766	517
1999	1	624,160	517
1999	2	561,163	516
1999	3	600,081	517
1999	4	596,355	515
1999	5	599,769	515
1999	6	669,087	515
1999	7	623,428	519
1999	8	626,040	520
1999	9	598,867	524
1999	10	630,579	522
1999	11	588,764	515
1999	12	593,044	523
2000	1	571,330	522
2000	2	526,062	509
2000	3	553,167	495
2000	4	531,511	478
2000	5	553,687	497
2000	6	515,450	463
2000	7	54,661	65

## EUMONT; YATES-7RVRS-QUEEN (PRO GAS) POOL

Effective December 1, 1990, following an examiner hearing, the Division approved a minimum allowable of 600 MCF per day for an acreage factor of 1 (160 acres) for the Eumont Pool. Applicant Texaco presented evidence that other operators in the pool supported the request; there was no opposition. The initial approval was for three years and the 600 MCF per day minimum was made permanent in 1994.

The 600 MCF per day minimum was the allowable assigned through September 1992. When six-month allowable assignments began in April 1991, the allowable became 18,300 MCF per month for an acreage factor of 1 (600 times 30 ½ days per average month). The monthly allowable was increased to 24,730 MCF in October 1992, 28,928 in April 1993, and to 38,000 in April 1995, based on requests by various operators in the pool and supported by others. The 38,000 monthly allowable has continued in effect until now.

A review of production data shows that few GPU's are currently producing anywhere near the assigned allowable. The March 2000, Proration Report shows that 555 wells produced 1,694,946 MCF for an average monthly production of 3,054 MCF per well per month. No production in excess of the allowable was reported in January, February, or March 2000.

Monthly Proration Reports were obtained from Ongard from January 1997 through March 2000, to look for overproducing GPU's. Six were found.

### Amerada Hess Corporation – T. Anderson Well No. 2; 80 Acres

Allowable for this single well GPU is 19,000 MCF per month (38,000 X 0.5 AF). It produced 25,312 MCF in October 1997 and 20,218 MCF in November 1997, resulting in overproduction of 7,530. The overproduction was made up in January 1998.

### Doyle Hartman – State E Com Wells No. 2 and 4; 160 Acres

This GPU overproduced its 38,000 MCF allowable each month in 1997 with the exception of November. Total overproduction was 81,418 MCF. The overproduction was made up in 1998.

### John H. Hendrix Corporation – New Mexico B State Well No. 6; 40 Acres

This single well GPU overproduced its 9,500 MCF per day allowable by 7,089 MCF in 1997 and 2,950 MCF in 1998. It also overproduced during five months in 1999 but the overproduction was made up by the end of 1999.

### Lewis B. Burleson Inc. State C Well No. 1; 80- Acres

Overproduction of 44,929 MCF was reported during the last nine months of 1997. The overproduction was made up in 1998.

Oryx Energy Company (Now Kerr-McGee) – Alaska Cooper Wells No. 3 and 8; 157 Acres

Overproduction of 139,054 MCF was reported in 1997. The GPU also overproduced in January and March 1998. The overproduction was made up in 1999.

Texaco – O.L. Coleman Wells No. 3, 6, and 7; 160 Acres

Overproduction of 1,264 MCF was reported in January 1997; it was made up in February 1997.

This pool like Jalmat may be nearing the time when proration will have little effect on production especially with the relatively high 38,000 MCF per month allowable.

RECOMMENDATION

It is recommended that proration be continued until an OCD Examiner Hearing is conducted concerning continued proration and spacing rules and procedures.

## INDIAN BASIN; UPPER PENN (PRO GAS) POOL

On the first half-year proration schedule issued for April – September 1991, the Indian Basin; Upper Penn was assigned an allowable of 134,728 for each GPU with an acreage factor of 1 (640 acres). As the demand for gas increased in the early 1990's and operators began to work over their wells, requests for allowable increases were proposed by various operators – Chevron, Marathon, Oryx and M.W. The allowable was gradually increased to 200,000 MCF per month in October 1994. It has remained at that level since that time.

The March 2000 Proration Report shows total monthly pool production of 4,529,712 MCF. It also shows 60 producing wells. Per well production was 75,495 MCF. GPU production averaged 96,376 MCF.

Proration Reports were obtained from Ongard for the period from January 1997 through March 1997 to look for overproducing GPU's. Production in excess of the allowable was reported as follows:

### Chevron Bogle Flats Unit Wells No. 2 and 15; Allowable = 212,112 MCF Per Month

Overproduction of 7,017 MCF was reported in January 1997 and made up in February.

### Chevron Bogle Flats Unit Wells No. 5 and 18; Allowable = 200,000 MCF Per Month

Overproduction of 32,515 MCF was reported in January and February 1997; it was made up in March. The GPU overproduced again from May 1997 through January 1998. Total over was 178,997 MCF which was made up in 1998.

### Chevron Federal 33 Gas Com Wells No. 1 and 2; Allowable = 200,000 MCF Per Month

The GPU overproduced 132,303 MCF from January 1997 through January 1998 but made up the overproduction in 1998.

### Marathon Indian Basin D Wells No. 1 and 2; Allowable – 200,000 MCF Per Month

In January through March 1997 the GPU overproduced 38,946; by August 1997 the overproduction was made up. It overproduced 2,622 MCF in January 1998; made up in February. Over again in December 1998 by 15,211 MCF; made up in January 1999.

### Marathon Indian Basin E Wells No. 1 and 2; Allowable = 200,000 MCF Per Month

From January through May 1977 the GPU overproduced 57,770 MCF. Overproduction was made up in June, July and August 1997.

Marathon North Indian Basin Unit Gas Com No. 3; Allowable = 100,100 MCF Per Month\*\*

The single well GPU reported overproduction of 810,920 MCF in 1997, 580,126 MCF in 1998, underproduction of (372,874) in 1999 and underproduction of (105,992) in January, February, and March 2000. The GPU was still over 912,180 MCF at the end of March.

Chevron Bogle Flats Unit Gas Com Wells No. 1 and 10; Allowable = 211,612 MCF Per Month

The GPU overproduced the assigned allowable by 289,370 MCF from March through December 1997. It was still over 211,740 MCF at the end of 1998. The overage was made up in 1999.

Chevron Bogle Flats Unit Wells No. 4 and 16; Allowable = 200,000 MCF Per Month\*

Overproduced 489,630 MCF; April through December 1997.  
Overproduced 181,632 MCF in 1998.  
Underproduced (211,599) MCF in 1999.  
Underproduced (36,856) MCF; January through March 2000.  
Still over 422,807 MCF.

Chevron Bogle Flats Unit Wells No. 3 and 17; Allowable = 200,000 MCF Per Month

Overproduced 196,153 MCF; May through December 1997.  
Underproduced (137,932) MCF in 1998.  
Overproduction was made up in February 1999.

Oryx Federal 28 Well No. 1; Allowable = 200,000 MCF Per Month

Overproduced 7,399 MCF in August 1997; made up in October 1997.  
Overproduced 493 MCF in December; made up in January 1998.

Chevron Helbing Federal Gas Com Well No. 1 and Helbing 15 Federal Com Well No. 4; Allowable = 200,000 MCF Per Month\*

Overproduced 367,875 MCF; February through December 1998.  
Underproduced (205,220) MCF in 1999.  
Underproduced (130,638) MCF; January through March 2000.  
Still over 32,017 MCF.

Marathon Comanche 3 Federal Well No. 1; Allowable = 100,075 MCF Per Month\*\*

Overproduced 712,511 MCF; February through December 1998.  
Overproduced 607,852 MCF in 1999.  
Overproduced 107,290 MCF; January through March 2000.  
Total over 1,427,653 MCF.

Marathon North Indian Basin Unit Gas Com Wells No. 5 and 8; Allowable = 200,000 MCF Per Month

Overproduced 63,378 MCF in March, April, and May 1998; made up in August 1998.  
Over again September through December 1998 by 69,528 MCF.  
The overage was made up in 1999.

Oryx Lowe State Well No. 3; Allowable 100,000 MCF Per Month

Overproduced 546,033 MCF from October 1998 through March 1999.  
The overage was made up in 1999.

Marathon North Indian Basin Unit Gas Com Wells No. 1 and 30; Allowable = 200,000 MCF Per Month

Overproduced 34,776 MCF in January 1999; the overproduction was made up in February.

Marathon North Indian Hills Gas Com Wells No. 3 and 13; Allowable = 106,062 MCF Per Month\*\*

Overproduced 1,496,649 MCF; April through December 1999.  
Overproduced 594,098 MCF; January through March 2000.  
Total over 2,090,747 MCF.

Marathon IB 32 State Well No. 1Y; Allowable = 100,000 MCF Per Month\*\*

Overproduced 437,213; July through December 1999.  
Overproduced 354,863; January through March 2000.  
Total over 792,076 MCF.

Marathon Indian Basin 32 State Well No. 2; Allowable = 100,000 MCF Per Month\*\*

Overproduced 563,116 MCF; March through December 1999.  
Overproduced 639,738 MCF; January through March 2000.  
Total over 1,202,854 MCF.

Marathon Indian Hills Unit Well No. 1; Allowable = 193,131 MCF Per Month\*

Overproduced 236,478 MCF; April through December 1999.  
Overproduced 136,076 MCF; January through March 2000.  
Total over 372,554 MCF.

Yates Petroleum Corporation Zingaro ANG Federal Well No. 1; Allowable = 105,234 MCF Per Month\*\*

Overproduced 89,684 MCF in March 1999 and made up the overage in May 1999.

Over again July through December 1999 by 901,669 MCF.

Over January through March 2000 by 523,482 for a total of 1,425,151 MCF.

Yates Zingaro ANG Federal Well No. 4; Allowable = 105,178 MCF Per Month

Overproduced 16,732 MCF in November 1999 and made up the overproduction in February 1999.

Yates Smith Federal Gas Com Well No. 2; Allowable = 200,000 MCF Per Month

Overproduced 3,759 MCF in December 1999 and made up the overage in January 2000.

Kerr-McGee Lowe State Well No. 5 and Lowe State Gas Com Well No. 1; Allowable = 100,000 MCF Per Month\*

Overproduced 6,568 MCF in August 1999; made up in October 1999.

Over again 17,133 MCF from December 1999 through March 2000.

Twenty-three GPU's overproduced between January 1997 and March 2000. Ten (\*) were overproduced at the end of March and six (\*\*) were overproduced by more than six times the assigned allowable. This review indicates that gas proration should be continued in this pool.

#### RECOMMENDATION

Continue gas proration in the Indian Basin; Upper Penn (Pro Gas) Pool.



		GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
INDIAN BASIN/UPPER PENN (PRO GAS)									
1040	CHEVRON U S A INC								
4323									
2585 BOGLE FLATS UNIT									
37809	30-015-28954 G-04-228-23E	015	22891			679	1.06		
	30-015-10574 J-04-228-23E	002	89766						
			113657						
37813	30-015-29295 G-09-228-23E	017	47819						
	30-015-10575 K-09-228-23E	003	100318						
			148137						
37815	30-015-29222 K-10-228-23E	016	93281						
	30-015-10576 F-10-228-23E	004	99835						
			193116						
37817	30-015-28884 G-16-228-23E	018	85502						
	30-015-10577 F-16-228-23E	005	89002						
			174504						
37822	30-015-30620 G-05-228-23E	020	0						
	30-015-28826 F-05-228-23E	014	0						
	30-015-28560 J-05-228-23E	011	3136						
			3136						
37823	30-015-10745 G-17-228-23E	009	0						
	30-015-28827 A-17-228-23E	013	54682						
			54682						
2586 BOGLE FLATS UNIT A COM									
52173	30-015-28624 J-08-228-23E	012	0						
			0						
2587 BOGLE FLATS UNIT GAS COM									
37791	30-015-29228 K-03-228-23E	010	88576						
			0						
			320						
			0.50						

	GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
040 INDIAN BASIN, UPPER PENN (PRO GAS)								
4323 CHEVRON U S A INC								
2587 BOGLE FLATS UNIT GAS COM	37791	30-015-10383	G-03-228-23E	001	0	677	1.06	
					88576			
2620 FEDERAL 33 GAS COM	37784	30-015-28953	G-33-218-23E	002	84811			
		30-015-10580	J-33-218-23E	001	102816			
					187627	640	1.00	
18991 HELBING FEDERAL	37798	30-015-20518	D-22-228-23E	001	0	352	0.55	
					0			
2636 HELBING FEDERAL GAS COM	37796	30-015-10769	F-15-228-23E	001	95987			
23649 HELBING 15 FEDERAL COM								
		30-015-29796	G-15-228-23E	004	66033			
					162020	640	1.00	
6137 DEVON ENERGY PRODUCTION COMPANY, LP								
22545 MARTHA CREEK GAS COM	50700	30-015-10323	14-30-218-24E	001	98183			
					98183	688	1.08	
2556 KERR-MCGEE OIL & GAS ONSHORE LLC								
24474 BRIGHT FEDERAL GAS COM	37777	30-015-28899	K-21-218-23E	003	0			

	GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
<b>040 INDIAN BASIN, UPPER PENN (PRO GAS)</b>								
<b>2558 KERR-MCGEE OIL &amp; GAS ONSHORE LLC</b>								
<b>24474 BRIGHT FEDERAL GAS COM</b>								
	37777	30-015-28556 F-21-218-23E		002	0			
		30-015-10386 G-21-218-23E		001	82902			
					82902	640	1.00	
<b>24476 BUNNELL FEDERAL</b>								
	37802	30-015-25007 F-18-218-23E		002	28771			
					28771	384	0.60	
<b>24519 CONOCO STATE GAS COM</b>								
	37790	30-015-28510 M-02-228-23E		002	35538			
		30-015-10619 F-02-228-23E		001	0			
					35538	674	1.05	
<b>24477 FEDERAL 28</b>								
	37781	30-015-10621 G-28-218-23E		001	164112			
					164112	640	1.00	
<b>24520 LONE STATE</b>								
	51640	30-015-30583 K-36-218-23E		005	106497			
<b>24597 LONE STATE GAS COM</b>								
		30-015-10342 F-36-218-23E		001	0			
					106497	320	0.50	-6497
<b>24478 WEST INDIAN BASIN UNIT GAS COM</b>								
	37803	30-015-10282 G-20-218-23E		002	0			
					0	640	1.00	
<b>021 MARATHON OIL CO</b>								
<b>17954 CONACHE 3 FEDERAL</b>								
	50281	30-015-28720 G-03-218-23E		001	132177			
					132177	320	0.50	-32102

		GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
3040	INDIAN BASIN/UPPER PENN (PRO GAS)								
14021	MARATHON OIL CO								
16957	FEDERAL C-35								
	39682	30-015-10403	P-35-218-23E	001	9521				
		30-015-30619	J-35-218-23E	003	6766				
		30-015-27629	M-35-218-23E	002	47407				
					-----				
					63694		640	1.00	
6390	FEDERAL IBA GAS COM								
	37774	30-015-10556	K-15-218-23E	001	36069				
					-----				
					36069		640	1.00	
6391	FEDERAL IBB GAS COM								
	37795	30-015-10744	P-14-228-23E	001	16928				
					-----				
					16928		640	1.00	
6392	FEDERAL IBC GAS COM								
	37782	30-015-10788	J-29-218-23E	001	9622				
					-----				
					9622		640	1.00	
6393	FEDERAL IBD GAS COM								
	37806	30-015-23313	A-30-218-23E	002	0				
					-----				
					0		192	0.30	
22360	IB 32 STATE								
	51488	30-015-25133	M-32-218-24E	001Y	223245				
					-----				
					223249		320	0.50	-123249
6404	INDIAN BASIN A								
	37804	30-015-27932	P-22-218-23E	003	24156				

	GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
INDIAN BASIN, UPPER PENN (PRO GAS)								
1021 MARATHON OIL CO								
6404 INDIAN BASIN A								
37804	30-015-26011	K-22-218-23E		002	75251			
	30-015-00034	J-22-218-23E		001	66141			
					-----			
					165548	640	1.00	
6405 INDIAN BASIN C								
37779	30-015-28167	M-26-218-23E		002	4102			
	30-015-10332	F-26-218-23E		001	17830			
					-----			
					21932	640	1.00	
6406 INDIAN BASIN D								
37785	30-015-28955	F-34-218-23E		002	77805			
	30-015-10616	K-34-218-23E		001	32348			
					-----			
					110153	640	1.00	
6407 INDIAN BASIN E								
37780	30-015-10617	K-27-218-23E		001	0			
	30-015-29017	F-27-218-23E		002	7266			
					-----			
					7266	640	1.00	
22575 INDIAN BASIN 32 STATE								
51617	30-015-30097	J-32-218-24E		002	346807			
					-----			
					346807	320	0.50	-246807
6409 INDIAN HILLS UNIT								
23199	30-015-10618	O-20-218-24E		002	0			
					-----			
					0	640	1.00	
23202	30-015-10738	K-28-218-24E		004	0			
					-----			
					0	640	1.00	

		GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
040 INDIAN BASIN, UPPER PENN (PRO GAS)									
4021 MARATHON OIL CO									
6409 INDIAN HILLS UNIT									
	50799	30-015-10066	M-21-218-24E	001	233636		618	0.97	-40505
					233636				
6410 INDIAN HILLS UNIT GAS COM									
	51649	30-015-30274	10-29-218-24E	013	195950		339	0.53	-190699
		30-015-10553	5-29-218-24E	003	100811				
					296761				
6487 J C WILLIAMSON STANDARD FED GAS COM									
	37776	30-015-05918	G-19-218-23E	001	8322		576	0.90	
					8322				
21068 MERSHON GAS COM									
	49602	30-015-20241	A-21-228-23E	001	0		320	0.50	
					0				
6411 NORTH INDIAN BASIN UNIT									
	37773	30-015-29059	A-10-218-23E	030	52245				
		30-015-10065	M-10-218-23E	001	40688				
					92933		640	1.00	
	37814	30-015-27917	K-16-218-23E	009	15633				
		30-015-10558	J-16-218-23E	004	58571				
					74204		640	1.00	
	37816	30-015-26324	M-09-218-23E	008	55666				
		30-015-10559	J-09-218-23E	005	130420				
					186086		640	1.00	

	GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
140 INDIAN BASIN, UPPER PENN (PRO GAS)								
1021 MARATHON OIL CO								
6412 NORTH INDIAN BASIN UNIT GAS COM								
37774 30-015-29305 P-15-218-23E				032	1283			
					1283	640	1.00	
50387 30-015-10557 K-03-218-23E				003	113501			
					113501	320	0.50	-13401
18762 PRONGHORN FEDERAL								
37772 30-015-26107 P-08-218-23E				001	948			
					948	320	0.50	
16958 SMITH FEDERAL								
37792 30-015-29789 L-11-228-23E				002	56349			
					45514			
					101863	640	1.00	
351 TEXACO EXPLORATION & PRODUCTION INC								
11032 NEW MEXICO DE STATE COM								
37783 30-015-29284 G-32-218-23E				003	4326			
					81422			
					85748	640	1.00	
575 YATES PETROLEUM CORPORATION								
16485 HOC FEDERAL GAS COM								
37794 30-015-26939 D-13-228-23E				002	10			
					10	640	1.00	
22902 MALONE ABA FEDERAL COM								
37810 30-015-30088 G-12-228-23E				001	149182			

GPU	API	ULSTR	WELL NBR	PRODUCTION AMOUNT (MCF)	ACREAGE	ACREAGE FACTOR	OVER PRODUCTION
INDIAN BASIN/UPPER PENN (PRO GAS)							
5575	YATES PETROLEUM CORPORATION						
16869	SMITH FEDERAL GAS COM						
	37810	30-015-26834	E-12-228-23E	002	46821		
					196003	640	1.00
14840 ZINGARO ANG FEDERAL							
	52277	30-015-30550	F-01-228-23E	004	78244		
					78244	337	0.53
	52278	30-015-27934	H-01-228-23E	001	285267		
					285267	337	0.53
							-180033
					4529712	43856	68.52

NUMBER OF WELLS IN THIS POOL: 76  
NUMBER OF PRORATION UNITS: 47



### BLINEBRY OIL & GAS (PRO GAS) POOL

March 2000 production data for the Blinebry Pool shows 98 wells in 71 proration units: Production for the month was 467,075 MCF. Eighteen wells reported zero production. Average for the remaining 80 wells was 5,838 MCF. Annual production data from the Annual Reports shows the following: 1997 – 8,083,445 MCF; 1998 – 7,605,175 MCF; 1999 – 6,778,666 MCF.

When six-month allowables were first assigned in April 1991, the Blinebry allowable was 38,125 MCF per month for each 160 acre GPU. There were 10.75 non-marginal acreage factors in the pool at that time. The allowable was increased to 70,200 MCF in April 1997 at the request of Marathon and Exxon and has remained at that level until now.

Ongard Proration Reports were reviewed from January 1997 through March 2000 to look for overproducing GPU's. Seven GPU's overproduced during the period as shown below:

#### Exxon New Mexico S State Well no. 7; Allowable = 17,550 MCF Per Month

Overproduction of 15,989 MCF was reported in January, February and March 1997. The overage was made up during 1997.

#### John H. Hendrix Corporation Elliott Hinton Well No. 1; Allowable = 70,200 MCF Per Month

Overproduction of 73,605 MCF in January, February, and March 1997 was made up by years end.

