

Case No.

1857

Application, Transcript,
Small Exhibits, Etc.

IN THE MATTER OF:

Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

Case 1857

BEFORE:

Honorable John Burroughs
Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. PAYNE: Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427.

MR. WHITE: Charlie White, if the Commission please, Gilbert, White and Gilbert, Santa Fe, New Mexico, appearing on behalf of Kenneth Murchison. We have a witness that can testify to the GOR's, but I would like to state that Federal Power Commission authority was granted to Shell, who was a predecessor in interest, in June of 1958. Although the current operator, Mr. Murchison, feels that that is sufficient authority, they have requested temporary emergency authority which was made last December. We also have our contract consummated with El Paso, which was dated in June of 1958.

MR. PORTER: Is that when it was completed?

MR. WHITE: Yes, sir, that's the date. According to Mr. Holik's testimony, these wells will not be connected until some time around February 15; the Federal Well No. 2 has a GOR ratio, but the Federal Well No. 3 is uneconomical to connect, and we would like to file, I mean administrative authority for exception as to the Well No. 3. I have a pumper familiar with the well who can give the GOR's as to the non necessity of having Federal Well No. 3 included in the hearing at this time.

MR. PORTER: Would you call the witness, please, sir?

MR. WHITE: Yes, sir. Mr. Gould.

(Witness sworn.)

JAMES E. GOULD

called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Will you state your full name?

A James Elton Gould.

Q Where do you live, Mr. Gould?

A Farmington, New Mexico.

MR. PORTER: How do you spell that, please?

A G-o-u-l-d.

Q What is your occupation, Mr. Gould?

A I am a contract well pumper and take care of these Federal No. 2 and Federal No. 3 for Kenneth Murchison.

Q You are the pumper on these wells?

A Yes, sir.

Q Were you present when these wells were tested?

A Yes, sir.

Q When were these tests run?

A On the 11th and 12th and 13th of this month.

Q What is the production of Well No. 3?

A Well No. 3 on twenty-four hour production was 18 barrels.

Q What was the gas-oil ratio?

A On testing those through a one-inch reducer pipe, we measured two inches of water on the Well No. 3 with the heater out. With the heater burning, measured one inch of water on the tester.

Q That would be equivalent to how many MCF?

A That would be about, with burning I would figure about 49,000 cubic feet and about 2450 with the heater burning.

MR. PORTER: Is that the No. 2?

A The No. 3, sir.

MR. PORTER: No. 3.

Q What does the Federal Well No. 2 produce?

A On twenty-four hour test we produced 8 barrels oil.

MR. WHITE: In view of the witness' testimony, I hereby seek administrative approval as to Well No. 3.

A On that we measured one inch of water, and through a test with the heater out, with the heater burning it would not move the tester at all.

MR. PORTER: Too small. Would you say the volume of gas was too small to measure?

A Yes, sir. We tried both wells through a two inch and couldn't measure them at all. They wouldn't bring the tester off the zero peg at all through a two inch pipe. We had to reduce it to one inch to get a test on it.

MR. WHITE: That's all the questions I have, Mr. Porter.

MR. PORTER: Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Yes, sir. Have you tested these wells before, Mr. Gould?

A Yes, sir, it's been, I ran a test on them approximately eight months ago.

Q Has there been any change in GOR?

A Yes, sir, fluid and gas both have decreased considerably. At that time why these wells were making an average around 40 barrels each a day.

Q How about the GOR's themselves, what is the GOR now on the No. 2 Well?

A On the No. 2, that would be, I believe, about 24,500 cubic feet.

Q Per barrel? A No, sir, per day.

MR. PORTER: And it's making --

A Making eight barrels.

Q Eight barrels? A Yes, sir.

Q And the No. 3 Well?

A No. 3 is now, this is you want that with the heater burner or out?

Q How do you operate them normally?

