

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. 10036 (Reopened)
Order No. R-8170-G-1

APPLICATION OF TEXACO INC. FOR AMENDMENT OF DIVISION ORDER NO. R-8170, AS AMENDED, TO ESTABLISH A MINIMUM GAS ALLOWABLE FOR THE EUMONT GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 17, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of March, 1994, 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) By Division Order No. R-8170-G, dated November 8, 1990, issued in Case No. 10036 and made effective December 1, 1990, the following provisions affecting the Eumont Gas Pool, encompassing portions of Townships 18, 19, 20, 21, and 22 South, Ranges 35, 36, 37, and 38 East, NMPM, Lea County, New Mexico were instituted:
 - (a) a special "Rule 8" was established for the pool which assigned a minimum gas allowable of 600 MCF of gas per day for an Acreage Factor of 1.0; and
 - (b) said Rule 8 was made effective for a period of three years.
- (3) Case 10036 is being reopened at this time pursuant to said Order No. R-8170-G so that the original applicant and operators in the Eumont Gas Pool can provide additional evidence and testimony supporting continuation of this minimum gas allowable.

(4) At the time of the hearing this case was consolidated with Reopened Case No. 10111, which seeks to resolve a similar issue in the Jalmat Gas Pool, Lea County, New Mexico, for purposes of testimony.

(5) The original applicant in this case, Texaco, Inc., accompanied by Conoco, Inc., Chevron USA, Inc., and Doyle Hartman, Oil Operator all appeared at the hearing and presented evidence and testimony in support of this matter. An appearance was made on behalf of ARCO Oil and Gas Company in support of the continuation of the Pool's current assigned 600 MCFPD minimum gas allowable.

(6) Summation of the evidence presented at the hearing indicates that since December 1, 1990 the Eumont Gas Pool:

- (a) has shown an increase in gas production;
- (b) activity within said pool has substantially increased with 51 new drills, 45 re-completions, one re-entry, and 124 workovers;
- (c) there continues to be a market for all the gas from the pool;
- (d) there appears to be support from operators within the pool for continuation of the assigned minimum allowable;
- (e) no objections were received;
- (f) there is no indication that correlative rights have been violated during this period nor is there any indication that correlative rights will be violated with continuation of this rule; and,
- (g) no extenuating circumstances have occurred within the pool to support the suspension of an assigned minimum gas allowable.

(7) The provisions of said Order No. R-8170-G, which included "RULE 8. MINIMUM ALLOWABLES:" to the "Special Rules and Regulations for the Eumont Gas Pool", should be made permanent by issuance of this order.

(8) However, should it become evident that correlative rights are being violated or waste is occurring by any actions allowed under this order, the Division Director should retain the authority to adjust downward or eliminate said minimum gas allowable within the Eumont Gas Pool. Should such action by the Division be necessary, an order after notice and hearing should be required.

IT IS THEREFORE ORDERED THAT:

(1) The provisions of Division Order No. R-8170-G, dated November 8, 1990, issued in Case No. 10036 and made effective December 1, 1990, which incorporated the following rule to the "Special Rules and Regulations for the Eumont Gas Pool", in Lea County, New Mexico, shall hereinafter be made permanent:

"RULE 8. MINIMUM ALLOWABLES: Notwithstanding the provisions of Rule Nos. 3 and 5 of the General Rules and Regulations for the Prorated Gas Pools of New Mexico, the Division shall assign a minimum gas allowable of 600 MCF of gas per day per Acreage Factor of 1.0".

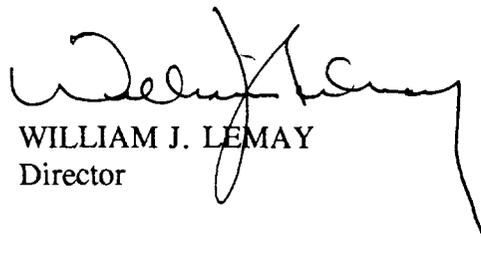
PROVIDED HOWEVER, should it become evident that correlative rights are being violated or waste is occurring by any actions allowed under this order, the Division Director shall retain the authority to adjust downward or eliminate said minimum gas allowable within the Eumont Gas Pool. Should such action by the Division be necessary, an order after notice and hearing shall be required.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director