

CASE 5433: SOUTHERN UNION GAS COMPANY
FOR SUSPENSION AND AMENDMENT OF CERTAIN
PROVISIONS OF THE GENERAL RULES AND
REGULATIONS, EDDY COUNTY, NEW MEXICO

CASE No.

5433

Application,
Transcripts,
Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 5, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Southern Union Gas
Company for suspension and amend-
ment of certain provisions of Rules
14(A), 15(A), and 15(B), of the
General Rules and Regulations for
the prorated gas pools of South-
eastern New Mexico as applied to
the Indian Basin-Upper Pennsylvanian
Gas Pool, Eddy County, New Mexico.

Case No.
5433

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Sumner Buell, Esq.
MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL
350 E. Palace Avenue
Santa Fe, New Mexico

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I N D E X

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ORREN L. HASELTINE

Direct Examination by Mr. Buell

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Cross Examination by Mr. Stamets

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E X H I B I T S

Marked

Admitted

Applicant's Exhibits Nos.
1, 2, and 3

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MR. STAMETS: We will call the next case, 5433.

MR. CARR: Case 5433. Application of Southern Union Gas Company for suspension and amendment of certain provisions of Rules 14(A), 15(A), and 15(B), of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico as applied to the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

MR. BUELL: Mr. Examiner, Sumner Buell on behalf of the Applicant. I have one witness.

MR. STAMETS: Are there other appearances in this Case?

VOICE: I would like to make a statement.

MR. STAMETS: Will there be any other sworn testimony; any other attorneys who will be cross examining for companies, groups or individuals?

MR. KELLAHIN: Jason Kellahin from Kellahin & Fox, appearing on behalf of Flag-Redfern. I think we will just make a statement.

MR. STAMETS: Okay. If the Witness will stand and be sworn, please.

(Witness sworn.)

ORREN L. HASELTINE

called as a witness, having been first duly sworn, was

examined and testified as follows:

DIRECT EXAMINATION

BY MR. BUELL:

Q Would you state your name, by whom you are employed and in what capacity, please?

A My name is Orren L. Haseltine; I'm Vice President of Gas Supply for Southern Union Gas Company.

Q And where do you reside, Mr. Haseltine?

A At Dallas, Texas.

Q Have you previously testified before the Commission and had your qualifications accepted?

A Yes, I have.

Q Are you familiar with what the Applicant seeks in this Case 5433?

A Yes.

Q And would you just very briefly outline what it is?

A This Case that we have brought here deals with the temporary suspension of balancing rules in the prorated gas pool of the Indian Basin-Upper Penn. This gas pool located in Southeast New Mexico is subject to the proration rules that have been established and under normal functioning of those rules there would be a cancellation of

allowables on certain wells and a redistribution of these allowables, this March 31, effective April 1, 1975. There are three wells in the pool that would have allowables subject to cancellation under normal functioning of the rules and this Case requests that the rules be suspended for one year so that those three wells will have an additional 12 months in which to make those allowables that otherwise would be cancelled.

Q Mr. Haseltine, referring you to what has been marked for identification as Exhibit No. 1, would you briefly explain what that shows?

A Exhibit 1 is a map of Southern Union's Southeast New Mexico system. It shows our pipeline facilities in the Lea and Eddy Counties and part of Chaves County; it shows the facilities that serve the Towns of Carlsbad, Artesia, Roswell, Lovington, and some of the intermediate communities; it also shows the location of the Indian Basin-Upper Penn Pool which lies about three townships west of the Town of Carlsbad. Our system in that area serves a diversified load of industrial customers as well as the domestic and commercial loads located in the towns that I mentioned.

Q Mr. Haseltine, why have these wells become under

producing to this extent?

A The wells in that field have become under produced over the past year or two largely because of the lack of coordination of our timing of load and market growth with the increase in allowables in that field. This isn't an unusual happening, of course, because none of these things can coordinate completely, but it so happened that as new gas was being brought on in that area, and as Southern Union connected new gas, there was a time when allowables were increasing in Indian Basin Field and therefore making gas available that together with the new gas that was being connected was more than was required for our then-existing market. Now, there has been a substantial change in the market situation, which is why we are here today, but the allowables did increase in the Indian Basin Field and our market was not adequate when compared to the increase in allowables and the additional new sources of supply to utilize all that gas. Therefore, three of the wells to which we were connected down there became under-produced, they were under-produced going into the last balancing period which we are about to conclude, and they are still under produced. Therefore those three wells have some gas subject to cancellation.