A Well, your heater treater, I estimate, will burn 50% of the time. Now, we tested it with the heater out and then tested it with the heater burning. With the heater shut completely off at two inches of water on the tester, I believe that figured about 49,000 cubic feet, and then when we lit the heater and had it burning, why it dropped to one inch of water, which would be about 24,500. So actually --

Q So the heater is burning all the time?

A So approximately the heater is burning half the gas the well is making when it is burning full time.

MR. NUTTER: Thank you.

MR. PORTER: Anyone else have a question?

MR. PAYNE: I have a few questions of Mr. White.

MR. PORTER: The witness may be excused.

(Witness excused.)

MR. PAYNE: Mr. White, El Paso does intend to tie in

these wells?

MR. WHITE: That's my understanding. I might read, if you care, a part of a letter that I received from Mr. Murchison's attorney in Dallas. He states that El Paso will take the gas.

MR. PAYNE: From one of the wells?

MR. WHITE: He didn't say as to any one of the wells. He said as to the wells when they are hooked up.

MR. NUTTER: Do they both go into a common tank battery?

MR. GOULD: Yes.

MR. NUTTER: So the volume of gas available would be gas from both wells?

MR. WHITE: That's right.

MR. PAYNE: As I understand it, Shell originally had Federal Power Commission approval?

MR. WHITE: That is correct.

MR. PAYNE: Dating back to June of 1958?

MR. WHITE: That is correct.

MR. PAYNE: Mr. Murchison felt that a certificate would be good for him too since the well was transferred?

MR. WHITE: That's correct, and then the lessee went ahead and filed for emergency permit.

MR. PAYNE: Did the Federal Power Commission tell him to do this or is he just assuming that he needs this certificate?

MR. WHITE: Apparently he did it on his own.

MR. PAYNE: And the gas sales contract with El Paso
is dated --

MR. WHITE: Dated June 16, 1958.

MR. PAYNE: Thank you.

MR. WHITE: I can offer that in evidence if you want.

MR. PAYNE: Mr. Holik, would you buy the gas on
Shell's certificate?

MR. HOLIK: That's a very difficult question. I
wouldn't attempt to pass on the complexity of the Federal Power
Commission rules. It's my understanding that this transfer was
made by assignment.

MR. WHITE: That's correct.

MR. HOLIK: It took place back in last June and this,
I think I mentioned in my direct, there were three or four loca-
tions where we are delayed, and this is one of the items that I
had reference to, and let's just say it got lost in the whole
crowd, shall we say.

MR. NUTTER: Mr. Holik, do you have the two wells
listed on your tabulation of yours?

MR. HOLIK: I have the battery location. I am not
looking at wells, I am looking at battery locations.

MR. NUTTER: What is the target date?

MR. HOLIK: This shows the 15th of February. As I
might add in connection with what I have just said, this broke

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like a little bombshell in the middle of December and we're rapidly getting into that one. It will take several months to get the paper work and right-of-way and whatever-have-you cleared.

MR. WHITE: It is my understanding that Mr. Gay apparently has talked with Mr., either Bill Holik or Mr. Ray Gilbert of El Paso and one or the other assured they would take the gas.

MR. PORTER: Mr. Gay is the attorney for Mr. Murchison?

MR. WHITE: That is correct, in Dallas.

MR. HOLIK: I spoke to the attorney in Dallas.

MR. PORTER: Do you have anything further to offer, Mr. White?

MR. WHITE: That's all.

MR. PORTER: If nothing further to be offered in the Case 1857, we'll take it under advisement and take up Case 1859.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) : SS

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 26th day of January, 1960.

Ada Dearnley
Notary Public-Court Reporter

My commission expires:
June 19, 1963.

DEARNLEY - MEIER & ASSOCIATES
GENERAL LAW REPORTERS
ALBUQUERQUE, NEW MEXICO
Phone CHapel 3-6691

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. 1857
Order No. R-1563

APPLICATION OF KENNETH MURCHISON
FOR A TEMPORARY EXCEPTION TO THE
"NO-FLARE" PROVISION OF ORDER NO.
R-1427 FOR TWO WELLS IN THE BISTI-
LOWER GALLUP OIL POOL, SAN JUAN
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on January 13, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 15th day of January, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 seeks a temporary exception to the "no-flare" provision of Order No. R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- (3) That the Commission, in the proper exercise of its legal obligation to prevent the physical waste of oil and gas resources, should deny the requested exception to the "no-flare" provision of Order No. R-1427.

