CASE 5113: OCC TO CONSIDER THE INSTITUTION OF GAS PROPATIONING IN THE BURTON FLATS-ATOKA POOL.

CASE No. 5/3

Application,

Transcripts,

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BLEOPE THE HEW LEXICO OIL COLSERVATION COLLIGSTON Santa Fe, New Mexico January JC, 1974

EXAMINER HEARING

IN THE MATTER OF:

Hearing called by the Cil Conservation Commission on its own motion to consider the institution of Mas prorationing in the Burton Flats-Atoka Cas Pool, Eddy County, Hew Mexico, and to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities.

Caso No. 5113

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

APPEARLMOES

For the New Mexico Oil Conservation Commission:

William Cerr, Msq.
Legal Counsel for the Conmission
State Land Office Bldg.
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

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Page 2

MR. STAMETS: Call the next case pil3.

MR. CARR: Case 5113. In the matter of the hearing called by the Cil Conservation Commission on its own motion to consider the institution of gas prorationing in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico.

Mr. Examiner, the Commission has recleved a request that this case be dismissed.

MR. STAMETS: Case 5113 will be dismissed.

THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0386

Page......3.....

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Heaving before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

RICHARD L. HYS, Court Reporter

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREEF
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION OIL CONSERVATION COMMISSION CONFERENCE ROOM 2 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 3 November 15, 1973 5 IN THE MATTER OF: 6 The hearing called by the Oil 7 Conservation Commission on its) Case No. 5113 own motion to consider the institution of gas prorationing) in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico 10 11 BEFORE: RICHARD L. STAMETS, 12 Examiner 13 14 15 16 TRANSCRIPT OF EXAMINER HEARING 17 18 19 20 21 22 23

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MR. STAMETS: Call Case Number 5113.

MR. DERRYBERRY: Case Number 5113, In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico.

MR. STAMETS: Case 5113 has been continued until January 16th on the motion of interested operators.

<u>C E R T I F I C A T E</u>

I, DONNA KEITH, a Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

COURT REPORTER



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

January 21, 1974

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

	Re:	CASE NO. 5113	
Mr. Clarence Hinkle		ORDER NO. R-4710	
Hinkle, Bondurant, Cox & Eaton Attorneys at Law		Applicant:	
Post Office Box 10 Roswell, New Mexico 88201		OCC .	

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/ir	
Copy of order also sent	to:
Hobbs OCC x	
Artesia OCC x	
Aztec OCC	
Other	

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 5113 Order No. R-4710

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO CONSIDER THE INSTITUTION OF GAS PRORATIONING IN THE BURTON FLATS-ATOKA GAS POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of January, 1974, the Commission, a quorum being present, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 5113 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMITO, Member

A. L. PORTER, JR., Member & Secretary

SEAL

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 16, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1974, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
 - (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for February, 1974.

CASE 5110: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 28, Township 25 South, Range 24 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5111: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 34, Township 20 South, Range 28 East, and the N/2 of Sections 8 and 9, and all of Section 10, Township 21 South, Range 27 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5112: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Burton Flats-Strawn Gas Pool, Eddy County, New Mexico, to include all of Section 10, Township 21 South, Range 27 East.

(Case 5112 continued from Page 1)

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for tion among the wells in the pool.

CASE 5113: (Continued from the November 15, 1973, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico, and to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the provision for allocating the allowable production among the wells in

CASE 5124: (Continued from the November 28, 1973, Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating nation of applicant as operator of the well and a charge for risk

- CASE 5143: Application of E1 Paso Natural Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its proposed Rocky Arroyo "D" Com. Well No. 2 in the center of Unit L of Section 4, Township 22 South, Range 22 East, Rocky Arroyo-Morrow Gas cated to the well.

 CASE 5144: Application of E1 Paso Natural Gas Company for an unorthodox gas well location, Eddy County, New Mexico.
- CASE 5144: Application of Depco, Inc. for two waterflood projects, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two waterflood projects by the injection of water into the Grayburg-San Andres formation through six wells located on applicant's State 647 lease in Sections 31 and 32, Township 17 South, Range 28 East, Artesia Pool, Eddy County, New Mexico, and Section 32.