Q Okay. Referring to what has been marked as Exhibit No. 2, would you explain that, please?

A Exhibit No. 2 is a tabulation of the allowables and performance of the three wells with which we are concerned. By months, beginning with the initiation of this last balancing period in April, 1974, we have listed for each well the monthly allowable that was granted, total production in the month, the ending status and accumulating status, and then the amount which is subject to cancellation, which is over in the extreme right-hand column, and I think is the one that is of importance here.

You will notice, for instance, with the first well there, the Amoco Smith Fed Gas Com No. 1, going into the balancing period at the first of April, '74, there was 484,836 mcf subject to being cancelled at the end of that balancing period. We have been successful in working off a lot of that cancellable so that today -- or we estimate by the end of this balancing period because we had to use two or three months estimate figures in there -- we estimate that there will be 220,747 mcf subject to cancellation. You will notice that the other wells show the same sort of thing; the Amoco Smith Fed 1 going into the balancing period had 1,179,021 cubic feet subject to

cancellation. It is now 820,101 and a similar reduction of the cancellable on the Flag-Redfern Winston No. 1: 612 to 208 million feet.

Q Referring you to what has been marked as Exhibit No. 3, would you point a few things about that?

A Exhibit 3 is our tabulation of what we estimate the next balancing period will give us in allowables for these three wells, and then we've added our estimate of the beginning status of these three wells and then from that you derive a total -- that would be the third column of figures there--and that would be the total amount that we estimate those wells could be allowed to produce during the next balancing period. That would bring them to a totally then-current basis, with no underage, and certainly no underage subject to cancellation. Now, the last column there is our estimate of the wells' capability to produce and in every case you will see that the wells have substantially more capacity to produce than that amount that would have to be produced over the next 12 months to bring these things, then, completely to a then-current balance situation.

Q Do you anticipate that you will have an adequate market demand for this gas?

A Yes, we do. Of course, we normally sustain about

a 2-1/2 percent growth annually down in that district in commercial and residential load. Our 1974 purchases in that area were a little over 32 billion feet. Now, the real thing that is occurring down there -- in fact most people are aware -- is that there is an industrial growth taking place and this is the thing that will draw a good deal of gas from our presently connected sources far in excess of what we have today. We have signed contracts with new industrial loads down there during the past year, that if they all take the amount that we have committed to give them on demand, they would take an additional 51,000,000 per day. Now, this contrasts to a normal district average of something less than 100,000,000 per day; about a 50-percent increase in load. So far those industrials are taking just a small fraction of that 51,000,000 that they are entitled to take if they require it from our system. Right now we are delivering anywhere from 4 to 7 million per day to those new industrial loads, but they are all in the start-up phase; some of them are physically taking gas, others are not, and all of them are experiencing the normal problems and delays in the start-up and shake-down of facilities. One of the largest had a good deal of labor trouble the past year

that slowed his time schedule down by several months. He had expected to be on stream by last November; he's not yet on full stream and probably it will be May or so before he is substantially up to capacity, either full capacity or substantially full operations.

Q Do you anticipate having adequate facilities to move this gas to market?

A Yes, we do. I would like -- if I could -- I would like to put one of these maps up and show the Examiner and staff what we have planned there. Why don't we put up these Exhibits so we can show on it.

(Whereupon, a discussion
was held off the record.)

A (Continuing) All right. Referring to our Exhibit 1, which was the map of our Southeastern New Mexico system, this map generally covers Lea and Eddy Counties and part of Chaves County there. As probably most of you know, this area to the west, this Eddy County area, is where the gas development has taken place, and so the real development is over at this end. We have substantial load over on the east side, so we had to construct some facilities to get the supply to the market.

Now, over the past year we have been busy with a number of projects; one is a 10-inch line which runs over about four townships from the Carlsbad area here up to our old 6-inch potash line near the Amax Plant. That line has been completed and is in operation now. At that point we bottle-necked down to a 6-inch, which ultimately will be looped; we then constructed a new segment of 10-inch line here, about 3 miles of 10-inch at the end of that 6-inch line, to feed a new compressor station which was constructed on our Lea County main line. That compressor station has been built and is in operation and has taken suction on all this system to the west plus taking suction on this western piece of the Lea County main line pulling out of the Artesia area.

