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GARREY CARRUTHERS
GOVERNOR

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

September 29, 1989

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Stevens Operating Corporation
P. O. Box 2408
Roswell, New Mexico 88201

Re: Request for Temporary Increase in Allowable For
the No. 1 Deemar Well - Orders Nos. R-8917 and
R-8917-A

Gentlemen:

Your request for a temporary allowable of 240 barrels of oil per day for your No. 1 Deemar Well is based in part upon your contention that 50% of the pool's recoverable oil reserves underlies your lease. Until that is proven by substantial evidence at hearing, the Oil Conservation Division cannot use your argument as a basis for a decision. Therefore your request for increased allowable is denied. If Santa Fe Exploration agrees to an increase, we will revise this decision pending hearing.

This matter has been substantially delayed by the parties, and the Division recognizes the resulting potential. Therefore, as Division Director I order that:

1. No more continuances will be granted unless both sides agree to continue the case because they have a proposed agreement.
2. Current overproduction (testing allowable production) of the No. 1 Deemar Well will be suspended pending either agreement by the parties or a Commission order addressing same.
3. Allowable adjustments for the No. 1 Deemar Well will be made retroactive to the completion date of the No. 1 Deemar Well, thus protecting correlative rights of all parties by offsetting any advantage either party might have gained through a delay of the hearing process.