#### John H. Hendrix Corporation Hinton Well No. 13; Allowable = 17,550 MCF Per Month

Overproduced 103,672 MCF in 1997.

Overproduced 6,412 MCF in 1998.

Underproduced (74,370) MCF in 1999.

Overproduced 3,340 MCF; January, February and March 2000.

Total over 39,504 MCF.

#### John H. Hendrix Corporation Elliott B Well No. 4; Allowable = 70,200 MCF Per Month

Overproduction of 22,130 MCF from January through July 1997 was made up later in 1997.

#### Marathon Lou Wortham Wells No. 5, 9 and 19; - Allowable = 70,200 MCF Per Month

Overproduction of 29,641 MCF in January and February 1997 was made up in 1997.

Overproduction of 565 MCF in April 1998 was made up in May 1998.

Overproduction of 5,985 MCF in March, April and May 1999 was made up in June 1999.

Marathon Lou Wortham Wells No. 12 and 21; - Allowable = 52,650 MCF Per Month

Overproduced 151,971 MCF in 1997.

Underproduced (63,148) MCF in 1998.

Underproduced (110,510) MCF in 1999.

Overage made up.

Chevron Hugh Wells No. 1 and 8; Allowable = 52,650 MCF Per Month

Overproduction of 6,922 MCF in March 1998 was made up in April and May 1998.

Only one GPU was overproduced at the end of March 2000. The annual production rate for the last three years is declining. Most wells in the pool appear to be producing at capacity. Proration, with the current allowable assigned to the pool is not restricting production to a great extent; it does provide a method for monitoring the few overproducing GPU's.

RECOMMENDATION

Continued proration is recommended until production data indicates there are no GPU's in the pool capable of overproduction.

## PRORATION SUSPENDED POOLS

Order no. R-10328 issued following the February 23, 1995 hearing, suspended proration in four pools until production or other information indicates the pools should again be prorated. The four pools are Burton Flat Strawn, Carlsbad Morrow South, Catclaw Draw Morrow, and Monument McKee Ellenberger. Production data from the 1999 Annual Report, and in two cases additional data from the Ongard system, were reviewed to determine how these pools are producing with proration suspended.

### Burton Flat Strawn (Prorated Gas) Pool

The 1999 Annual Report shows that eight wells produced during 1999 at an average total monthly rate of 19,885 MCF per month which is slightly below the 20,000 MCF per month allowable which was assigned to each GPU when proration was suspended. No well in the pool exceeded 20,000 MCF per month in 1999; the highest producer averaged 9,047 MCF per month. It appears the proration suspension should continue.

### Monument McKee Ellenburger (Prorated Gas) Pool

The 1999 Annual Report data shows that two wells produced from this pool in 1999. One of the wells averaged 424 MCF per month; the other 9,462 MCF per month. An allowable of 12,000 MCF per month was assigned to each GPU when proration was suspended. The suspension appears proper in this pool also.

### Catclaw Draw Morrow (Prorated Gas) Pool

Annual Report data indicated the possibility of some overproduction of the 70,000 MCF per month allowable which was assigned to each 640 acre GPU when proration was suspended. Ongard production was then reviewed from January 1997 through March 2000. Overproduction of the suspended allowable rate was reported by three GPU's during that period. There were 17 total wells in the pool in December 1999.

### Fasken Oil & Ranch Ltd. Avalon Federal Well No. 2 and Catclaw Draw 1 Federal Well No. 1

The GPU for these two wells contains 297.88 acres. Standard Proration Units in this pool contain 640 acres. Allowable would have been 32,580 based on the rate allowed before suspension. This GPU overproduced the 32,580 MCF per month rate by 319,531 MCF from June 1998 through March 2000. The GPU was operated by Mewbourne Oil Company during 1998. They began reporting production for the No. 1 well (the only well in the GPU at that time) in June 1998. The GPU was reported with Fasken as operator beginning in January 2000. They also began reporting production from the Avalon No. 2 as a second well in the GPU.

### Hallwood Petroleum Inc. Catclaw Draw Unit Wells No. 2 and 14 in a 640 Acre GPU

This GPU would have had a 70,000 MCF per month allowable based on the rate before suspension. No production was reported for Well No. 2 during the review period. No. 2 was

removed from the schedule in October 1998. Well No. 14 began overproducing in August 1997. Through March 1998 the GPU (Well No. 14) was over some months and under in others. All the overage was made up in June 1999 and no overproduction has been reported since that time.

Texaco E. J. Levers Federal NCT-1 Wells No. 1 and 2

This GPU would have an allowable of 69,161 MCF per month based on the 70,000 MCF per month assigned before suspension; 632.36 acres are assigned to the GPU. Texaco reported overproduction of the 69,161 rate during each month of the review period (January 1997 through March 2000. Total overage was 2,130,411 MCF.

Based on this review the Commissioners may want to consider reinstating proration in Catclaw Draw after giving operators in the pool an opportunity to provide input.

Carlsbad Morrow South (Prorated Gas) Pool

Annual Report data for 1999 indicated some overproduction of the 25,000 MCF monthly allowable which was assigned to each 320 acre GPU prior to suspension. Ongard data was printed out for additional review. Overproduction of the suspended allowable rate was reported as shown below. Four GPU's (one well per GPU in each case) were identified as having overproduced during 1999. Annual Report data was then obtained for 1997 and 1999. Overproduction of the suspended allowable shown below is for the period from January 1997 through April 2000 for the four wells which overproduced in 1999. There were a total of 58 wells in the pool in December 1999.

Mallon Oil Company Black River 10 Federal Com Well No. 1; 320 Acres

Over 1,618,226 MCF in 1997.

Over 498,512 MCF in 1998.

Under (43,010) MCF in 1999.

Under (69,986) MCF January through April 2000; total over 2,003,742.

Mewbourne Oil Company Black River 35 State Com Well No. 1; 320 Acres

Over 536,047 MCF from January 1998 (first month reported) through December 1998.

Under (123,890) MCF in 1999.

Under (61,819) MCF January through April 2000; total over 350,338 MCF.

Nearburg Producing Company Dark Canyon 22 Well No. 1; 320 Acres

Over 43,740 MCF from April 1998 (first month reported) through December 1998.

Over 64,399 MCF in 1999.

Under (32,562) MCF January through April 2000; total over 75,577 MCF.

Read & Stevens Inc. Crystal Federal Well No. 1; 318 Acres

Over 80,016 MCF in January 1997.

Over 45,157 MCF in 1998.

Over 11,189 MCF in 1999.

Under (3,167) MCF January through April 2000; total over 133,825 MCF.

Most of the above overproduction of the suspended allowable occurred in 1997 and 1998. Each of the above GPU's have produced less than the suspended allowable each month from January through April 2000.

The 25,000 MCF allowable is low compared to allowables assigned to other pools at this depth and spacing.

It is recommended that production from this pool be monitored to see if future overproduction would indicate that proration should be reinstated.

### ATOKA PENN (PRO GAS) POOL

Each 320-acre GPU was assigned an allowable of 15,319 MCF per month when the first six-month schedule was issued in April 1991. There were 3.42 non-marginal acreage factors at that time. In October 1994, an allowable of 24,000 MCF per month was assigned and remains in effect at this time.

Production data from the Annual Reports show annual volumes as follows: 1993 – 1,200,763 MCF; 1995 – 1,648,105 MCF; 1997 – 1,020,390 MCF; 1999 – 919,606 MCF.

The March 2000 Proration Report data shows 18 wells in 17 GPU's produced 72,624 MCF. Four wells reported no production; average monthly production for the remaining 14 wells was 5,189 MCF.

A review of Annual Report and Proration Report data from January 1997 through March 2000 shows that one GPU exceeded the allowable during the period. The KC Resources Inc. (now Chi Operating Inc.) CR martin Well No. 2 produced 26,671 MCF in May 1999. This was 2,671 MCF more than the allowable. The overproduction was made up in June. The well reported production of 14,403 MCF in March 2000.

Production in this pool has declined to the point where deproration or suspension should be considered.

### RECOMMENDATION

Consider suspension of proration or deproration following an examiner hearing.

### **BUFFALO VALLEY PENN (PRO GAS) POOL**

Current allowable in this pool is 33,000 MCF per month for each GPU with an acreage factor of 1 (320 acres). This same allowable has been assigned since April 1994. Three GPU's reported production in excess of the allowable in 1997 and early 1998. Each of the GPU's produced less than the allowable for most of 1998 and the overproduction was all made up in 1999. No overproduction was reported from January through March 2000. The three GPU's reporting overproduction are Read and Stevens Inc.: Harris Federal Well No. 8, Harris Federal Well No. 9, and Harris Federal Wells No. 4 and 11.

Annual production from the pool for the last three years has been 3,383,449 MCF in 1997; 2,992,673 MCF in 1998; and 2,694,347 MCF in 1999. March 2000 production data shows 38 wells, 36 GPU's and 227,207 MCF production. Four wells reported zero production. Average production for the remaining 34 was 6,683 MCF.

#### **RECOMMENDATION:**

Consider suspension or elimination of proration following an examiner hearing.

### JUSTIS GLORIETA (PRO GAS) POOL

On November 16, 1992 the Division approved a minimum allowable of 600 MCF per day (18,300 MCF per month) for each GPU with an acreage factor of 1 (160 acres). The minimum was made permanent on May 6, 1996. The allowable has remained constant at 18,300 MCF per month since April 1994. Review of production data from January 1997 through March 2000 shows no production in excess of the allowable.

March 2000 production information shows 16 wells in 14 GPU's produced 54,548 MCF. Five wells reported zero and the other 11 averaged 4,959 MCF per month. Annual production from the pool since 1997 has been 682,848 MCF in 1997; 601,054 MCF in 1998; and 604,498 MCF in 1999.

#### RECOMMENDATION:

Consider suspension or termination of proration following an examiner hearing.



## TUBB OIL AND GAS (PRO GAS) POOL

The allowable in this pool was increased several times in the early 1990's at the request of Exxon. Since April 1996, the allowable has been 18,425 MCF for each GPU with an acreage factor of 1 (160 acres). Six GPU's reported overproduction of the assigned allowable from January 1997 through March 2000 as follows:

Titan Resources Brunson Argo Wells No. 15 and 17; Allowable = 18,425 MCF Per Month

Overproduction of 2,395 MCF in October 1997 was made up in November 1997.

Chevron Hugh Well No. 15; Allowable = 18,425 MCF Per Month

Overproduction of 3,511 MCF in June 1998 was made up in July 1998. Overproduction of 17,426 MCF from August through November 1998 was made up from December 1998 through April 1999.

Chevron Mark Wells No. 2 and 4; Allowable = 13,791 MCF Per Month

Overproduction of 6,806 MCF from July through October 1999 was made up from November 1999 through February 2000.

Chevron W T McComack Well No. 19; Allowable = 18,425 MCF Per Month

Overproduction of 1,056 MCF in December 1999 was made up in January 2000.

Chevron Drinkard NCT-B Well No. 8; Allowable = 9,212 MCF Per Month

The GPU overproduced 174 MCF in March 2000.

Wiser Oil Company Rinewalt B Well No. 1; Allowable = 4,595 MCF Per Month

Between September 1998 and March 2000 overproduction was reported 8 months and underproduction 11 months. The GPU was overproduced 751 MCF at the end of March 2000.

Annual production from the pool for the last three years has been 2,073,883 MCF in 1997; 1,834,972 MCF in 1998; and 1,961,704 MCF in 1999. March 2000 production was 155,191 MCF. There were 66 wells in 58 GPU's with 19 wells reporting zero. The remaining 47 wells averaged 8,168 MCF in March.

### RECOMMENDATION:

Production is declining and proration is affecting only a few wells. However, it is recommended that proration be continued to monitor the GPU's still capable of overproduction.

# SUMMARY

## GAS PRORATION REVIEW SOUTHEAST NEW MEXICO

### OCTOBER 2000

Eight pools in the Southeast are currently prorated. A total of 1197 wells in the 8 pools reported gas production in March 2000; 951 of these are in the Jalmat and Eumont Pools. From January 1997 - March 2000, 48 GPU's (23 in Indian Basin) produced at monthly rates higher than their allowable; 13 GPU's (10 in Indian Basin) were overproduced at the end of March 2000. Total 1999 production from the 8 Pools was 94,212,564 MCF (50,361,546 from Indian Basin).

#### General Recommendations:

1. Establish a procedure at OCD to compare reported gas production to allowables on a monthly, quarterly, or other basis to identify overproducing GPU's and require compliance with rules.
2. Discontinue the semi-annual hearings and continue the current allowables until the Division sees a need for change or until a request for change is approved by the Division.

#### Jalmat; Tan-Yates-7Rvrs (Pro Gas) Pool, Lea County

Pool Creation & Proration Date: 1954

Depth: 5000 ft.

Spacing: Gas Welis - 640 acres, GOR 100,000 or more; Oil Wells - 40 acres, GOR Limit 10,000

Annual Pool Production; MCF: 93 - 12,323,042; 94 - 11,473,576; 95 - 10,623,581;

96 - 9,553,395; 97 - 8,165,295; 98 - 7,776,056; 99 - 7,308,773

Allowable: 18,300 MCF per month for AF of 1 (160 acres)

No. of Wells Reporting Production, March 2000: 396

Average Production per Producing Well: 1391 MCF

GPU's Over Allowable, January 1997 - March 2000: 5

GPU's Over Allowable, March 2000: None

#### RECOMMENDATION:

Production is declining; most GPU's are producing below the allowable rate but some overproduced in 1999. Continue proration; schedule an examiner hearing concerning termination of proration and revision of spacing rules.

#### Eumont; Yates-7 Rvrs-Queen (Pro Gas) Pool, Lea County

Pool Creation & Proration Dates: 1953 1954

Depth: 5000 ft

Spacing: Gas Wells - 640 acres, GOR 100,000 or more; Oil Wells - 40 acres, GOR Limit 10,000

Annual Pool Production, MCF: 93 - 32,341,817; 94 - 40,974,673; 95 - 44,953,233;

96 - 38,956,850; 97 - 33,015,365; 98 - 27,890,271; 99 - 23,583,424

No. of Wells Reporting Production, March 2000: 555

Average Production per Producing Well, March 2000: 3054 MCF

Allowable: 38,000 MCF per month for AF of 1(160 acres)

GPU's Over Allowable, January 1997 - March 2000: 6

GPU's Over Allowable, March 2000: None

RECOMMENDATION:

Very few GPU's are exceeding the relatively high allowable; pool production is declining; an examiner hearing should be considered concerning termination of proration and revision of spacing rules.

Indian Basin Upper Penn (Pro Gas) Pool, Eddy County

Pool Creation & Proration Dates: 1962 1965

Depth: 8,000 ft.

Spacing: 640 acres

Annual Pool Production, MCF: 93 - 45,175,794; 94 - 47,717,278; 95 - 42,730,685;

96 - 42,691,641; 97 - 48,216,212; 98 - 45,451,745; 99 - 50,361,546

No. of Wells Reporting Production, March 2000: 60

Average Production per Producing Well, March 2000: 75,495 MCF

Allowable: 200,000 MCF per month for AF of 1 (640 acres)

GPU's Over Allowable, January 1997 - March 2000: 23

GPU's Over Allowable, March 2000: 10

RECOMMENDATION:

The production rate from the pool increased in 1999; a large percentage of the wells are reporting production in excess of allowable. Proration should be continued.

Atoka Penn (Pro Gas) Pool, Eddy County

Pool Creation & Proration Dates: 1958 1961

Depth: 9,000 - 10,000 ft.

Spacing: 320 acres

Annual Pool Production, MCF: 93 - 1,200,763; 94 - 1,198,360; 95 - 1,648,105; 96 - 1,389,705;

97 - 1,020,390; 98 - 952,491; 99 - 919,606

No. of Wells Reporting Production, March 2000: 14

Average Production per Producing Well, March 2000: 5,189 MCF

Allowable: 24,000 MCF per month for AF of 1 (320 acres)

GPU's Over Allowable, January 1997 - March 2000: 1

GPU's Over Allowable, March 2000: None

RECOMMENDATION:

Production from the pool is declining; only one well reported overproduction in the last 3 years. Depuration should be considered following an examiner hearing.

Blinebry Oil & Gas (Pro Gas) Pool, Lea County

Pool Creation & Proration Dates: 1953 1954

Depth: 5,400 - 5,900 ft.

Spacing: Gas Wells - 160 acres, GOR 50,000 or more; Oil Wells - 40 acres, GOR Limit 4000

Annual Pool Production MCF: 94 - 554,926; 95 - 2,899,654; 96 - 5,564,239; 97 - 8,083,445

98 - 7,605,175; 99 - 6,778,666

No. of Wells Reporting Production, March 2000: 80

Average Production per Producing Well, March 2000: 5,838 MCF

Allowable: 70,200 MCF per month for AF of 1 (160 acres)

GPU's Over Allowable, January 1997 - March 2000: 7

GPU's Over Allowable, March 2000: 1

RECOMMENDATION:

Considering the relatively high allowable along with over production by some GPU's, it is recommended that proration be continued.

Buffalo Valley: Penn (Pro Gas) Pool, Chaves County

Pool Creation & Proration Dates: 1962 1969

Depth: 8,000 - 9,000 ft.

Spacing: 320 acres

Annual Pool Production, MCF: 93 - 3,701,219; 94 - 3,349,054; 95 - 3,043,915; 96 - 2,445,872;

97 - 3,383,449; 98 - 2,992,673; 99 - 2,694,347

No. of Wells Reporting Production, March 2000: 34

Average Production per Producing Well, March 2000: 6,683 MCF

Allowable: 33,000 MCF per month for AF of 1 (320) acres

GPU's Over Allowable, January 1997 - March 2000: None

GPU's Over Allowable, March 2000: None

RECOMMENDATION:

Production is declining; there has been no overproduction in the last 3 years. It is recommended that depronation be considered following an examiner hearing.

Justis Glorieta (Pro Gas) Pool, Lea County

Pool Creation & Proration Dates: 1950 1954

Depth: 5,000 ft.

Spacing: 320 acres

Annual Pool Production, MCF: 93 - 600,093; 94 - 563,557; 95 - 491,811; 96 - 577,437;

97 - 682,848; 98 - 601,054; 99 - 604,498

No. of Wells Reporting Production, March 2000: 11

Average Production per Producing Well, March 2000: 4,959 MCF

Allowable: 18,300 MCF per month for AF of 1 (160 acres)

GPU's Over Allowable, January 1997 - March 2000: None  
GPU's Over Allowable, March 2000: None

RECOMMENDATION:

No GPU has overproduced for the last 3 years; consider termination of proration following an examiner hearing.

Tubb Oil & Gas (Pro Gas) Pool, Lea County

Pool Creation & Proration Dates: 1953 1954

Depth: 6000 ft.

Spacing: Gas Wells - 160 acres, GOR 50,000 or more; Oil Wells - 40 acres, GOR Limit 2,000

Annual Pool Production, MCF: 93 - 355,040; 94 - 339,494; 95 - 755,947; 96 - 1,681,528;  
97 - 2,073,883; 98 - 1,834,972; 99 - 1,961,704

No. of Wells Reporting Production, March 2000: 47

Average Production per Producing Well, March 2000: 8,168 MCF

Allowable: 18,425 MCF per month for AF of 1 (160 acres)

GPU's Over Allowable, January 1997 - March 2000: 6

GPU's Over Allowable, March 2000: 2

RECOMMENDATION:

Proration is affecting only a few wells but some are exceeding the allowable. It is recommended that proration be continued.

Catclaw Draw - Morrow (Pro Gas) Pool, Eddy County

Pool Creation & Proration Dates: 1971 1974

Depth: 10,000 - 11,000 ft.

Spacing: 640 acres

Annual Pool Production, MCF: 93 - 5,093,074; 94 - 3,453,256; 95 - 3,032,922; 96 - 3,552,532;  
97 - 3,963,099; 98 - 4,321,191; 99 - 3,251,507

No of Wells Reporting Production, March 2000: 15

Average Production per Producing Well, March 2000: 18,737 MCF

Allowable: 70,000 MCF per month for AF of 1 (640 acres); Suspended April 1995

GPU's Over Allowable, January 1997 - March 2000: 3

GPU's Over Allowable, March 2000: 2

RECOMMENDATION:

The suspended allowable is low compared to other pools of similar depth and spacing, but two GPU's have exceeded the suspended rate by fairly large amounts; reinstating proration should be considered after the pool operators are given an opportunity to provide input.

**MONTHLY ALLOWABLES – SOUTHEAST PRORATED GAS POOLS  
MCF**

DATE	ATOKA	BLINEBRY	BUFFALO VALLEY	EUMONT	INDIAN BASIN	JALMAT	JUSTIS	TUBB
4-95	24,000	42,550	33,000	38,000	200,000	18,300	18,300	13,500
10-95	24,000	42,550	33,000	38,000	200,000	18,300	18,300	16,750
4-96	24,000	46,800	33,000	38,000	200,000	18,300	18,300	18,425
10-96	24,000	46,800	33,000	38,000	200,000	18,300	18,300	18,425
4-97	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
10-97	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
4-98	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
10-98	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
4-99	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
10-99	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
4-00	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425
10-00	24,000	70,200	33,000	38,000	200,000	18,300	18,300	18,425