MR. STAMETS: Could you identify that compressor station by name for the record, please?

MR. HASELTINE: It is called the Lea County Compressor Station.

A (Continuing) I believe the total horse power there is around 2000 horse power; I don't have that figure but it is a substantial size station and is being fed both from the Artesia area and from this area down in the Catclaw Draw Indian Basin area of Carlsbad.

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Now, in addition to those three projects, the long Avalon Amax line, 10-inch suction feed line over here at the Lea County Compressor Station, we have underway at the present time a 12-inch loop line coming out of the Indian Basin area to feed over to this junction north of Carlsbad. Not only the Indian Basin supply but much of this Avalon and Catclaw area here is coming into this Indian Basin complex so we had to relieve that by an additional loop line out of that area. We had a 10-inch line coming out of Indian Basin over to the Carlsbad main line and that will be looped and is being looped with a 12-inch line. At that junction, which is just north of Carlsbad, where we have on our map there the Indian Hills Gasoline Plant, right adjacent to the Indian Hills Gasoline Plant there will be an Avalon compressor station. The Avalon compressors are on location, they are set down and essentially ready to operate, but there is still some work to be done, so those will be operating probably within 60 to 90 days.

Now, all of these things, these facilities I have described here, were planned and budgeted early last year and work was begun. There were substantial delays that were incurred. In some cases we waited as

much as six months for BLM approval of right-of-way. We had to have right-of-way not only for the pipe lines, but right-of-way for the compressor sites as well, and as I suspect people here are aware, the BLM at one time said that there would be no more rights-of-way granted until they knew what the game plan would be. These are the environmental requirements from Washington. And so, we had many many rights-of-way applications on file, not only just these, but some well lines and other things and they just simply stayed there in a stack and were not dealt with and there was no way we could get those loose. So, there were some right-of-way applications that were delayed as long as six months. This is coming off the experience that was of this nature: You filed an application for right-of-way and get verbal approval and go right ahead with it and the paper work followed, but that day apparently has passed and so for a time BLM was just absolutely choked up on what they would do about these things.

Now, then, we were finally granted the rights-of-way, but about that time this new archeological requirement came on too, and that has slowed down a good deal of our right-of-way work, but fortunately we had these out of

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the way before we had to start calling the archeologists in to walk the survey line.

There has been some delay on this loop line coming out of Avalon because of lack of contractor availability in the area. Contractors that are capable of building pipeline in that area are busy, they are scheduled well ahead, and it's not a situation where you can get a contractor in with a phone call and have him in a spread next week to start working.

We also had a failure in our sweetening plant serving the Indian Basin area and it took about 30 days to get a contractor and material in to get that Amine Plant repaired. The gas from the well that we are concerned with here, while it is not generally called sour gas, it is sub-quality for distribution purposes and has to go through Amine sweetening facilities. So during the 30 days or so that that Amine Plant was down for repair, we could not take gas from these wells to our market; they had to be shut in. So, those are some things that are underway in terms of facilities.

Q Mr. Haseltine, in your opinion, will the granting of this Application prevent waste and protect correlative rights?

A Yes. We have been before this Commission before on similar requests where for one reason or another wells would have been subject to cancellation of allowable but where the wells were clearly capable of making allowable, where market and facilities were to become available, and we have been successful in those requests. We think that the proper functioning of the proration rules and spacing rules have been established by the Commission here, serve to protect correlative rights, and we think that this temporary stay in balancing, under the circumstances we have described, is fully in compliance and in the spirit of the rules that have been established and would therefore protect correlative rights of the owners of these three wells.

Q Okay. And will it prevent waste?

A Yes. We think it's prevention of waste if our prorationing mechanism is correct and if the spacing is correct, we think that let wells make their allowable is a proper use of reservoir energy and to not do so would not be the proper use of reservoir energy.

Q Were Exhibits 1, 2, and 3 prepared by you or under your supervision?

A Yes, they were.

MR. BUELL: We move their introduction at this time, and I have no further direct testimony.

MR. STAMETS: Without objection they will be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2, and 3 were admitted into evidence.)

MR. STAMETS: Are there questions of this Witness?

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Haseltine, I believe that there may have been a -- not exactly an error in the advertisement -- but a little bit generous advertisement in this Case. I believe that the advertisement was suspension of Rules 14(A), 15(A) and 15(B), and I believe 15(B) is the rule which requires wells which are 6 times over produced to be shut-in. I wondered if this was advertised in error, probably on our part, and that Southern Union here is not seeking the suspension of 15(B)?

A I can't recall 15(B), precisely what it be, but if it deals with, as you say, the 6-months over produced feature, no, we're not asking for suspension of that.

Q You simply wish that the under produced wells be

given an additional year to make up under production and that over produced wells not be subject to cancellation at the end of this period?

A That is correct.

Q But your new industrial load is on the order of 50, 51 million a day projected?

A Yes.

Q And it's currently running about 4 to 5 million a day?

A Those new customers are taking 4 to 7 million per day current.

Q Normal load is 100 million per day?

A Normal load is about 100 million per day, that is correct.

Q And what do you anticipate your growth in connections will be this year or do you have any such figure?

A Pardon?

Q Do you have a figure anticipating what your growth in connections will be this coming year?

A In the normal growth area?

Q Right.

A Well, we just generally estimate about 2-1/2

percent growth in the residential-commercial load in that area.

Q I was talking about growth in your connections, your potential down the pipeline, what do you anticipate connecting; another 30 million this year?

A In supply?

Q Yes.

A We will connect everything we are successful in buying and we have buyers in the area constantly. Of course we have to compete with some other intrastate buyers and a number of interstate companies who are capable of buying gas, but we will attempt to connect everything we can buy down there. If we are successful in buying a lot of gas in southeast New Mexico, there are also a lot of industrial customers who would be glad to come in and sign new contracts and build plants. It is the old chicken-and-egg thing; you can't build a plant without supply.

Q That shouldn't affect your project here of getting these wells back in balance though?

A No, it should not.

Q Looking at your Exhibit No. 2, it would appear as though the rate at which you are making up the underage on

the Smith Federal No. 1 and Winston No. 1, as far as 1975 is concerned, would be sufficient to make up this underage -- I guess that's the Smith Com No. 1 and the Winston. The Smith Federal Well it would appear that you would have to about double your rate of makeup there in order to pick that up at the end of the year?

A Yes, sir. that's correct. As a matter of fact, during the latter part of last year we fully expected to have the Smith Fed Gas Com and Flag Redfern Winston 1 -- we fully expected to have those covered before the balancing period was over. But, the delays in construction of that loop line and then the ~~Amine~~ plant going down, those were the things that shot us out of the saddle on that. Otherwise we would have been here talking only about one well. So, that's what gave right to that situation.

MR. STAMETS: Are there any other questions of the Witness? He may be excused. Is there any other testimony in this Case?

MR. BUELL: Nothing else.

MR. STAMETS: Are there statements? Mr. Kellahin?

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Kellahin & Fox, Santa Fe, appearing for Flag and

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Redfern Oil Company. Flag Redfern is the operator of the Winston Federal No. 1 and we agree with Mr. Haseltine's testimony that that well would have some 208 million to 240 million cubic feet subject to cancellation unless the Application is granted. We feel that there is no question of waste involved in this Application. Certainly if waste is going to occur, it would occur as the result of failure to produce the gas rather than production of the gas, and we do urge that the Commission grant the Application as applied for by Southern Union so they will have the opportunity to produce this gas.

MR. GRADICK: Mr. Examiner, Gene Gradick with Amoco Production Company, Houston, Texas. We are operators of the Smith Federal Gas Com No. 1 and Smith Federal No. 1, and we would like to say that we support Southern Union in their Application for a 1-year extension of the balancing period. This should afford us the opportunity to make up substantial amounts of under production from these wells that would otherwise be lost. We feel that given this opportunity we could make up this under production and thus avert a cancellation of approximately 1 bcf allowable.

MR. STAMETS: Anything further in this Case?


We will take the Case under advisement.

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STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing 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. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5433 heard by me on 3-5-76, 1976.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

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. 5433
Order No. R-4985

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR SUSPENSION AND AMENDMENT
OF CERTAIN PROVISIONS OF RULES 14(A),
15(A) and 15(B), OF THE GENERAL RULES
AND REGULATIONS FOR THE PRORATED GAS
POOLS OF SOUTHEASTERN, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of March, 1975, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southern Union Gas Company, seeks suspension for a period of one year from April 1, 1975, of those provisions of Rules 14(A) and 15(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for cancellation of unproduced allowable and shutting in of overproduced wells, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That the applicant does not seek suspension of the provisions of Rule 15(B) of said General Rules.

(4) That Southern Union Gas Company is the owner and operator of one of the pipelines connected to gas wells in said gas pool.

(5) That there are three non-marginal wells connected to applicant's pipeline system in said Indian Basin-Upper Pennsylvanian Gas Pool that have accumulated substantial underproduction which is subject to cancellation as of April 1, 1975.

(6) That the applicant has made diligent efforts to bring said underproduced wells into balance but problems with pipeline construction, weather, delays in completion of new industrial connections, and the rapid completion of new gas wells in the area have combined to prevent full balancing before the end of the gas proration period.

(7) That there is and will be a demand for the gas from the Indian Basin-Upper Pennsylvanian Gas Pool and from said three underproduced wells such that they may be brought into balance before April 1, 1976.

(8) That completion of additional pipeline facilities serving the Indian Basin-Upper Pennsylvanian Gas Pool and said underproduced wells should permit the taking of gas such as to bring said wells into balance before April 1, 1976.

(9) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the Indian Basin-Upper Pennsylvanian Gas Pool the opportunity to produce his just and equitable share of the gas in said pool, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That Rules 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico, promulgated by Order No. R-1670, as amended, are hereby suspended in the Indian Basin-Upper Pennsylvanian Gas Pool for a period of one year until April 1, 1976.

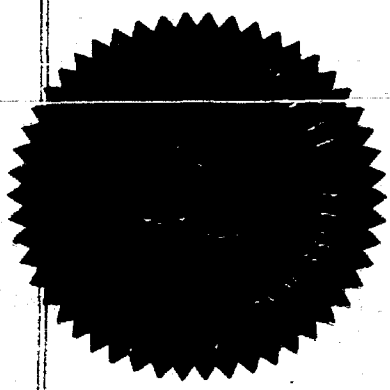
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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Case No. 5433
Order No. R-4985

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



I. R. Trujillo

I. R. TRUJILLO, Chairman

Phil R. Lucero

PHIL R. LUCERO, Member

A. L. Porter, Jr.

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

S E A L

dr/



OIL CONSERVATION COMMISSION

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

March 25, 1975

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
PHIL R. LUCERO
MEMBER

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

Mr. Sumner Buell
Montgomery, Federici, Andrews, Hannans
& Buell
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: CASE NO. 5433
ORDER NO. R-4985

Applicant:
Southern Union Gas Company

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.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC

Other Jason Kellahin, Santa Fe; Mr. Gene Gradick, Amoco,
Houston, Texas

SOUTHERN UNION GAS COMPANY
Before The
NEW MEXICO OIL CONSERVATION COMMISSION
CASE 5433
EXHIBIT 2
INDIAN BASIN UPPER PENN
ALLOWABLE SUBJECT TO CANCELLATION (ESTIMATED)
PRORATION PERIOD ENDING MARCH 31, 1975

AMOCO - SMITH FED GAS COM #1

1974	Allowables	Total Production	Monthly Status	Accumulated Status	Subject to Canc. 3-31-75
Subject to Canc. 3-31-74					484,836
April	152,450	66,026	86,424	571,260	484,836
May	141,628	86,713	54,915	626,175	484,836
June	96,139	78,733	17,406	643,581	484,836
July	66,233	176,568	(110,335)	533,246	374,501
August	66,304	59,110	7,194	540,440	374,501
September	64,383	94,363	(29,980)	510,460	344,521
October	64,975	60,190	4,785	515,245	344,521
November	110,320	163,172	(52,852)	462,393	291,669
December	116,249	124,288	(8,039)	454,354	283,630
1975					
January	168,552	216,346	(47,794)	406,560	235,836
February	176,211	190,000*	(13,789)	392,771	222,047
March	158,700*	160,000*	(1,300)	391,471	220,747

AMOCO - SMITH FED #1

1974	Allowables	Total Production	Monthly Status	Accumulated Status	Subject to Canc. 3-31-75
Subject to Canc. 3-31-74					1,179,021
April	152,450	227,123	(74,673)	1,104,348	1,104,348
May	141,628	6,747	134,881	1,239,229	1,104,348
June	96,139	-0-	96,139	1,335,368	1,104,348
July	66,233	34,081	32,152	1,367,520	1,104,348
August	66,304	126,422	(60,118)	1,307,402	1,044,230
September	64,383	73,489	(9,106)	1,298,296	1,035,124
October	64,975	72,504	(7,529)	1,290,767	1,027,595
November	110,320	240,393	(130,073)	1,160,694	897,522
December	116,249	49,224	67,025	1,227,719	897,522
1975					
January	168,552	180,884	(12,332)	1,215,387	885,190
February	176,211	200,000*	(23,789)	1,191,598	861,401
March	158,700*	200,000*	(41,300)	1,150,298	820,101

FLAG-REDFERN - WINSTON #1

1974	Allowables	Total Production	Monthly Status	Accumulated Status	Subject to Canc. 3-31-75
Subject to Canc. 3-31-74					612,907
April	152,450	-0-	152,450	765,357	612,907
May	141,628	183,589	(41,961)	723,396	570,946
June	96,139	151,879	(55,740)	667,656	515,206
July	66,233	105,247	(39,014)	628,642	476,192
August	66,304	51,845	14,459	643,101	476,192
September	64,383	106,886	(42,503)	600,598	433,689
October	64,975	165,197	(100,222)	500,376	333,467
November	110,320	168,072	(57,752)	442,624	275,715
December	116,249	55,457	60,792	503,416	275,715
1975					
January	168,552	200,606	(32,054)	471,362	243,661
February	176,211	200,000*	(23,789)	447,573	219,872
March	158,700*	170,000*	(11,300)	436,273	208,572

* Estimated

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
Appl. EXHIBIT NO. 2
CASE NO. 5433
Submitted by S. U. C.
Hearing Date 3-5-75

SOUTHERN UNION GAS COMPANY
Before The
NEW MEXICO OIL CONSERVATION COMMISSION
CASE 5433
EXHIBIT 3
INDIAN BASIN UPPER PENN
ESTIMATED ALLOWABLES AND WELL CAPABILITIES,
APRIL 1, 1975 TO MARCH 31, 1976

<u>WELL</u>	<u>ESTIMATED 12 MONTHS ALLOWABLES</u>	<u>STATUS AS OF APRIL 1, 1975 (ESTIMATED)</u>	<u>TOTAL</u>	<u>CAPABILITY (12 MONTHS)</u>
Amoco - Smith Fed Gas Com #1	1,338,571 MCF	391,471 MCF	1,730,042 MCF	2,544,050 MCF
Amoco - Smith Fed #1	1,338,571 MCF	1,150,298 MCF	2,488,869 MCF	2,828,750 MCF
Flag-Redfern - Winston #1	1,338,571 MCF	436,273 MCF	1,774,844 MCF	2,555,000 MCF

BEFORE EXAMINER STAMETS
 OIL CONSERVATION COMMISSION
 Appl. EXHIBIT NO. 3
 CASE NO. 5433
 Submitted by S.U.G.
 Hearing Date 3-5-75

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF)
SOUTHERN UNION GAS COMPANY FOR THE)
SUSPENSION OF THE BALANCING REQUIRE-)
MENT FOR THE PERIOD OF ONE YEAR BEGIN-)
NING APRIL 1, 1975, IN THE INDIAN)
BASIN - UPPER PENNSYLVANIAN GAS POOL,)
EDDY COUNTY, NEW MEXICO.)

No. 5433

APPLICATION

Comes now the applicant, Southern Union Gas Company, by and through its attorneys and applies to the Commission for suspension of the balancing requirements in the Indian Basin - Upper Pennsylvanian Gas Pool in Eddy County, New Mexico and in support of this Application, states:

1. By Order No. R-2440, dated February 28, 1963, this Commission designated the Indian Basin - Upper Pennsylvanian Gas Pool located in Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico.
2. By Order No. R-1670-F, dated May 6, 1965 and effective July 1, 1965, prorationing was instituted in the Indian Basin - Upper Pennsylvanian Gas Pool.
3. Applicant is the purchaser from three gas wells in the Indian Basin - Upper Pennsylvanian Gas Pool, to wit, the Amoco Smith Fed #1, the Amoco Smith Com #1 and the Flag-Redfern Winston #1.
4. The wells from which applicant purchases, and other wells in the Gas Pool, are presently in an under-produced status and pursuant to Rules 13 and 14 A of the General Rules and Regulations Governing Prorated Gas Pools of Southeastern New Mexico as reflected in Order R-1670, as amended, are in jeopardy of having the allowable attributable to the wells cancelled.

DOCKET MAILED

Date 2-20-75

5. Applicant asks that the balancing period in the Indian Basin - Upper Pennsylvanian Gas Pool be extended for one year beginning April 1, 1975, to allow applicant and other operators to make up the under produced allowable attributable to the various wells in the Pool.

6. Other parties who may be interested in this Application are:

Natural Gas Pipeline Company of America
P.O. Box 283
Postoak Tower
5051 Westheimer
Houston, Texas 77001

Amoco Production Co.
P.O. Box 3092
Houston, Texas 77001

Atlantic Richfield Company
P.O. Box 2819
408 Bullington Street
Dallas, Texas 75221

Chevron Oil Co.
P.O. Box 36487
Houston, Texas 77036

Robert N. Enfield
P.O. Box 2431
Santa Fe, New Mexico 87501

Gulf Oil Corp.
P.O. Box 2100
Houston, Texas 77001

Hannigan Petroleum Corp.
P.O. Box 1737
Roswell, New Mexico 88201

Kerr McGee Corp.
P.O. Box 250
Amarillo, Texas 79105

Marathon Oil Co.
P.O. Box 3128
Southern National Bank Building
Houston, Texas 77001

Monsanto Company
1300 Postoak Tower
5051 Westheimer
Houston, Texas 77027

Sun Oil Co.
P.O. Box 2880
Southland Center
Dallas, Texas 75221

Texaco, Inc.
1111 Rusk Avenue
P.O. Box 52332
Houston, Texas 77052

Texas Oil & Gas Corp.
Fidelity Union Tower Building
Dallas, Texas 75201

Union Oil Co. of California
P.O. Box 3100
300 North Carrizo Street
Midland, Texas 79701

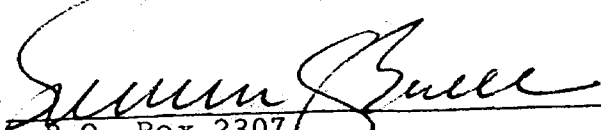
Western State Producing Co.
710 Western United Life Building
Midland, Texas 79701

This matter may be set for a hearing before the
Commission or one of its designated examiners as may be con-
venient.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL

By


P.O. Box 2307

Santa Fe, New Mexico 87501

AMETS

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dr/

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. 5433

Order No. R-4985

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR SUSPENSION AND AMENDMENT
OF CERTAIN PROVISIONS OF RULES 14(A),
15(A) and 15(B), OF THE GENERAL RULES
AND REGULATIONS FOR THE PRORATED GAS POOLS
OF SOUTHEASTERN, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1955, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of March, 1955, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Southern Union Gas Company, seeks suspension for a period of one year from April 1, 1975, of those provisions of Rules 14(A) and 15(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for cancellation of unproduced allowable and shutting in of overproduced wells, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

(3) That the applicant does not seek suspension of the provisions of Rule 15(B) of said General Rules.

(4) That Southern Union Gas Company is the owner and operator of one of the pipelines connected to gas wells in said gas pool.

(5) That there are three non-marginal wells connected to applicant's pipeline system in said Indian Basin-Upper Pennsylvanian Gas Pool that have accumulated substantial underproduction which is subject to cancellation as of April 1, 1975.

(6) That the applicant has made diligent efforts to bring said ~~underproduction~~ ^{underproduced} wells into balance but problems with pipeline construction, weather, delays in completion of new industrial connections, and the rapid completion of new gas wells in the area have combined to prevent full balancing before the end of the gas proration period.

(7) That there is and will be a demand for the gas from the Indian Basin-Upper Pennsylvanian Gas Pool and from said three underproduced wells such that they may be brought into balance before April 1, 1976.

(8) That completion of additional pipeline facilities serving the Indian Basin-Upper Pennsylvanian Gas Pool and said underproduced wells should permit the taking of gas such as to bring said wells into balance before April 1, 1976.

(9) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the Indian Basin-Upper Pennsylvanian Gas Pool the opportunity to produce his just and equitable share of the gas in said pool, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That Rules 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico,

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Case No. 5433
Order No. R-

promulgated by Order No. R-1670, as amended, are hereby
suspended in the Indian Basin-Upper Pennsylvanian Gas Pool for
a period of one year until April 1, 1976.

(2) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem
necessary.

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