

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF READ & STEVENS, INC.
FOR TERMINATION OF GAS PRORATIONING,
CANCELLATION OF OVERPRODUCTION,
AND EMERGENCY RELIEF FROM SHUT-IN
REQUIREMENTS DUE TO OVERPRODUCTION,
BUFFALO VALLEY-PENNSYLVANIAN
GAS POOL, CHAVES COUNTY, NEW MEXICO.

Case No. 9340

APPLICATION

Read & Stevens, Inc. hereby applies for an order terminating prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, for cancellation of overproduction, and for emergency relief from shut-in requirements due to overproduction, and in support thereof states:

1. The Buffalo Valley-Pennsylvanian Gas Pool ("the Pool") was established by Order No. R-2349, and currently encompasses the following area:

Township 14 South, Range 27 East, NMPM

Section 25: All
Section 26: S $\frac{1}{2}$
Section 35: All
Section 36: All

Township 14 South, Range 28 East, NMPM

Section 31: All

Township 15 South, Range 27 East, NMPM

Section 1: All
Section 2: All
Section 3: N $\frac{1}{2}$
Section 4: All
Section 11: All
Section 12: All
Section 13: All
Section 23: All
Section 24: All
Section 25: All
Section 26: All

Township 15 South, Range 28 East, NMPM

Section 6: All
Section 7: All
Section 8: S $\frac{1}{2}$
Section 17: All
Section 18: N $\frac{1}{2}$
Section 20: N $\frac{1}{2}$

2. Prorationing was instituted in the Pool by Order No. R-1670-H, effective May 1, 1969. The Pool is also subject to the provisions of Order No. R-8170, the General Rules and Regulations for the Prorated Gas Pools of New Mexico.

3. Applicant operates 18 of the 30 wells in the Pool, and owns interests in several other wells in the Pool.

4. Since the institution of prorationing in the Pool, there have been substantial changes in Pool production characteristics, gas purchasing and marketing practices, and other factors affecting the oil and gas industry which make prorationing unnecessary, unfair, and undesirable.

5. Current prorationing practices lead to allowables which are too high for marginal wells and too low for non-marginal wells, leading to overproduction by certain wells in the Pool requiring that certain wells be shut-in pursuant to Division rules and regulations.

6. Certain wells operated by Applicant are in an overproduced status and are subject to shut-in (the Harris No. 8 and Harris No. 9 wells).

7. On January 26, 1988 the Division issued a state-wide moratorium from shut-in requirements due overproduction, which expires February 29, 1988.

8. If Applicant's overproduced wells are required to be shut-in, Applicant will suffer severe financial distress due to loss of income. Therefore, Applicant seeks emergency, temporary relief from shut-in requirements pending a decision in this case.

9. The matters urged by Applicant herein are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, Applicant respectfully requests that the Division grant emergency, temporary relief pending a hearing in this case granting a moratorium from shut-in requirements for its Harris No. 8 and Harris No. 9 wells, and Applicant further requests that the Division, after notice and hearing, enter its order:

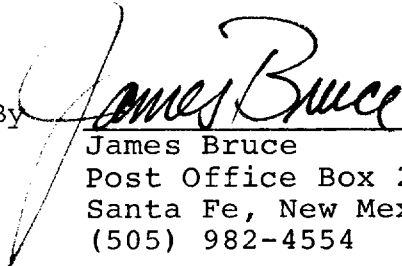
(a) Terminating prorationing in the Buffalo Valley-Pennsylvanian Gas Pool;

(b) Cancelling overproduction on all wells in the Pool; and

(c) For such further relief as the Division deems proper.

HINKLE, COX, EATON,
COFFIELD & HENSLEY

By


James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant