

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. 11705  
Order No. R-10987

APPLICATION OF OIL CONSERVATION  
DIVISION FOR TO AMEND ORDER R-8170,  
AS AMENDED, "GENERAL RULES FOR THE  
PRORATED POOLS OF NEW MEXICO" AND  
ORDER NO. R-333, AS AMENDED, " RULES OF  
PROCEDURE FOR PRORATED GAS POOLS IN  
NORTHWEST NEW MEXICO"

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 9, 1998, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of May, 1998, the Commission, a quorum being present, having considered the record and being fully advised,

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) New Mexico Oil Conservation Division (the "Division") Order No. R-8170, as amended, sets forth the general rules for the prorated gas pools in New Mexico as well as special pool rules for the individual prorated gas pools. Order No. R-8170 has been amended several times throughout the years.
- (3) Division Order No. R-333, as amended, sets forth the tests and test procedures for the prorated gas pools in Northwest New Mexico. Order No. R-333 has also been amended several times throughout the years.

- GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool.
- When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the AD Factor and the allowable may be produced from both wells.
- Sixty percent (60%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

A GPU in the BASIN DAKOTA GAS POOL shall be classified as marginal unless reclassified by the Director pursuant to Rule 605.F.(2). Any operator in the BASIN DAKOTA GAS POOL may request a reclassification of a GPU in that pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

# SPECIAL RULES AND REGULATIONS FOR THE BLANCO-MESAVERDE GAS POOL

The VERTICAL LIMITS for the Blanco-Mesaverde Gas Pool shall be as follows:

- North and east of a line generally running from the northwest corner of Township 31 North, Range 13 West, San Juan County, New Mexico, to the southwest corner of Township 24 North, Range 1 East, NMPM, Rio Arriba County, New Mexico, (as fully described on Exhibit "A" of Order R-5459, August 1, 1977, as amended, and in Rule 25 of this order), the vertical limits shall be from the Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.
- South and west of the line described in (A) above, the vertical limits shall be from a point 750 feet below said Huerfanito Bentonite marker to a point 500 feet below the top of the Point Lookout Sandstone.
- The Blanco-Mesaverde Gas Pool was created February 25, 1949 and gas proration became effective March 1, 1955.

## WELL ACREAGE AND LOCATION REQUIREMENTS

The STANDARD GPU (GAS PRORATION UNIT) in the Blanco-Mesaverde Gas Pool shall be 320 acres.

### WELL LOCATION:

1. THE INITIAL WELL drilled on a GPU shall be located not closer than 790 feet to any outer boundary of the quarter section on which the well is located and not closer than 130 feet to any quarter-quarter section line or subdivision inner boundary.
2. THE INFILL WELL drilled on a GPU shall be located in the quarter section of the GPU not containing a Mesaverde well, and shall be located with respect to the GPU boundaries as described in the preceding paragraph.

The plat (Form C-102) accompanying the Application for Permit to Drill (OCD Form C-101 or the federal form) for the subsequent well on a GPU shall have outlined thereon the boundaries of the GPU and shall show the location of all existing Mesaverde wells on the GPU plus the proposed new well.

In the event an infill well is drilled on any GPU, both wells shall be produced for so long as it is economically feasible to do so.

## ALLOCATION AND GRANTING OF ALLOWABLES

NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:

- A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool.

When calculating the allowable for a GPU containing an infill well, the deliverability of both wells shall be added in calculating the AD Factor and the allowable may be produced from both wells.

- B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent the premature abandonment of wells.

A GPU in the BLANCO MESAVERDE GAS POOL shall be classified as marginal unless reclassified by the Director pursuant to Rule 605.F.(2). Any operator in the BLANCO MESAVERDE GAS POOL may request a reclassification of a GPU in that pool.

#### MISCELLANEOUS SPECIAL POOL RULES

VERTICAL LIMIT BOUNDARY: Exhibit "A" of Order R-5459 which defines a dividing line across the Blanco-Mesaverde Pool reads as follows:

#### EXHIBIT "A"

This Exhibit defines the Northwest-Southeast trending line established by Order R-5459, as amended, that divides the Blanco-Mesaverde pool for defining the vertical limits of the pool. Said line traverses the South side or West side of the sections listed below:

##### TOWNSHIP 24 NORTH, RANGE 01 EAST, NMPM

Section 31: West

##### TOWNSHIP 24 NORTH, RANGE 01 WEST, NMPM

Section 03: West

Section 10: West and South

Section 14: West and South

Section 24: West

Section 25: West and South

##### TOWNSHIP 25 NORTH, RANGE 01 WEST, NMPM

Section 07: West

Section 18: West and South

Section 20: West and South

Section 28: West

Section 33: West and South

##### TOWNSHIP 25 NORTH, RANGE 02 WEST, NMPM

Section 01: West and South

##### TOWNSHIP 26 NORTH, RANGE 02 WEST, NMPM

Sections 07 and 08: South

Section 16: West and South

Section 22: West and South

Section 26: West

Section 35: West and South

##### TOWNSHIP 26 NORTH, RANGE 03 WEST

Sections 02 and 03: South

Section 04: West and South

Section 12: West and South

TOWNSHIP 27 NORTH, RANGE 03 WEST, NMPM

Section 31 and 32: South

TOWNSHIP 27 NORTH, RANGE 04 WEST, NMPM

Sections 31 through 36: South

TOWNSHIP 27 NORTH, RANGE 05 WEST, NMPM

Section 31: West and South

Sections 32 through 36: South

TOWNSHIP 27 NORTH, RANGE 6 WEST, NMPM

Section 06: West

Section 07: West and South

Sections 08 and 09: South

Section 14: South

Section 15: West and South

Section 24: West

Section 25: West and South

TOWNSHIP 28 NORTH, RANGE 06 WEST, NMPM

Sections 07, 18, 19, 30, and 31: West

TOWNSHIP 29 NORTH, RANGE 7 WEST, NMPM

Section 31: West and South

Sections 32 through 36: South

TOWNSHIP 29 NORTH, RANGE 08 WEST, NMPM

Section 17: South

Section 18: West and South

Section 21: West and South

Section 22: South

Section 25: South

Section 26: West and South

TOWNSHIP 29 NORTH, RANGE 09 WEST, NMPM

Section 03: South

Section 04: West and South

Section 11: West and South

Section 12: South

TOWNSHIP 30 NORTH, RANGE 09 WEST, NMPM

Section 31: West and South

Section 32: South

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 18: South

Section 20: West and South

Section 21 and 22: South

Section 25: South

South 26: West and South

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 06: West and South

Section 08: West and South

Sections 09, 10, 11: South

Section 13: West and South

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

Section 19: South

Sections 27 and 28: South

Section 29: West and South

Section 35: West and South

Section 36: South

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Sections 07 and 08: South

Sections 14 and 15: South

Section 16: West and South

Section 24: West and South

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 12: South

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

SOUTH BLANCO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the South Blanco-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The South Blanco-Pictured Cliffs Gas Pool, Rio Arriba, San Juan, and Sandoval Counties, New Mexico, was created May 20, 1952 and gas proration became effective March 1, 1955.

WELL ACREAGE AND LOCATION REQUIREMENTS

STANDARD GPU (GAS PRORATION UNIT) in the South Blanco-Pictured Cliffs Gas Pool

shall be 160 acres.

#### ALLOCATION AND GRANTING OF ALLOWABLES

NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:

A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's AD Factor bears to the total AD Factor for all non-marginal GPU's in the pool.

B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent premature abandonment of wells.

A GPU in the SOUTH BLANCO PICTURED CLIFFS GAS POOL shall be classified as marginal unless reclassified by the Director pursuant to Rule 605.F.(2). Any operator in the SOUTH BLANCO PICTURED CLIFFS GAS POOL may request a reclassification of a GPU in that pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)

#### SPECIAL RULES AND REGULATIONS FOR THE TAPACITO-PICTURED CLIFFS GAS POOL

THE VERTICAL LIMITS of the Tapacito-Pictured Cliffs Gas Pool shall be the Pictured Cliffs formation.

The Tapacito-Pictured Cliffs Gas Pool, Rio Arriba County, New Mexico, was created April 18, 1956 and gas proration in this pool became effective August 1, 1958.

#### WELL ACREAGE AND LOCATION REQUIREMENTS

STANDARD GPU (GAS PRORATION UNIT) in the Tapacito-Pictured Cliffs Gas Pool shall be 160 acres.

#### ALLOCATION AND GRANTING OF ALLOWABLES

NON-MARGINAL GPU ALLOWABLE: The pool allowable remaining each month after deducting the total allowable assigned to marginal GPU's shall be allocated among the non-marginal GPU's entitled to an allowable in the following manner:

- A) Seventy-five percent (75%) of the pool allowable remaining to be allocated to the non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's "AD Factor" bears to the total "AD Factor" for all non-marginal GPU's in the pool.
- B) Twenty-five percent (25%) of the pool allowable remaining to be allocated to non-marginal GPU's shall be allocated among such GPU's in the proportion that each GPU's acreage factor bears to the total acreage factor for all non-marginal GPU's in the pool.

MINIMUM ALLOWABLES: A minimum allowable of 250 MCF per month per GPU will be assigned to prevent premature abandonment of wells.

A GPU in the TAPACITO PICTURED CLIFFS GAS POOL shall be classified as marginal unless reclassified by the Director pursuant to Rule 605.F.(2). Any operator in the GAS POOL may request a reclassification of a GPU in that pool.

(General Pool Rules also apply unless in conflict with these Special Pool Rules.)