CASE 1906: Application of EL PASO PRODUCTS to produce more than 16 wells in a common tank battery.

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Application, Transcript, 5 mall Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION FEBRUARY 25, 1960 SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1906: Application of El Paso Natural Gas Products Com-: pany for permission to produce more than sixteen: wells in a common tank battery. Applicant, in : the above-styled cause, seeks an order authoriza: ing the production into a common tank battery of: all Horseshoe-Gallup Oil Pool wells presently drilled or hereafter completed on its Horseshoe: Ute lease, comprising portions of Sections 27, : 28, 33 and 34, Township 31 North, Range 16 West,: San Juna County, New Mexico.

BEF ORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

Case 1906. MR. UTZ:

MR. FLINT: Case 1906. Application of El Paso Natural Gas Products Company for permission to produce more than sixteen wells in a common tank battery.

MR. SPANN: Charles C. Spann of Grantham, Spann & Sanchez, Albuquerque, New Mexico, appearing for the applicant. We have one witness.

(Witness sworn)

MR. UTZ: Any other appearances in this case? JOHN J. STROJEK,



called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. SPANN:

- Will you state your name for the record, please?
- John J. Strojek.
- By whom are you employed?
- El Paso Natural Gas Company.
- In what capacity and where? Q
- Petroleum engineer in Farmington.
- Do you want to spell your name? Q
- S-t-r-o-j-e-k.
- Have you previously testified before this Commission and had your qualifications accepted?
 - Yes, sir. A

MR. SPANN: Is the witness qualified?

MR. UTZ: Yes, sir.

- (By Mr. Spann) Mr. Strojek, are you familiar with Q this application?
 - Yes, sir.
 - And, generally, what are you seeking to do?
- A We are seeking to produce all wells presently drilled or hereafter drilled to the Gallup formation in the Horseshoe-Gallup Oil Pool to be produced into one common tank battery in the Horseshoe Ute lease.



- Q And assuming the entire lease is drilled, how many wells would be involved?
 - A Forty-seven.
- Q How many have you actually drilled and completed to the present time?
- A Thirty-five. And we are recovering load oil in thirty-six and thirty-seven and are drilling No. thirty-eight presently.
- Q Those are cases or orders, Cases 1729 and 1767, where in you sought authority to produce more than sixteen wells in a common tank battery on this lease, is that correct?
 - A That is correct.
 - Q And did you testify in those applications?
 - A Yes, sir.
- Q Now, insofar as the area involved is concerned, I believe you introduced an Exhibit in Case No. 1729 which showed the area involved, is that correct?
 - A That is correct.
 - Q Exhibit 1?
 - A That is correct.
- Q And I believe you also introduced an Exhibit prepared by you in that Case showing the savings that would occur to El Paso in the event they were permitted to produce the wells into a common tank battery rather than installing additional batteries, is that correct?



- That is correct. A
- Now, you recall those Exhibits, I take it? Q
- Yes, sir.
- And would those Exhibits reflect, insofar as Exhibit 2 is concerned, as to the savings involved, would that be correct insofar as the present case is concerned?

Approximately correct, sir.

MR. SPANN: Now, if the Commission please, in order to save time, I would like to move that the record in 1729 be admitted in this case for the purpose of showing the area involved, the savings involved and the type of installation they are operating. In the absence of objection, I would like to move that that record be considered in this case.

MR. UTZ: Were both of these cases pertaining to the same lease?

MR. FLINT: Granting it a greater number of wells to be --MR. SPANN: That is correct. The original application was for, I believe, twenty-one wells, and the subsequent application was for thirty-five wells. However, we asked that our application be amended in that case, but you had already published notice, limiting it to thirty-five, so you restricted us to that, and we are now seeking to have all of the wells that are completed or might be completed on the acreage produced into that battery. We have had to come back three times, which is unfortunate.

MR. UTZ: Going all the way this time?



MR . SPANN: Yes, sir.

MR. UTZ: Is there objection to counsel's motion? It is so ordered.

- (By Mr. Spann) Now, insofar as the amount of stor-Q age is concerned, just what do you have on the lease at this time?
 - Presently we have a total storage of 1600 barrels.
- And what is your production, daily production from the wells on the lease that have been completed at the present time?
- On the basis of January and some February tests, we have a total of 1164 barrels for thirty-five wells.
- Now, how many wells might possibly be completed in that lease and ultimately be produced into that central tank battery under your proposal?
- A total of forty-seven, twelve additional to the thirty-five.
- And are you prepared to install additional storage if it is necessary to handle that production?
 - Yes, sir.
- Now, would you explain to the Commission just how you test these wells that produce into that central tank battery?
- We have a moveable testing unit that we move from A well to well and check the wells once a month.
- And you would do that in the event this approval for this application were granted --



- Yes, sir.
- Q -- on additional wells?
- Yes, sir.
- Q Now, is that testing necessary to furnish information in connection with further development on the lease?

Yes, sir. Presently, we are doing one well at a time, testing each well thoroughly and periodically during each month to find out where we should drill and how many additional wells we should drill on the lease.

Now, this method of testing that you've described is the same method that was approved by the Commission in the prior applications, I take it?

Yes, sir.

MR. UTZ: Was that a twenty-four hour test, Mr. Strojek?

I don't believe any amount of hours. I said periodic monthly tests.

Q (By Mr. Spann) Will the granting of this application cause waste or impair correlative rights?

- No, sir.
- You only have one royalty owner, and that is the Ute? Q
- Ute Navajo, that's right.

MR. SPANN: That's all we have.

CROSS EXAMINATION

BY MR. UTZ:



SERVICE.

DEARNLEY-MEIER REPORTING

Q Mr. Strojek, how much production would you anticipate from the forty-seven wells on this lease?

A Sir, for the last twelve wells it is pretty hard to pin it down, but I don't imagine we will get much more than 300, 400 barrels. That's just a rough approximation.

Q How much do you have now?

A Presently, what the last test showed, we had 1164 barrels in the area. Where we are presently planning to develop or hope to develop some wells, it is the poorest area of the whole lease, and thereby I wouldn't know what to expect from there.

- Q Do you intend to install any more storage capacity?
- A Yes, sir, if necessary.
- Q How much excess storage capacity -- by excess, I mean twenty-four hours -- do you intend to carry on this lease?
- A Possible plans, we talked about adding three more 400 barrel tanks, which would be 1200 barrels additional to the we have now, which is 2800, which would be approximately two days storage.
 - Q You feel that is about the minimum you should have?
- A In view of the way the wells have been performing, yes, sir.
 - Q Are these all pumping wells?
 - A Yes, sir.
- Q It is possible you might not be able to get to this lease for a couple of days at a time, isn't it?



- So far, we've gotten to it every day. By one way or Α another, we have been able to get to the lease every day.
 - Sometimes by helicopter? Q
 - No, jeep or truck, but we've gotten to them every day. A
- Now, in order to test forty-seven wells a month, you couldn't run a twenty-four hour test, could you?
- Not with one unit, no, sir. One testing facility, A no, sir.
 - So you might have to test two wells a day?
- Sir, we have been -- on some of the poorer wells, they are pumping some sixteen, seventeen hours a day, and that way we can get two tests on some of our wells. I might add that none of the wells are top allowable wells.
 - None of them? Q
 - None of them.
 - Is there a possibility that you might bring some of these wells to top allowable wells by reworking, or have you any plans for that?
 - Not by reworking, not unless, shall we say, possibly we could by water flooding, but then we wouldn't have so many producing if we go to water flooding. We'd have to convert them to water flooding.
 - MR. UTZ: Any other questions of the witness? not, the witness may be excused.

(Witness excused)



will be taken under advisement. We will take a ten-minute recess.

I, J. A. Trujillo, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico going and attached Transcript of Proceedings before the New Mexico oil Conservation Commission was reported by me in Stenotype and oil Conservation Commission was reported by me in Stenotype and reduced to typewritten transcript by me, and that the same is a reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 15 day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

NOTARY PUBLIC

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the least the foregoing in the Examiner by me on the control of the control of

New Mexico Oil Conservation Commission



QUERQUE, NEW MEXICO

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. 1906 Order No. R-1454-B

> > na vant nie 1480e in 5 maa februarie

APPLICATION OF EL PASO NATURAL GAS PRODUCTS COMPANY FOR PER-MISSION TO PRODUCE MORE THAN 16 WELLS IN A COMMON TANK NATTERY IN THE HORSESHOE-GALLUP OIL POOL IN SAN JUAN COUNTY, WEN MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 25, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this ______ day of March, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, and being fully advised in the premises,

FLAG

- (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 is the operator of the Horseshoe Ute lease, comprising in pertinent part the following-described acreage in Township 31 North, Range 16 West, MMPM, San Juan County, New Mexico:

Section 27: E/2, E/2 W/2, and W/2 HW/4

Section 28: SE/4, W/2 ME/4, E/2 W/2, and all of the W/2 W/2 except that portion lying wast of the Havajo-Ute Indian Reservation boundary.

-2-Case No. 1906 Order No. R-1454-B

Section 33: W/2 NE/4, E/2 SE/4, E/2 W/2, and all of the W/2 W/2 except that portion lying west of the Navajo-Ute Indian Reservation boundary.

Section 34: NE/4, W/2 NW/4, E/2 SW/4, W/2 SE/4, NE/4 SE/4.

- (3) That by Order No. R-1454, the applicant was authorized to produce into a common tank battery a maximum of 21 Horseshoe-Gallup oil wells located on the above-described portion of said Horseshoe-Ute lease.
- (4) That Order No. R-1454-A was subsequently issued, amending Order No. 1454 to permit a maximum of 35 Horseshoe-Gallup wells on the subject acreage to be produced into a common tank battery.
- (5) That since additional Horseshoe-Gallup oil wells have been completed and since the applicant proposes to drill additional wells on the above-described acreage, the applicant seeks permission to produce into said common tank battery all Horseshoe-Gallup oil wells presently completed or hereafter drilled on the above-described portion of the Horseshoe Ute lease.
- (6) That the application should be granted and Order Nos. R-1454 and R-1454-A should be superseded.

IT IS THEREFORE ORDERED:

- (1) That Order Nos. R-1454 and R-1454-A be and the same are hereby supermeded.
- (2) That the applicant, El Paso Matural Sas Products Company, he and the same is hereby authorized to produce into a common tank battery all Horseshoe-Gallup oil wells presently completed or hereafter drilled on the following-described portion of the Horseshoe Ute lesse:
 - Section 27: E/2, E/2 W/2, and N/2 E/4
 - Section 28: SE/4, W/2 NE/4, E/2 W/2, and all of the W/2 W/2 except that portion lying west of the Mavajo-Ute Indian Reservation boundary.
 - Section 33: W/2 MR/4, E/2 SR/4, E/2 W/2, and all of the W/2 W/2 except that portion lying west of the Hevajo-Ute Indian Reservation houndary.

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-3-Case No. 1907 Order No. R-1454-B

Section 34: NE/4, W/2 NW/4, E/2 SW/4, W/2 SE/4, NE/4 SE/4.

PROVIDED HOWEVER, That the applicant shall provide adequate facilities to permit the testing of each Horseshoe-Gallup well on the above-described acreage at least once each month to determine the individual production from each well.

<u>PROVIDED FURTHER</u>, That the applicant shall install sufficient storage tanks to prevent the overflow and wasting of oil produced into said common tank battery.

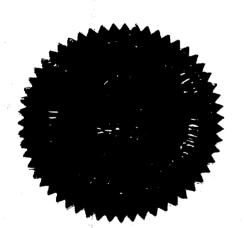
DOME at Santa Fe, New Mexico on the day and year here-inabove designated.

STATE OF NEW MEXICO OIL COMSERVATION COMMISSION

TOTAL DESCRIPTION OF A COMMON OF THE PARTY O

METROLY A. MODGLE Member

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



NEW CASES

CASE 1901

Application of Caulkins Oil Company for a gas-gas dual completion and for establishment of a 320-acre non-standard Dakota gas unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its PC-233 Well, located in Unit D, Section 16, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval. Applicant further seeks the establishment of a 320-acre non-standard gas unit in the Dakota Producing Interval consisting of the N/2 N/2 and S/2 NW/4 and N/2 SW/4 of said Section 16 to be dedicated to said PC-233 Well.

CASE 1902:

Application of Kenneth Murchison & Company for permission to commingle the production from two separate non-contiguous leases. Applicant, in the above-styled cause, seeks permission to commingle the Bisti-Lower Gallup Oil Pool production from the Federal lease NM-036255-A, consisting of the S/2 SE/4 of Section 3 and the Federal Lease NM-036255-B, consisting of the S/2 NE/4 of said Section 3, Township 25 North, Range 12 West, San Juan County, New Mexico.

CASE 1903:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the liquid hydrocarbon production from the Moore-Pennsylvanian Pool and the Moore-Wolfcamp Gas Pool from all wells on its State "BN" (NCT-1) lease consisting of the SW/4 of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico.

CASE 1904:

Application of Sunray Mid-Continent Oil Company for an amendment of Order R-1414, as amended by R-1414-A and R-1414-B. Applicant, in the above-styled cause, seeks an order amending the provisions of Order R-1414 which relate to assignment and transfer of allowables in the Central Bisti LPG-Gas-Water Injection Project, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1905:

Application of Humble Oil & Refining Company for an oil-oil dual completion utilizing parallel strings of small diameter casing cemented in a common well bore. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State M-20 Well, located 1930 feet from the North line and 1980 feet from

DOCKET: EXAMINER HEARING FEBRUARY 25, 1960

Oil Conservation Commission - 9 a.m., State Corporation Commission Hearing Room, Basement, Capitol Building, Santa Fe, New Mexico

The following cases will be heard before Elvis A. Utz, Examiner, or A. L. Porter, Jr., Secretary-Director:

CONTINUED CASES

CASE 1868:

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CASE 1879:

Application of Amerada Petroleum Corporation for a gas-oil dual completion and for a non-standard gas proration unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State EM "A" Well No. 2, located 660 feet from the South and West lines of Section 22, Township 19 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of gas from the Eumont Gas Pool and the production of oil from the Eumont Gas Pool through the casing-tubing annulus and the tubing respectively. Applicant further seeks the establishment of a I60-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the SW/4 of said Section 22 to be dedicated to the said State EM "A" Well No. 2.

CASE 1888:

Application of C. W. Trainer for off-lease storage of oil production. Applicant, in the above-styled cause, seeks permission to store the Pearl-Queen Oil Pool production from his Rushing lease, consisting of the W/2 NE/4 of Section 22, Township 19 South, Range 35 East, Lea County, New Mexico, in a tank battery located on his Signal State lease, consisting of the E/2 NW/4 of said Section 22.

CASE 1894:

(Continued)

Application of Robert N. Enfield for designation of a unit area. Applicant, in the above-styled cause, seeks a designation of the following-lescribed 560 acres as the Southwest Mescalero Unit Area: Section 32, E/2 NE/4; Section 33, S/2 and NW/4, Township 10 South, Range 32 East, Lea County, New Mexico.

-4-Docket No. 6-60

CASE 1910:

Application of Roy H. Smith Drilling Company for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the production from the Maljamar-Yates Pool and the Pearsall Pool from all wells on its Walker "A" lease in Section 5, Township 18 South, Range 32 East, and to commingle the production from the Baish Pool and the Maljamar Pool from wells on its Gulf State lease in Section 16, Township 17 South, Range 32 East, all in Lea County, New Mexico.

CASE 1911:

Application of Johnston and Shear for a multiple zone slim hole completion. Applicant, in the above-styled cause, seeks an order authorizing the multiple completion of its Jicarilla Well No. 1-4, located 985 feet from the North line and 805 feet from the West line of Section 4, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to produce gas from the South Blanco-Pictured Cliffs Pool (or Otero Chacra), gas from the Dakota Producing Interval, and oil from the Gallup formation adjacent to the Otero-Gallup Pool, each to be produced through 2 7/8-inch tubing which tubing is to be cemented in a common well bore.

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Application of Southern Union Gas Company for a gas-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Jicarilla 1-F, Unit L, Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Blanco Mesaverde Pool, and the production of oil from the Dakota producing interval through parallel strings of 2 3/8-inch tubing.

CASE 1913:

Application of Continental Oil Company for a non-standard oil well location. Applicant, in the above-styled cause, seeks a non-standard oil well location for its Wm. Mitchell "A" Well No. 20, to be located 1320 feet from the North line and 1520 feet from the West line of Section 20, Township 17 South, Range 32 East, Maljamar Paddock Pool, Lea County, New Mexico.

Docket , 3-60

the West line of Section 29, Township 22 South, Range 37 East, Lea County, in such a manner as to permit the production of oil from the Langlie-Mattix Pool and the production of inch casing respectively with said casing being cemented in a common well bore.

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CASE 1908:

Application of Val R. Reese & Associates, Inc. for an oilgas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Sperling Well No. 1-30, located in Unit I, Section 30, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation adjacent to the Escrito-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 3/8-inch tubing.

CASE 1909:

Application of Pan American Petroleum Corporation for a 386-acre non-standard gas unit in the Dakota Producing Interval. Applicant, in the above-styled cause, seeks the establishment of a 386-acre non-standard gas unit in the Dakota Producing Interval consisting of all of partial Section 7 and the W/2 of partial Section 8, Township 28 North, Range 10 West, San Juan County, New Mexico, said unit to be dedicated to the partial Section 7.

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the West line of Section 29, Township 22 South, Range 37 East, Lea County, in such a manner as to permit the production of oil from the Langlie-Mattix Pool and the production of oil from the Drinkard Pool through 2 7/8-inch casing and 4½-inch casing respectively with said casing being cemented in a common well bore.

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Application of Gulf Oil Corporation for an oil-oil dual completion. Applicant, in the above styled cause, seeks an order authorizing the dual completion of its J. N. Carson (NCT-A) Well No. 11, located in Unit K of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Wantz-Abo Pool and the production of oil from the Paddock Pool through parallel strings of 2 3/8-inch tubing.

CASE 1908:

Application of Val R. Reese & Associates, Inc. for an oilgas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Sperling Well No. 1-30, located in Unit I, Section 30, Township 24 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation adjacent to the Escrito-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through parallel strings of 2 3/8-inch tubing.

CASE 1909:

Application of Pan American Petroleum Corporation for a 386-acre non-standard gas unit in the Dakota Producing Interval. Applicant, in the above-styled cause, seeks the establishment of a 386-acre non-standard gas unit in the Dakota Producing Interval consisting of all of partial Section 7 and the W/2 of partial Section 8, Township 28 North, Range 10 West, San Juan County, New Mexico, said unit to be dedicated to the J. F. Day "F" Well No. 1, to be located in the E/2 of said partial Section 7.

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Gaet 190 6 GRANTHAM, SPANN AND SANCHEZ ATTORNEYS AT LAW 904 SIMMS BUILDING POST OFFICE BOX 1031 ALBUQUERQUE, NEW MEXICO

MAURICE SANCHEZ FRED M. STANDLEY

January 29, 1960

CHAPEL 3-3525

Mr. A. L. Porter, Jr., Secretary New Mexico State Oil Conservation Commission Santa Fe, New Mexico

> Re: Application of El Paso Natural Gas Products Company for Permission to Produce More Than Sixteen Wells in a Common Tank Battery in the Horseshoe Gallup Oil Pool, San Juan County, New Mexico Horseshoe Ute Lease Comprising Portions of Sections 27, 28, 33, and 34, Township 31N, Range 16W, N.M.P.M., San Juan County, New Mexico

Dear Mr. Porter:

This application is made for and in behalf of El Paso Natural Gas Products Company who is the owner and operator of the Horseshoe Ute Lease No. 14-20-604-1951 comprising portions of Sections 27, 28, 33 and 34, Township 31N, Range 16W, N.M.P.M., San Juan County, New Mexico. The applicant seeks authority to produce into a common tank battery situate on said lease all oil wells presently or hereafter completed in the Horseshoe-Gallup Oil Pool on the described Horseshoe Ute Lease and as an exception to Commission Rule 309 B.

The applicant proposes to install adequate facilities to permit the testing of each well at least once each month, and will install sufficient storage tanks to prevent the overflow and wasting of oil produced into the common tank battery.

The approval of this application will neither cause waste nor impair correlative rights.

We would request that the matter be set down for examiner hearing at the earliest possible date.

John 15 6)

Mr. A. I., Porter

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January 29, 1960

All interested parties known to applicant are being notified of this application.

Very truly yours,

GRANTHAM, SPANN AND SANCHEZ

All Caffeer

CCS:sr

By:

OIL CONSERVATION COMMISSION P. C. BOX 871 SANTA FE, NEW MEXICO

March 9, 1960

Mr. Charles C. Spann Simms Building Box 1031 Albuquerque, New Mexico

Dear Mr. Spann:

On behalf of your client, El Paso Natural Gas Products Company, we enclose two copies of Order B-1454-B in Case 1906, issued by the Oil Conserva-tion Commission this date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

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Enclosures: (2)

GOO Hobbs