IT IS THEREFORE ORDERED:

That the application of Kenneth Murchison for a temporary exception to the "no-flare" provision of Order No. R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico, be and the same is hereby denied.

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Case No. 1887
Order No. R-1863

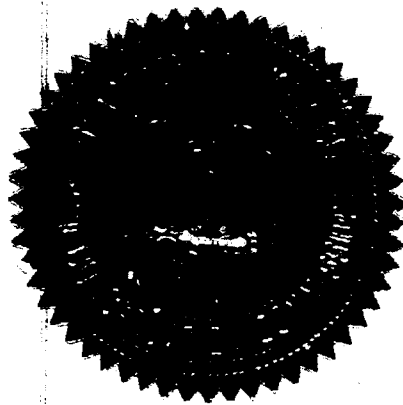
DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

SENATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughes
JOHN BURROUGHS, Chairman

MERRAY E. MORGAN, Member

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



ven/

DOCKET: REGULAR HEARING JANUARY 13, 1960

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, NM

- ALLOWABLE: (1) Consideration of the oil allowable for February, 1960
- (2) Consideration of the allowable production of gas for February 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for February, 1960.

NEW CASES

- CASE 1850: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider amending Rule 303 of the Commission Rules and Regulations to provide an administrative procedure whereby the production from two or more separate common sources of supply may be commingled under certain conditions, particularly after separately metering or measuring the production from each of the said common sources of supply.
- CASE 1851: Application of Skelly Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 24 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1852: Application of Southern Union Gas Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 120-day exception to the "no-flare" provision of Order R-1427 for its Whitley Well No. 1, located in the NW/4 of Section 17, Township 24 North, Range 9 West, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1853: Application of Standard Oil Company of Texas for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for 18 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- CASE 1854: Application of Texaco Inc. for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 60-day exception to the "no-flare" provision of Order R-1427 for three wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1855: Application of Humble Oil & Refining Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1856: Application of Sun Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1857: Application of Kenneth Murchison for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for two wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1858: Application of The British-American Oil Producing Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for certain wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1859: Application of Sunray Mid-Continent Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the "no-flare" provision of Order R-1427 for one well in the Gallegos-Gallup Oil Pool and twelve wells in the Bisti-Lower Gallup Oil Pool, both in San Juan County, New Mexico.

CASE 1862: Application of Socony-Mobil Oil Company for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a temporary exception to the "no-flare" provision of Order R-1427 for seven wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1860: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico:

- (a) Abolish the Huerfano-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(b) Abolish the West Kutz-Dakota Pool for the purpose of joining pools producing from a common source of supply, to be known as the Angels Peak-Dakota Pool.

(c) Extend the Aztec-Fruitland Pool to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM,
Section 20: S/2

(d) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM,
Section 36: SE/4

(e) Extend the Ballard-Pictured Cliffs Pool to include:

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM,
Section 6: W/2

TOWNSHIP 23 NORTH, RANGE 6 WEST, NMPM,
Section 1: SE/4

(f) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM,
Section 6: NE/4

(g) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 7 WEST, NMPM,
Section 2: W/2

(h) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM,
Section 3: E/2

(i) Extend the Angels Peak-Gallup Oil Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,
Section 7: E/2
Section 17: W/2
Section 18: NE/4
Section 20: NW/4

- (j) Extend the Horseshoe-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM,

Section 27: SE/4 SW/4

Section 28: SW/4 NE/4 & S/2 NW/4

- (k) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM,

Section 21: SE/4 SE/4

Section 22: SW/4 SW/4

Section 30: NE/4 SE/4

- (l) Extend the Angels Peak-Dakota Pool to include:

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM,

Section 7: All

Section 18: All

Section 19: N/2

Section 20: N/2

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM,

Section 1: All

Section 2: E/2 & SW/4

Section 3: S/2

Section 23: E/2

Section 24: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 4 inclusive

All of sections 9 thru 16 inclusive

All of sections 21, 22, & 23

Section 26: N/2

Section 27: N/2

Section 28: All

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM,

Section 18: All

Section 19: All

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM,

Section 6: W/2

All of sections 7, 8, 11, 13, 14, 17, 18, 19, 20,
& 21,

Section 23: E/2

Section 24: All

Section 26: E/2
Section 29: W/2
Section 30: All
Section 31: All
Section 32: All
Section 33: W/2
Section 35: E/2

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM,

All of sections 1 thru 28 inclusive

Section 29: N/2

Section 30: N/2

All of sections 33 thru 36 inclusive

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM,

All of sections 1 thru 18 inclusive and sections 23 & 24

Section 25: N/2

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM,

Section 1: All

Section 2: E/2 & NW/4

Section 3: N/2

Section 4: N/2

Section 5: E/2

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,

All of sections 18, 19, & 30

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM,

Section 12: All (partial)

All of sections 13 thru 16, 21 thru 28, and 31 thru 36

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM,

All of sections 19 thru 22, and 26 thru 36

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM,

Section 9: All (partial)

Section 10: All (partial)

All of sections 15 and 16

Section 17: E/2

Section 20: E/2

All of sections 21 thru 27

Section 28: E/2

Section 33: E/2

All of sections 34, 35, & 36

TOWNSHIP 29 NORTH, RANGE 13 WEST, NMPM,
All of sections 27, 28, 33, & 34

- (m) Extend the South Los Pinos-Dakota Pool to include:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM,
Section 13: All
Section 14: S/2
Section 23: N/2

CASE 1861:

Southeastern New Mexico nomenclature case calling for an order for the creation of new pools and the extension of existing pools in Lea and Eddy Counties, New Mexico.

- (a) Create a new oil pool designated as the Fowler-Upper Silurian Pool and described as:

TOWNSHIP 24 SOUTH, RANGE 37 EAST, NMPM,
Section 22: E/2

- (b) Create a new oil pool designated as the West Crossroads-Devonian Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 31: SE/4

- (c) Create a new gas pool designated as the East Hightower-Devonian Gas Pool, and described as:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM,
Section 30: NW/4 NE/4

- (d) Create a new gas pool designated as the Teague-Abo gas Pool, described as:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM,
Section 21: SE/4

- (e) Abolish the Baish-Abo Pool in Lea County, New Mexico, classified as an oil pool, described as:

TOWNSHIP 17 SOUTH, RANGE 32 EAST, NMPM,
Section 21: SE/4

- (f) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM,
Section 1: NE/4

(g) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM,
Section 22: NE/4 & S/2

(h) Extend the Four Lakes-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 34 EAST, NMPM,
Section 35: SE/4

(i) Extend the West Henshaw-Grayburg Pool to include:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM,
Section 2: SW/4

(j) Extend the East Millman-Queen-Grayburg Pool to include:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM,
Section 18: NW/4

(k) Extend the Shugart Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM,
Section 4: NE/4

CASE 1863:

Application of Phillips Petroleum Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks an exception to the no-flare provision of Order R-1427 for five wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1864:

Application of Skelly Oil Company for an exception to the no-flare provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the no-flare provision of Order R-1427 for 21 wells in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

(over)

CONTINUED FROM EXAMINERS HEARING

CASE 1841:

Application of Sinclair Oil & Gas Company for the creation of a new pool in the Potash-Oil Area and for the promulgation of special rules and regulations pertaining thereto. Applicant, in the above-styled cause, seeks an order creating a new pool for Yates production in the Potash-Oil Area as defined by Order R-111-A, said pool to comprise the SE/4 NW/4 of Section 16, Township 20 South, Range 33 East, Lea County, New Mexico, and such other acreage as may reasonably be proven productive from the same common source of supply. Applicant further seeks the promulgation of special rules and regulations for said pool as follows:

A. Cable Tool Casing Program.

Same as Order R-1078 for Teas Pool.

B. Rotary Tool Casing Program.

Surface casing set at 600 feet and cement circulated. No salt protection string. Production casing to be set through pay from 3146 feet to 3232 feet (approximately) with cement circulated to at least 50 feet into surface casing.

NEW CASE

CASE 1865

Application of Pan American Petroleum Corporation for an exception to the "no-flare" provision of Order R-1427. Applicant, in the above-styled cause, seeks a 30-day exception to the "no-flare" provision of Order R-1427 for 7 wells in the Bisti-Lower Gallup Oil Pool and 4 wells in the Gallegos-Gallup Oil Pool, San Juan County, New Mexico.

H. E. SPAFFORD
FRANKLIN E. SPAFFORD
ROY C. LEDBETTER
HARRY I. FREEDMAN
CEDRIC G. HAMLIN
DONALD G. GAY
WARREN WHITHAM

LAW OFFICES
SPAFFORD, LEDBETTER, FREEDMAN, HAMLIN & GAY
1310-21 KIRBY BUILDING, MAIN AT AKARD
DALLAS 1, TEXAS

December 24, 1959

RI 1-4657
Mr. A. L. Porter, Jr.
Secretary- Director
New Mexico Oil Conservation
Commission
P.O. Box 871
Santa Fe, New Mexico

1 Case 1857
Applic for
admin approval

Re: Kenneth Murchison Federal No. 2
and No. 3 Wells, San Juan County,
New Mexico, Leases: NM 036255-A
and NM 036255-B.

Dear Sir:

This letter is ^{written} ~~writing~~ on behalf of Kenneth Murchison as operator of the above wells as an application for an exception to the Conservation Commission's Order No. R-1427 with respect to the above wells.

Enclosed is a map with the two wells circled in red to show their location.

The casinghead gas produced from these wells is covered by a Casinghead Gas Contract dated June 16, 1958, between Shell Oil Company and El Paso Natural Gas Company. Shell filed such Contract as a rate schedule with the Federal Power Commission under their ~~form~~ No. G-15987 and was granted a Certificate of Public Convenience and Necessity on June 19, 1959.

It was the opinion of the operator that no additional Federal Power Commission filings were necessary, but nevertheless, new filings have been sent Air Mail to the Federal Power Commission on behalf of the present owners, Kenneth Murchison, Delhi-Taylor Oil Corporation, E. W. Mudge, Jr., and J. A. Humphrey. Separate filings were made by Delhi-Taylor. Temporary authorization has been requested under Section 157.28 of the Commission's Regulations, and I have been in telephone conversation with Mr. Joseph Gutride, Secretary of the Federal Power Commission. It is believed that temporary authorization will be granted promptly.

Do not
mail
1-4-60
JH

Page 2
To: Mr. A. L. Porter, Jr.
New Mexico Oil Cons.Comm.

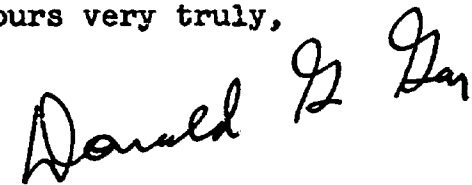
December 24, 1959

The Engineering Department of El Paso Natural Gas Co. estimates that the two wells together produce only 196 MCF of casinghead gas per day.

We are now informed that El Paso has recently advised you that gathering facilities cannot be installed by January 1, 1960, but will be installed promptly thereafter.

In view of the above, it is respectfully requested that an exception be made to the Order of the Conservation Commission and that these wells be allowed to produce oil and casinghead gas for the short time necessary to secure the additional Federal Power Commission authorization and install the gathering facilities. It is believed that the Federal Power Commission authorization will be received prior to the completion of the installation of the gathering facilities.

Yours very truly,


DONALD G. GAY

Encl.

DGG:mk