CASE 5145: Application of Texas Pacific Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 10,872 feet to 11,032 feet in its State "B" Well No. 2 located in Unit B of Section 11, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 4969: (Reopened)

In the matter of Case No. 4969 being reopened pursuant to the provisions of Order No. R-4557, which order established a temporary special depth bracket allowable for the Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico. All interested parties may appear and show cause why the special allowable should be made permanent.

- CASE 5146: Application of Midwest Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Target Unit Area comprising 5120 acres, more or less, of State and Federal lands in Townships 25 and 26 South, Range 25 East, Eddy County, New Mexico.
- CASE 5147: Application of Mesa Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the S/2 of Section 12, Township 16 South, Range 35 East, North Shoe Bar Field, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location for said unit in Unit O of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5148: Application of Coquina Oil Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox gas well location 990 feet from the North and East lines of Section 16, Township 19 South, Range 25 East, Boyd-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 16 to be dedicated to said well.
- CASE 5149: Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 33, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard Pennsylvanian gas well location for said unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 5150: Application of Hanson Oil Corporation for a waterflood project,
 Lea County, New Mexico. Applicant, in the above-styled cause,
 seeks authority to institute a waterflood project by the injection
 of water into the Queen formation through 10 wells in its Mescalero
 Ridge Unit Area in Sections 26 and 35, Township 19 South, Range 34
 East, Pearl-Queen Pool, Lea County, New Mexico.
- CASE 5151: Application of Penroc Oil Corporation for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause seeks approval for the dual completion (conventional) of its Dero-Federal A-Com Well No. 1, located in Unit N of Section 35, Township 19 South, Range 28 East, Eddy County, New Mexico, in such a manner as to produce gas from the Winchester-Wolfcamp gas pool and an undesignated Strawn gas pool through the casing-tubing annulus and through tubing.
- CASE 5152: Application of Petro-Lewis Corporation for a Special Depth Bracket Allowable, Media-Entrada Oil Pool, Sandoval County, New Mexico.

 Applicant, in the above-styled cause, seeks a special depth bracket allowable for the Media-Entrada Oil Pool, Township 19 North, Range 3 West, Sandoval County, New Mexico.
- CASE 5140: (Continued from the January 3, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the January 3, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

LAW OFFICES

HINKLE, BONDURANT, COX & EATON

600 HINKLE BUILDING

POST OFFICE BOX 10

ROSWELL, NEW MEXICO 88201

November 9, 1973

OIL CONSERVATION COMM

MIDLAND, TEXAS OFFICE 521 MIDLAND TOWER (9:5) 683-4891

Mr. Dan Nutter Oil Conservation Commission Box 2088 Santa Fe, New Mexico 87501

Dear Mr. Nutter:

CLARENCE E.HINKLE W. E.BONOURANT, JR.

LEWIS C.COX,JR.

PAUL W. EATON, JR. CONRAD E.COFFIELD

STUART D. SHANOR

PAUL J. KELLY, JR.

HAROLD L.HENSLEY, JR.

This will confirm our telephone conversation of today in regard to the continuance of cases 5110 through 5113 on the examiner's docket for November 15.

We represent Black River Corporation who, with Cities Service, are the principal operators in the Washington Ranch-Morrow Gas Pool. Tom Phipps, Vice President of Black River, has discussed this matter with Cities Service and both companies would like to have Case No. 5110 continued to give them more time to make a study of all that may be involved in pro rating the Washington Ranch-Morrow Gas Pool.

We represent Monsanto Company who is the operator of working interest units in the Burton Flats-Morrow Pool, the Burton Flats-Strawn Pool and the Burton Flats-Atoka Gas Pool which are involved in Cases 5111, 5112 and 5113. Mr. Ed Schols of Monsanto has advised that they have had a meeting of the operators and all would like to have cases continued so as to give them additional time to make a thorough study of the matter before the cases are heard.

You may consider this as a request on behalf of the above mentioned parties to continue cases 5110, 5111, 5112 and 5113) until January 16, 1974, which we understand will be a date acceptable to you.

Thank you for your cooperation in connection with this matter.

Yours sincerely,

CEH:cs

cc: Monsanto Company

cc: Black River Corporation

DOCKET MALLED

BONDURANT A COX & EATON

Milo La de marine

BEFORE THE OIL CONSERVATION COMM CONSERVATION COMM Santa 50 STATE OF NEW MEXICO

Thursday, November 15, 1973

IN THE MATTER OF THE MOTION OF THE OIL CONSERVATION COMMISSION FOR A HEARING REGARDING CONSIDER-ATION OF INSTITUTING GAS PRO-RATIONING IN THE BURTON FLATS-ATOKA GAS POOL, EDDY COUNTY, NEW **MEXICO**

Case Nd. 5113

ENTRY OF APPEARANCE

The undersigned, Modrall, Sperling, Roehl, Harris & Sisk, of Albuquerque, New Mexico, hereby enter their appearance herein for Gulf Oil Corporation, with its house counsel of Midland, Texas.

MODRALL SPERLING ROEHL HARRIS & SISK

Attorneys for Gulf Oil Corporation P. O. Box 2168

Albuquerque, New México 87103

(Case 5111 continued from Page 1)

Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 34, Township 20 South, Range 28 East, and the N/2 of Sections 8 and 9, and all of Section 10, Township 21 South, Range 27 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5112: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Burton Flats-Strawn Gas Pool, Eddy County, New Mexico, to include all of Section 10, Township 21 South, Range 27 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the llowable production among the wells in the pool.

CASE 5113:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Burton Flats-Atoka Gas Pool, Eddy County, New Mexico, and to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 15, 1973

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1973, from sixteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
 - (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for December, 1973.
- CASE 5108: In the matter of the hearing called by the Oil Conservation Commission on its own motion to receive a report from the Blinebry Pool Study Committee which was appointed pursuant to the provisions of Order No. R-4536. It is expected that said committee will make recommendations and offer proposed pool rules for consideration by the Commission for the Blinebry Oil Pool and Blinebry Gas Pool, Lea County, New Mexico.
- CASE 5109: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Catclaw Drav-Morrow Gas Pool, Eddy County, New Mexico, to include all of Section 35, Township 21 South, Range 25 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5110: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to include the S/2 of Section 28, Township 25 South, Range 24 East.

Also to be considered will be the institution of gas prorationing in said pool to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool.

CASE 5111: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extending the horizontal limits of the

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE NO. 5113 Order No. R-

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO CONSIDER THE INSTITUTION OF GAS PRORATIONING IN THE BURTON FLATS-ATOKA GAS POOL, EDDY COUNTY, NEW MEXICO. AND TO PROVIDE FOR FIXING THE TOTAL ALLOWABLE NATURAL GAS PRODUCTION FROM SAID POOL TO AN AMOUNT EQUAL TO REASONABLE MARKET DEMAND AND TO THE CAPACITY OF THE GAS TRANSPORTATION FACILITIES. ORDER OF THE COMMISSION

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BY THE COMMISSION:	
This cause came on for hearing a at Santa Fe, New Mexico, before Examin	t 9 a.m. on <u>January 16</u> , 19 <u>74</u> , er <u>Richard L. Stamets</u>
NOW, on this day of January a quorum being present, having considermendations of the Examiner, and being	red the record and the recom-
FINDS: That the applicant's request for granted.	dismissal should be
IT IS THEREFORE ORDERED: That Case No. 5113 is her	eby <u>dismissed</u> .

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

Su the mater of the Commission of the secondary of the forestant funds of the Eddy County, her merces, to include Burton Hat s-Atok of god Pool Eddy County, not mines production from said pool to an anartet demand and to reaccusive market demand and to the sent transportation facilities. Also to be considered will be the adversor of special prol including all provision for allorstime the accordace production alyong The write I in the pool.