

CASE 3079: Application of EL PASO
NATURAL for reinstatement of
accumulated underproduction in
the JALMAT GAS POOL, Lea County.

CASE No.

3079

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

El Paso Natural Gas Company MAIN OFFICE OCC

El Paso, Texas

1964 JUN 16 PM 1:14

June 15, 1964

Case 3079

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Dear Mr. Porter:

I have enclosed the original and two copies of El Paso Natural Gas Company's Application For Re-instatement Of Certain Accumulated Underproduction Of Wells That Will Have Accumulated Underproduction In The Jalmat Gas Pool, Lea County, New Mexico, which accumulated underproduction will have been cancelled in accordance with the Commission's Rules.

Please schedule this matter for a hearing before an examiner on the soonest possible date.

Yours very truly,

Garrett C. Whitworth
Garrett C. Whitworth
Attorney

GCW:ck

DOCKET MAILED

Date 7-1-64

BEFORE THE OIL CONSERVATION COMMISSION

MAIN OFFICE OCC

OF THE STATE OF NEW MEXICO

1964 JUN 16 PM 1:14

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY FOR RE-
INSTATEMENT OF CERTAIN ACCUMULATED
UNDERPRODUCTION OF WELLS THAT WILL
HAVE ACCUMULATED UNDERPRODUCTION
CANCELLED IN THE JALMAT GAS POOL,
LEA COUNTY, NEW MEXICO

CASE NO.

3079

ORDER NO.

A P P L I C A T I O N

Comes now El Paso Natural Gas Company, a Delaware corporation, hereinafter called "Applicant" with license to do business in the State of New Mexico and respectfully alleges and states:

I.

Applicant is the purchaser of gas from certain wells in the Jalmat Gas Pool in Lea County, New Mexico. Applicant has applied for approval to construct certain additional facilities to enable it to more efficiently produce volumes of gas from the Jalmat Pool. There has been considerable delay in obtaining this approval from the Federal Power Commission without fault on the part of Applicant. Said approval has been obtained recently and said construction has begun. Applicant's anticipation of approval over a considerable period of time has resulted in accumulated underproduction from many wells in the Jalmat Gas Pool.

II.


Under existing circumstances Applicant believes that a substantial part of the underproduction subject to cancellation on July 1, 1964 and that will be subject to cancellation on January 1, 1965, can be produced during the make-up period. Wells that are able to make up a portion of said underproduction during said make-up period should be reassigned the cancelled portion of said

accumulated underproduction which has been made up from July 1, 1964 thru June 30, 1965 upon application of the operator of the well involved within 30 days after July 1, 1965 and an administrative determination that such well has made up a portion of its accumulated underproduction during said make-up period.

III.

The granting of this application will prevent waste and protect correlative rights.

WHEREFORE, premises considered, Applicant requests that this matter be set for hearing in accordance with the Rules and Regulations of the Commission and that on final hearing an exception to Rule 14(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico be granted to allow the relief as above set out.


Garrett C. Whitworth
Attorney for Applicant

El Paso Natural Gas Company MAIN OFFICE OCC

El Paso, Texas 79999

1964 JUN 30 PM 1:34

June 29, 1964

Case 3079


Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Dear Mr. Porter:

I have enclosed original and two copies of El Paso's Amended Application To Provide For Assignment Of Special Allowables Equal To The Cancelled Portion Of Accumulated Underproduction Of Wells That Will Have Accumulated Underproduction Cancelled July 1, 1964 In The Jalmat Gas Pool, Lea County, New Mexico.

This Amended Application supplants and should be substituted for El Paso's Application for Re-instatement of Said Accumulated Underproduction mailed to you with cover letter dated June 15, 1964.

Yours very truly,


Garrett C. Whitworth
Attorney

GCW:ck

DOCKET MAILED

Date 7-1-64

MAIN OFFICE OCC
BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO JUN 30 PM 1:34

IN THE MATTER OF THE APPLICATION OF
EL PASO NATURAL GAS COMPANY FOR
ASSIGNMENT OF SPECIAL ALLOWABLES EQUAL
TO THE CANCELLED PORTION OF ACCUMULATED
UNDERPRODUCTION OF WELLS THAT WILL HAVE
ACCUMULATED UNDERPRODUCTION CANCELLED
JULY 1, 1964 IN THE JALMAT GAS POOL,
LEA COUNTY, NEW MEXICO

CASE NO. 3079

ORDER NO. _____

A M E N D E D A P P L I C A T I O N

Comes now El Paso Natural Gas Company, a Delaware corporation, hereinafter called "Applicant" with license to do business in the State of New Mexico and files this its Amended Application and in support thereof respectfully alleges and states:

I.

Applicant is the purchaser of gas from certain wells in the Jalmat Gas Pool in Lea County, New Mexico and operates a gathering system certificated by Federal Power Commission. Early in 1963 it became apparent that Applicant's intermediate pressure gathering system in Lea County, New Mexico would become overloaded because of the increasing number of wells that were and would be necessarily connected thereto. In order to provide sufficient capacity in its intermediate pressure system, Applicant filed an Application with the Federal Power Commission on July 17, 1963 for the construction of an additional intermediate gathering system. This Application was granted March 19, 1964. Construction began promptly and increased capacity is now available to take the market volumes of gas equal to the allowables of gas wells connected to such gathering system. During the waiting period after filing the necessary application and availability of new facilities, a substantial number of wells received allowables in excess of the gathering system capacity. Without fault of the operators, these wells have accumulated underproduction that will be cancelled July 1, 1964.

II.

This Application is filed by Applicant as a purchaser of gas in the Jalmat Gas Pool for the benefit of certain under-produced wells connected to its system.

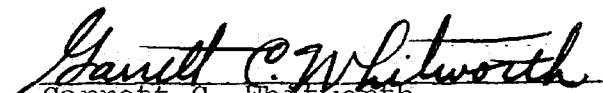
III.

Under existing circumstances Applicant believes that a substantial part of the underproduction subject to cancellation on July 1, 1964 can be produced during the six months period beginning July 1, 1964. Wells that are able to make up a portion of said underproduction during said make-up period should be assigned a special allowable equal to the cancelled portion of said accumulated underproduction to be produced from July 1, 1964 through December 31, 1964. This exception to the balancing provisions of Rule 14(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico would result in providing relief comparable to that provided for oil by the Commission's Rule 503(f).

IV.

The granting of this Application will prevent waste and protect correlative rights.

WHEREFORE, premises considered, Applicant requests that this matter be set for hearing in accordance with the Rules and Regulations of the Commission and that on final hearing an exception to Rule 14(A) of the General Rules and Regulations for the Prorated Gas Pools for Southeastern New Mexico be granted to allow the relief as above set out.


Garrett C. Whitworth
Attorney for Applicant

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
GEORGE A. GRAHAM, JR.
RICHARD S. MORRIS
FREDERICK M. MOWRER

SETH, MONTGOMERY, FEDERICI & ANDREWS OFFICE OCC

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

1964 JUL 8 PM 1:28

POST OFFICE BOX 2307

AREA CODE 505

TELEPHONE 982-3876

July 7, 1964

New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Case 3079, OCC Hearing, July 15, 1964

Gentlemen:

This letter will constitute an entry of appearance of this firm in the above referenced case on behalf of the applicant, El Paso Natural Gas Company. Associated with us will be Messrs. Ben R. Howell and Garrett C. Whitworth of the El Paso Texas Bar who will present the case on behalf of the applicant.

Very truly yours,

Richard S. Morris

RSM:mf

cc: Mr. Ben R. Howell
Vice President
El Paso Natural Gas Co.
PO Box 1492
El Paso, Texas

- 3 - July 15, Nomenclature

g) EXTEND the Many Rocks-Gallup Oil Pool to include therein;

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
SECTION 21: E/2 NW/4

CASE 3079: Application of El Paso Natural Gas Company for reinstatement of accumulated underproduction in the Jalmat Gas Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 14 (A) of the General Rules and Regulations for Prorated Gas Pools of South-eastern New Mexico promulgated by Order No. R-1670, to permit wells in the Jalmat Gas Pool, Lea County, New Mexico, to make up underproduction subject to cancellation on July 1, 1964 and January 1, 1965, during the make-up period from July 1, 1964 to June 30, 1965 by reinstating that portion of such underproduction that is administratively determined to have been made up during said make-up period upon application of the operator filed within 30 days after July 1, 1965.

CASE 3080: Application of Pan American Petroleum Corporation for a no-flare exception, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 8 of Order No. R-1410-C to permit the flaring of casinghead gas produced from its C. A. McAdams "B" Wells Nos. 1 and 2, located in Units J and E of Section 28, Township 27 North, Range 10 West, Angels Peak-Gallup Pool, San Juan County, New Mexico.

Docket No. 19-64

DOCKET: REGULAR HEARING - WEDNESDAY - JULY 15, 1964

OIL CONSERVATION COMMISSION - 9:00 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for August, 1964;
- (2) Consideration of the allowable production of gas for August, 1964, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for August, 1964.

CASE 3077: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea and Roosevelt Counties, New Mexico:

- a) CREATE A new oil pool for Wolfcamp production, designated as the Austin-Wolfcamp Pool, and described as:

TOWNSHIP 14 SOUTH, RANGE 36 EAST, NMPM
SECTION 19: NW/4

- b) CREATE A new oil pool for Wolfcamp production, designated as the East Vacuum-Wolfcamp Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
SECTION 3: SW/4

- c) CREATE A new gas pool for Pennsylvanian production, designated as the Wilson-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
SECTION 13: NW/4

- d) EXTEND the South Crossroads-Devonian Pool to include therein:

TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM
SECTION 16: S/2

- e) EXTEND the Kemnitz-Wolfcamp Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
SECTION 22: SW/4

- f) EXTEND the Mesa-Queen Pool to include therein:

TOWNSHIP 16 SOUTH, RANGE 32 EAST, NMPM
SECTION 7: N/2 and SE/4
SECTION 18: NE/4

- g) EXTEND the East Saunders-Permo Pennsylvanian Pool to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 20: SW/4

- h) EXTEND the Tobac-Pennsylvanian Pool to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM
SECTION 29: NW/4

- 2 - July 15, Nomenclature

CASE 3078: Northwestern New Mexico nomenclature case calling for an order for the extension of the following pools in Rio Arriba, San Juan and Sandoval Counties, New Mexico:

a) EXTEND the Ballard-Pictured Cliffs Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM
SECTION 31: NW/4

b) EXTEND the Blanco-Pictured Cliffs Pool to include therein:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM
SECTION 15: E/2

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM
SECTION 31: SW/4

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM
SECTION 9: All
SECTION 15: All
SECTION 16: All
SECTION 21: N/2 & SE/4
SECTION 22: All
SECTION 27: NE/4

c) EXTEND the South Blanco-Pictured Cliffs Pool to include therein:

TOWNSHIP 23 NORTH, RANGE 2 WEST, NMPM
SECTION 7: S/2
SECTION 18: N/2

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM
SECTION 12: SE/4
SECTION 13: NE/4

d) EXTEND the Tapacito-Pictured Cliffs Pool to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM
SECTION 25: W/2
SECTION 26: E/2

e) EXTEND the Blanco-Mesaverde Pool to include therein:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM
SECTION 30: W/2

TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM
SECTION 25: E/2
SECTION 36: E/2

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM
SECTION 20: W/2

f) EXTEND the Devils Fork-Gallup Pool to include therein:

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM
SECTION 15: E/2 NW/4 & W/2 NE/4

FT CONTL OIL GA

STANDARD OIL CO

1964 JUL 16 PM 1:10

HOBBS 1 FT WORTH

JULY 14, 1964

MR. R. G. PARKER

RE CASE NO. 3079 ON JULY 15 REGULAR MEETING DOCKET EL PASO IS SEEKING TO PROVIDE FOR REINSTATEMENT DURING ONE YEAR PERIOD GAS ALLOWABLE WHICH IS BEING CANCELLED JULY 1, 1964 IN JALMAT GAS POOL. THIS CANCELLATION IS CAUSED IN PART BY DELAY OF FPC APPROVAL TO INSTALL ADDITIONAL INTERMEDIATE PRESSURE SYSTEM IN POOL WHICH WILL REDUCE PRESSURE ON ALL EXISTING LINES. CONTINENTAL-OPERATED WELLS AFFECTED AS FOLLOWS - NMFU, 4 WELLS WITH 150,632 MCF ALLOWABLE CANCELLED, OTHER THAN NMFU, 3 WELLS WITH 44,275 MCF ALLOWABLE CANCELLED. IT IS BELIEVED THAT MOST OF THIS ALLOWABLE CAN BE MADE UP IN THE NEXT YEAR.

IT IS RECOMMENDED THAT CONTINENTAL OIL COMPANY SUPPORT THE APPLICATION BY WIRE. IT IS RECOMMENDED FURTHER THAT WE REQUEST THE NMOC TO CONSIDER RE-INSTATEMENT OF ALLOWABLE CANCELLED BY RECLASSIFICATION TO MARGINAL STATUS FROM ANY WELL WHOSE PERFORMANCE HAS BEEN HAMPERED BY THE DELAY IN CONSTRUCTION. STATE -A-32 NO. 2 LOST 108,943 MCF UPON RECLASSIFICATION MARCH 31, 1964.

PROPOSED WIRE AS FOLLOWS

o/r July 16, 1964, meeting requested as per case 3079

CONTINUED ON PAGE TWO

Send to
NAI000
Santa Fe, N. Mex

TWO-

"CONTINENTAL OIL CO IS FAMILIAR WITH THE CIRCUMSTANCES IN CASE 3079
AND CONCURS WITH EL PASO IN ITS REQUEST FOR RE-INSTATEMENT OF
ALLOWABLES MADE UP DURING THE NEXT YEAR. WE WOULD ALSO URGE, HOWEVER,
THAT THIS SAME CONSIDERATION BE EXTENDED TO WELLS WHICH HAVE
SUFFERED CANCELLATION OF ALLOWABLES AND RECLASSIFICATION
TO MARGINAL STATUS BECAUSE OF THE DELAY IN CONSTRUCTION OF ADDITIONAL
GATHERING FACILITIES."

JACK MARSHALL

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
C. B. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

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

July 23, 1964

Re: Case No. 3079
Order No. P-2745
Applicant:
EL PASO NATURAL GAS COMPANY

Mr. Richard S. Morris
Seth, Montgomery, Federici & Andrews
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

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

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Astec OCC

OTHER Mr. Garrett Whitworth

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. 3079
Order No. R-2745

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR REINSTATEMENT OF ACCUMU-
LATED UNDERPRODUCTION IN THE JALMAT
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 15, 1964, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 23rd day of July, 1964, 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, El Paso Natural Gas Company, seeks an order authorizing the operators connected to its gas gathering system in the Jalmat Gas Pool, Lea County, New Mexico, to make up underproduction subject to cancellation on July 1, 1964, during the make-up period from July 1 1964, to December 31, 1964, by reinstating that portion of such underproduction that each well produces during said make-up period.

(3) That during the proration period from January 1, 1964, to June 30, 1964, the applicant commenced operations to expand the capacity of its gas gathering system in the Jalmat Gas Pool.

-2-

CASE No. 3079

Order No. R-2745

(4) That expansion operations were delayed and numerous wells accrued a substantial amount of underproduction due to the insufficient capacity of the gas gathering system.

(5) That the capacity of the applicant's gas gathering system has now been expanded to enable the applicant to take greater quantities of gas from the wells connected to this system.

(6) That the subject application should be approved in order to afford each operator in the Jalmat Gas Pool the opportunity to produce his just and equitable share of the gas in the pool.

IT IS THEREFORE ORDERED:

(1) That during the make-up period from July 1, 1964, to December 31, 1964, the operator of each gas well connected to El Paso Natural Gas Company's gas gathering system in the Jalmat Gas Pool, Lea County, New Mexico, is hereby authorized to produce the underproduction attributed to the well and cancelled on July 1, 1964.

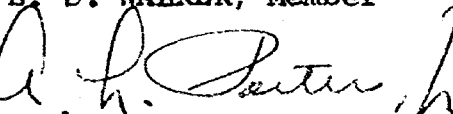
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JACK M. CAMPBELL, Chairman


E. S. WALKER, Member


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

esr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 15, 1964

REGULAR: HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Company
for reinstatement of accumulated under-
production in the Jalmat Gas Pool, Lea County,
New Mexico. Applicant, in the above-styled
cause, seeks an exception to Rule 14 (A) of
the General Rules and Regulations for
Prorated Gas Pools of Southeastern New
Mexico promulgated by Order No. R-1670, to
permit wells to make up underproduction
subject to cancellation on July 1, 1964
and January 1, 1965.

Case No. 3079

BEFORE:

A. L. (Pete) Porter, Jr.
E. S. (Johnny) Walker

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691



MR. PORTER: We will take up Case 3079.

MR. DURRETT: Application of El Paso Natural Gas Company for reinstatement of accumulated underproduction in the Jalmat Gas Pool, Lea County, New Mexico.

MR. MORRIS: May it please the Commission, I am Richard Morris of Seth, Montgomery, Federici and Andrews, Santa Fe, New Mexico, appearing on behalf of El Paso Natural Gas Company in this case. I have associated with me Mr. Garrett Whitworth of the El Paso, Texas, Bar, who will handle the case on behalf of El Paso.

MR. WHITWORTH: We have two witnesses to be sworn, Mr. William Maxwell and Mr. David Rainey.

(Witnesses sworn.)

MR. WHITWORTH: At this time we ask Mr. William Maxwell to take the stand.

WILLIAM W. MAXWELL
called as a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q Mr. Maxwell, would you please state your full name for the record, by whom and in what capacity you are employed?

A My name is William W. Maxwell. I'm employed by El Paso Natural Gas Company as Pipeline Design Engineer.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-4491 • ALBUQUERQUE, NEW MEXICO

Q Mr. Maxwell, you've never testified as an expert witness before this Commission before, have you?

A No, sir, I have not.

Q Would you briefly relate to the Commission your scholastic background and your experience in the job that you now have?

A I received a Bachelor of Science degree from Texas A & M College in June, 1949. Since July, 1953, I've been employed by El Paso Natural Gas Company as Pipeline Design Engineer.

MR. WHITWORTH: Are the qualifications of the witness acceptable to the Commission?

MR. PORTER: Yes, sir, they are.

Q (By Mr. Whitworth) Mr. Maxwell, are you familiar with an application that was filed with the Federal Power Commission for the construction of certain facilities last year that's involved in this case?

A Yes, sir, I am.

Q Do you have copies of that application with you?

A Yes, sir.

Q Was that application subsequently supplemented by two supplements?

A Yes, sir, it was.

MR. WHITWORTH: We ask that this application be marked as El Paso's Exhibit No. 1, and the first supplement be marked as Exhibit 2, and the second supplement be marked as Exhibit No.



3.

(Whereupon, El Paso's Exhibits Nos. 1, 2, and 3 marked for identification.)

Q (By Mr. Whitworth) Subsequently, was an order published by the Commission granting this application?

A Yes, sir, it was.

MR. WHITWORTH: We ask that that order be marked as El Paso's Exhibit No. 4.

(Whereupon, El Paso's Exhibit No. 4 marked for identification.)

Q (By Mr. Whitworth) Now, Mr. Maxwell, would you relate to the Commission chronologically what has happened to this application and these two supplements, and give the dates?

A Yes, sir. On July 16, 1963, El Paso filed with the Federal Power Commission the original application. On 8-13-63, the F.P.C. informally requested supplemental information, which we supplied them on 9-9-63, which was the first supplement to the original application.

On 10-7-63, the F.P.C. requested additional information which we supplied them on 11-5-63, which is the second supplement to the original application. On 12-16-1963 the Federal Power Commission issued notice of application and that the protest and petition to intervene may be filed on or before January 3rd, 1964. Transwestern Pipeline Company filed Petition



for Permission to Intervene.

On February 3rd, 1964, Transwestern Pipeline Company filed Notice of Withdrawal of its petition. On 3-19-64, the Federal Power Commission issued Certificate, facilities authorized to be constructed and placed in actual operations within six months of March 19, 1964.

Q We stated that this application was for the construction of certain facilities. What were these facilities?

A The facilities we originally applied for consisted of two 880 horsepower compressor units to be placed at our Jal-4 Compressor Station to enable us to bring gas into the plant at a new system at 425 pounds.

Q Was it also for the construction of an additional gathering line?

A The original application was not applying for the gathering line. Part of the facilities were that gathering line but we did not apply for the gathering line.

Q What was the necessity for filing this application?

A Up till this time in this area we had only two gathering systems, a 580-pound system and a 225-pound system.

Q You are speaking of Lea County now?

A Lea County, yes, sir; Lea County, New Mexico.

Q Go ahead.

A At this time, or prior to this time we had been

removing wells from the 580-pound system when they were no longer able to meet **this** pressure and transferring them to the 225-pound system; and at this time we found that our 225-pound system was becoming loaded and we were losing flexibility to take this gas.

Q You say "at this time". What time was that, Mr. Maxwell?

A In the middle of 1963 prior to this application. Now many of these wells were capable of producing against a higher pressure than the 225 system, but up till then, the convenience made it mandatory we put it in the 225-pound system.

At this time we felt that a new system of 425 pounds would enable us to unload the 225 system sufficiently to regain the flexibility required.

Q You spoke of certain requests that the Federal Power Commission made after you filed the application. Normally, what is the period of time that it would have taken from the time of filing the application until the order or the certificate was granted?

A With an application of this type, it was felt that a normal time would have been from 60 to 90 days.

Q Then from that time what is your opinion, your estimate of the time it would take to construct the applied-for facilities?

dearnley-meier reporting service inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO



A Approximately four months.

Q In other words, it was the expectation of El Paso that seven months after filing this application, the facilities would have been constructed, is that correct?

A That is correct.

Q And we would have at that time been able to relieve the overload on the 225-pound system?

A We believed so.

Q Would you say, in your opinion, Mr. Maxwell, that the delay was not the fault of El Paso?

A In my opinion it was not our fault.

Q Did El Paso answer the requests and comply with the requests of the Commission as soon as possible after those requests were made?

A I believe so, yes, sir.

Q Those requests are set out in the second and third supplements, are they not?

A They are, yes, sir.

Q We have introduced the Order of the Commission as El Paso's Exhibit No. 4. What is the date of that Order?

A The date of that Order is March 19, 1964.

Q Mr. Maxwell, were El Paso's Exhibits 1, 2, 3 and 4 either prepared by you or did you participate in their preparation?

A I participated in their preparation, yes.

MR. WHITWORTH: We ask that these exhibits be admitted in evidence.

MR. PORTER: Without objection, the exhibits will be admitted.

(Whereupon, El Paso's Exhibits Nos. 1, 2, 3, and 4 received in evidence.)

MR. WHITWORTH: That's all we have of this witness.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Maxwell, you say you filed your application on July 9th and the Order from the F.P.C. was finally issued on March 19, 1964?

A Yes, sir.

Q And that ordinarily you would have expected this application to be processed in 60 to 90 days?

A Yes, sir.

MR. PORTER: Anyone else have a question of the witness? The witness may be excused.

(Witness excused.)

DAVID H. RAINEY

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

DIRECT EXAMINATION

BY MR. WHITWORTH:

Q For the record, Mr. Rainey, would you please state your full named, by whom and in what capacity you are employed?

A David H. Rainey. I'm an Administrative Assistant in the Proration Department for El Paso Natural Gas Company.

Q Have you previously testified before this Commission in any capacity?

A Yes, sir, I have. I have testified as to geological, engineering matters and also matters dealing with proration.

Q Have your qualifications previously been accepted by this Commission and made a matter of record?

A Yes, sir.

MR. PORTER: The Commission considers the witness qualified.

Q (By Mr. Whitworth) You are familiar with El Paso's application to this Commission?

A Yes, sir, I am.

Q How did this problem arise that made the introduction of this application necessary?

A It became evident in our operation in the Winter of 1962-63 that our intermediate system or so-called 225-pound system was overloaded because of the number of wells that had been connected to this system. We began to look into the

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situation from the standpoint of the economics and the engineering feasibility of either installing additional field compression or installing compression at the Jal No. 4 Plant as was finally applied for.

As Mr. Maxwell has related, it was finally decided that it would be more feasible and better operate the field to install the extra compression at the Jal No. 4 Plant. At that time the Engineering Department was requested to prepare this exhibit and make it ready for filing with the Federal Power Commission.

Q These wells that were tied in to the 225-pound system described by Mr. Maxwell, causing the system to become overloaded, what effect did that have on the balancing provisions?

A Well, by virtue of the fact that we had more wells connected to the system than the system could efficiently operate, with, at times during the year, wells which should probably have been on because of underproduction and underproduced status were not able to produce into this system.

In addition, there were wells that Mr. Maxwell mentioned that were capable of producing into systems at substantially higher pressures but were at the same time not capable of producing into our so-called 600-pound system. In connecting these wells into a 225-pound system with their relatively higher shut-in pressures, they tended to back off some of the

lower pressure wells that were connected to that system at that time. It made it such that a number of wells that, under ordinary circumstances, with plenty of capacity in this 225-pound system, would have been able to produce their allowables were in fact not actually permitted to produce into the system because of the overloaded capacity on the system.

Q As I understand it, Mr. Rainey, it's these lower pressure wells that we're concerned with here today?

A To a large extent, it's the smaller, lower capacity, lower pressure wells.

Q Mr. Rainey, have these wells accumulated underproduction which has been cancelled as of June 30th?

A There are thirty-nine wells in the Jalmat Pool, according to El Paso's records, which will suffer cancellation effective July 1st, 1964, because of underproduction which had accrued in the period from July 1st, 1963 to December 31st, 1963, that were unable to make up that underproduction in the proration period from January 1st, 1964 to June 30th, 1964.

Of these thirty-nine wells, there are approximately sixteen of them that it appears probably should be classified marginal, based on El Paso's records. These are wells which are presently connected into low pressure systems and have evidenced an inability to make up underproduction.

Q Mr. Rainey, in accordance with the balancing provisions

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of the New Mexico Rules, is it your opinion that many of these wells would have been able to make up this underproduction had the facilities been constructed within that seven-month period as described by Mr. Maxwell?

A Yes, sir, they would have been able to make up some portion of the underproduction. We are unable to say with any accuracy at the present time how much of the production they would have made up. They certainly would have made up some of it.

May I correct a statement I made a moment ago for the record? I said there were sixteen wells that should probably be classified as marginal. There are sixteen wells in this group of thirty-nine that we feel can make up some of the underproduction. There are twenty-three, based on the present production history of the wells, that don't appear to be able to make anything up, that should be classified as marginal.

Q You stated that you are familiar with El Paso's application. What is El Paso's proposed solution to this problem?

A El Paso is proposing that the provisions of the Southeast portion of Order R-1670 be complied with at the present time, that cancellation and redistribution take place and the necessary reclassifications be made.

Now, I might elaborate on that. These twenty-three

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wells that we're talking about as far as reclassification is concerned have not made up any of their underproduction whatsoever in the last six months that had accrued in a prior period; and based on our production history, it doesn't appear that they're going to be capable of making any of it up.

So based on the production history of those wells, which I think the Commission records will bear out, they probably should be classified marginal. We propose that the reclassification and redistribution take place, and then that there be an order issued which would permit wells that suffer cancellation as of June 30, 1964, to make up this cancelled underage within the next six months or within the current proration period; and that this underage then be reinstated to them in the form of a special allowable, or reinstated allowable, so that the wells will not suffer the penalty of the loss of allowable when it was not the fault of the operator or El Paso that the allowable actually was lost.

Q Mr. Rainey, why didn't El Paso ask for a suspension of the cancellation of this underage as a solution to the problem?

A Well, at the present time, because this system has just gone into operation -- as a matter of fact, one engine only, has actually only been turned on as of the end of last week, we anticipate it will be another week or two before we can turn the second engine on-- we are unable to tell with any degree of

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accuracy how much of the underage might be made up. There's a substantial amount of underage in the pool as well as a substantial amount of overage in the pool. It's El Paso's feeling that it would disturb the normal process of the mechanics of proration less if we asked for it in this manner rather than for a total suspension or cancellation of all underproduction for a period of six months.

Q The present rules concerning balancing of production don't afford any solution to this problem?

A No, sir, there's no provision for granting any sort of a special allowable or any sort of reinstatement of allowable once it has been cancelled; and for that reason, we are asking for an exception to the normal rules under Order R-1670. As a practical matter, it might be feasible to include these thirty-nine wells, a list of these thirty-nine wells in the order which is written, to prevent the possibility of granting retroactive allowables, and say in the order that these wells shall be granted up to the amount that is cancelled, showing that they have made up that amount of underage or up to that amount of underage.

I would also propose that El Paso will keep the Commission advised with a special report, if the Commission so desires, of the amount of underage that these wells have made up by months, each month during this next proration period.



Q Do you have a list of the wells that are involved that have accumulated underproduction cancelled?

A Yes, I do. We have a list of the thirty-nine wells which, according to El Paso records, will have underage cancelled as of June 30, 1964, and the amount of underage which El Paso's records reflect will be cancelled.

Q Is this El Paso's Exhibit No. 5?

(Whereupon, El Paso's Exhibit No. 5 marked for identification.)

A Yes, sir, we will submit this as El Paso's Exhibit No. 5. I am sorry, for some reason or another, they only sent four copies of the exhibit.

If you will notice on this Exhibit No. 5 there is a total of 1,150,000,000, which according to El Paso's records will be cancelled and redistributed as of June 30, 1964. I might add at this point that there are wells which have accrued underage in the proration period from January 1st through June 30th, 1964; that because of our attempt to make up this cancelled underage on these thirty-nine wells which are listed on Exhibit 5, even with the new expansion of facilities and the additional capacity of some 80,000,000 in our intermediate system, may not be capable of making up the underage which has accrued to them in the most recent proration period; and El Paso will propose that if there is that circumstance as of the end of this year,

that we will come back in for another hearing to ask for an additional six months' period of time in which to make up the underage on the wells which may have allowables subject to cancellation as of December 31st, as well as the possibility of additional time on these thirty-nine wells which have allowables subject to cancellation now. But we do not at this time contemplate that there would be further extension requested.

Q Was this list of wells, El Paso's Exhibit No. 5, prepared by you or under your direct supervision?

A Yes, sir, it was.

MR. WHITWORTH: We ask that this exhibit be admitted.

MR. PORTER: Without objection, the exhibit will be admitted.

(Whereupon, El Paso's Exhibit No. 5 received in evidence.)

Q (By Mr. Whitworth) Mr. Rainey, is it an additional reason that we have gone this route to solve this problem for the operators who are connected to El Paso's gathering system in the Jalmat Pool, the fact that there is an analogy in this application, that is, relief to be granted for gas that is provided already in the rules of the Commission for oil?

A There is a somewhat similar analogy in that when it's without the control of the operators or even sometimes the pipeline companies that take oil, that the Commission provides

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special allowables to permit the production of oil allowables.

It's felt that this is somewhat of an analogy even though there are balancing periods provided for gas wells and there is a longer period of time in which to make up production, that nevertheless there is a slightly similar precedent in the Commission's action in regard to granting special allowables on oil wells.

We do not really feel, although our application calls it a special allowable, that this is actually a special allowable on these wells. This is merely a means of permitting the wells to make up allowable which they have already been granted and which has been cancelled on them through no fault of the operators of the wells or El Paso, either one.

Q In your solution or suggested solution to the problem, Mr. Rainey, is it your opinion that there will be no necessity for the operators to make any application to the Commission in order to get this cancelled allowable or underproduction returned to them?

A I would think that as an administrative means of handling it, that if the Commission desires it, El Paso will furnish the report that I mentioned a moment ago, the amount of the underage that has been made up by months; and at the end of this proration period, these wells could be, by supplement, be granted the allowable up to the amount of the allowable that



was cancelled on them, without any specific necessity of the operator coming in and requesting that allowable be granted. It would simplify the administrative process considerably, I think.

MR. WHITWORTH: That's all we have of this witness.

CROSS EXAMINATION

BY MR. PORTER:

Q Mr. Rainey, you know that we have had a couple of cases in the past, I believe, that I can think of, where we have had applications for the suspension of the cancellation of the balancing procedures for a certain period of time because of accumulated underproduction that would be cancelled?

A Yes, sir.

Q I would like to go a little bit into the reasons why you don't think it's desirable to follow the same procedure in this case. As I understand it from your testimony, the main thing is that we would be carrying quite a considerable amount of underage on the books that you don't feel could ever be made up, and that you'd like to go ahead and cancel at this time and throw that amount of underage that has been cancelled back into the pot, so to speak?

A Yes, sir. I believe that this procedure would make much less disturbance on the allocation of allowable to the Jalmat Pool for the next six months, because of the fact, as I

mentioned, that we have no way of telling at the present time, because of the fact that this system has just gone into operation or just partial operation, we have no way of telling how much of this underage may be capable of being made up and that there would be a fairly substantial amount of underage -- as I mentioned, there is about 1,150,000,000 at the present time and there's a possibility there may be another billion and a half which would be subject to cancellation in December, which would be carried forward if you suspended the rules entirely for the year's period of time; and that this would more nearly reflect the actual market demand proration from this pool.

Q It's your recommendation that the Commission issue an order which would provide for the granting of this so-called special allowable for certain wells up to the amount that was cancelled --

A Yes, sir.

Q -- whatever they prove that they can make up during that period?

A Yes, sir. I believe that that would obviate the possibility of somebody saying that you were issuing retro-active allowables, if you went in the order and provided that these allowables would be issued up to a certain amount.

MR. PORTER: Anyone have a question of the witness?

Mr. Utz.

BY MR. UTZ:

Q You've given us a list here of thirty-nine wells which you believe have underage cancelled after the June production.

A Yes.

MR. PORTER: How many wells did you say?

MR. UTZ: Thirty-nine.

A According to El Paso's records, these thirty-nine are wells which are connected to El Paso's system. We have no knowledge of the production on wells connected to other systems in the Jalmat Pool.

Q That was my next question. Are you requesting this exception for only these thirty-nine wells, or all underproduced wells or all wells subject to cancellation in the pool?

A We are requesting the exception only as it pertains to these thirty-nine wells because of the existence of the new facilities and the possibility, because of the new facilities these wells will be capable of making up some underage.

We have no knowledge that anybody is putting in any facilities or changing the facilities that would permit them to make up the underage they haven't made up.

Q You are basing your request for this exception strictly on the Federal Power Commission and things that developed, effected by that delay?

A Yes, the delay on the construction of the additional facilities, through no fault of El Paso's or the operators'.

Q How would you feel if some of the other operators came in with circumstances which they felt were much along the same line?

A If the evidence justified it, I think they would be entitled to the same relief, if you grant us the relief in this case.

Q You feel that they should come in on their own and ask for their own specific --

A Yes, we have no knowledge of any specific circumstances which might be desirable in granting extensions of time on any other system.

Q Mr. Rainey, Mr. Porter has brought out, in two or three instances before we have suspended cancellation, which merely means that we don't cancel, we don't redistribute; everything just remains status quo for six months or a year until we determine how much of the underage the wells can actually make up.

A Yes.

Q Then we adjust their status. In that respect, this application is completely new as far as the suspension of cancellation rules is concerned, is it not?

A Insofar as gas fields are concerned, yes, sir.

Q Why is it that you feel that we can't handle it by

just suspending the rules rather than to go ahead and cancel and then reinstate whatever they might make up?

A As I pointed out, Mr. Utz, there is 1,150,000,000, according to El Paso's records, that will be cancelled on El Paso's wells.

Q Yes.

A Now it's our opinion -- again, we cannot tell with any certainty, but it's our opinion that probably 775,000,000 of this is not going to be made up, which means that there is going to be three-quarters of a billion of underage carried forward on the Commission's records unnecessarily, which is going to distort the picture as to the market demand and the proration allocation from this pool.

Q Why would it distort the picture as to market demand?

A Well, it's just carrying underage forward. There is a substantial amount of overage in the pool. It's our opinion that because of the fact that a great portion of this underage we do not believe can be made up, there's no sense in carrying it forward. This is not completely unheard of and unrelated to the practice of carrying special allowables forward on oil wells when, through no fault of the producer, the oil hasn't been able to be produced.

Q If it wasn't made up, though, the portion that wasn't made up could be cancelled at some later date, could it not?

A As a matter of the mechanics of the calculation of allowables, that's true. We just don't see the necessity for carrying this tremendous amount of underage forward when apparently there's no reason to believe it can be made up.

Q So the produced underage would still be accounted for, even with the other method rather than with the reinstatement method?

A As a practical matter.

Q Except it would be six months or possibly a year from now?

A That's right, and the pool status would be distorted by that amount.

Q How many overproduced wells does El Paso have?

A You mean that El Paso owns or connected to their system?

Q No, connected to their system.

A I don't have that specifically set out. I have a list of all the wells in the Jalliat Pool, I could go through and count them. But I don't have any idea and I have no idea of what the special volume is. It's several billion cubic feet, I know that.

Q You haven't then determined how many of your overproduced wells would be subject to curtailment, shut-in?

A No, we have not, specifically.

Q If I told you, say, eighty-nine wells are subject to curtailment and with the volume of some 917,000, would you say that would be within the realm of reason?

A I couldn't argue with you one way or another. I have no idea.

Q Then as a matter of fact, Mr. Rainey, if this underage isn't cancelled now and redistributed, then El Paso does have quite a number of overproduced wells which would be in danger of being shut-in for some period of time?

A That's quite possible, yes, sir.

Q That is really the reason why you feel you ought to cancel now rather than just suspend the rules and cancel six months or a year from now?

A Of course, that's a portion of the mechanics of the calculation of the allowables, and we don't want to have wells shut-in unnecessarily.

Q Are there any of these thirty-nine wells here that you listed on Exhibit 5 that you feel are actually marginal wells?

A The wells with the asterisks, Mr. Utz, based on our records -- there are twenty-three of them, based on our records and the system to which they are connected at the present time do not indicate specifically that they'll be able to make any of this underproduction up. They have not made up any underproduction in the past six months, and under the normal

classification provisions of Order R-1670 would be classified as marginal. We have indicated those by the asterisk in which our records don't reflect they are capable of making any of this up.

I would suggest that in this order, that these wells be included in case they do make some of it up, to the extent that it would be more than a non-marginal allowable; but at the same time, if they are reclassified as marginal, as a practical matter their production will be their allowable, anyway.

Q Then actually, as I understand it, you are also requesting non-classification of the thirty-nine wells here, too?

A No, sir. We are requesting that the ordinary provisions of Order R-1670 be carried out insofar as cancellation and redistribution and the reclassification of wells.

Q Then this would entail, really, two sets of records, wouldn't it; records for cancellable underage which we would have to keep until such time as we knew how much of that had been made up due to underage, as well as the cancellable underage due to classification which we would have to calculate a non-marginal allowable for and determine whether that well had overproduced which had been carried through marginal, so we would know whether to go retroactive or reclassify the marginal well back to non-marginal because it's overproduced?

A As I understand the manner in which the Commission

keeps its records, you keep those sort of records and compare a non-marginal allowable against a non-marginal production of any well in the pool, and if a well exceeds a non-marginal allowable it's reclassified. So the only extra that would have to be kept would be the amount of underproduction that is made up on these remaining sixteen wells of this list of thirty-nine which El Paso is proposing to furnish to the Commission every month anyway. So I don't think there would be any additional record keeping as far as the Commission is concerned.

Q Except we would have to be looking at a different group of wells rather than all wells in the pool?

A To the extent of these sixteen wells, yes, sir.

Q If, in the event that a well we now classify marginal proves to be non-marginal, in your opinion can we reinstate just the amount of overage that well had made up, or are we going to have to go retroactive and just undo what we did and say the well is non-marginal and carry through with whatever the status might be? You can't partially reclassify a well non-marginal.

A As I understand, the procedure that the Commission uses in classifying wells from marginal to non-marginal is to go back to the month in which the well evidenced its ability to produce a non-marginal allowable and reclassify the well effective that month, which is the normal reclassification procedure when it goes from marginal to non-marginal. I presume the way to

handle this would be exactly the same way.

Any month in which one of these wells which appears to be marginal because of the system it's connected to, because of the system and things of that matter, it could be reclassified. The wells on this list of thirty-nine are not necessarily wells that are going into the 400-pound system or even going to be left in the 225-pound system. Some of them are in the 100-pound system, and they are not necessarily capable of producing any more gas than they have proved to be able to produce at a given time.

I think the ordinary procedures that are used now would take care of that situation. I don't think it takes any special administrative procedure to handle that.

Q Mr. Rainey, I don't want to appear to be arguing, but the ordinary procedures are, unless due to workover or line pressure change, matters of that nature, a well does go back to the beginning of the period.

A It does go clear back. I'm sorry, I misunderstood the procedure. I thought it went back to the month in which it evidenced its inability to produce.

Q Actually, in effect, if we classify these wells now and they appear at the end of the period not to be marginal, then we would have to reinstate everything.

A Yes, sir. I would propose that these wells be handled

in just the normal procedure for reclassification and re-reclassification if it becomes necessary.

Q So if we just left them the way they are now, then we could possibly save two supplements on the wells?

A Well, from that standpoint, I guess that's true. But as I say, based on our records and the system to which these wells are connected at the present time, we don't believe that the twenty-three wells are going to be capable of making up the underproduction. That's one of the purposes of the hearing.

Q Rather than take a wait and see attitude now, you would rather take a wait and see attitude six months from now?

A Yes.

Q And your reason for that is so that the underage will go in the pool?

A That's right, so they won't be carried forward unnecessarily.

Q Did you say El Paso is offering to keep track of these special statuses and take care of the balancing procedure at the end of the six months' period and inform us of what the make-ups are?

A Yes, sir. We'll be happy, on a monthly basis, to furnish the Commission with any report as to any allowable that has been made up on the thirty-nine wells, and at the end of the six months a supplement thereof at that time.



MR. PORTER: Mr. Durrett, did you have a question?

BY MR. DURRETT:

Q We may have touched on this very briefly. I don't want to go too much in detail. There are a couple of matters that I would like to clear up. One is concerning this so-called special allowable or the underage that we are speaking of that has just been cancelled. I am correct, am I not, that El Paso proposes to produce this volume of gas during the six-month period that we have just entered into?

A Yes, sir, we will attempt to produce every bit of it that we can. Bear in mind that these wells are relatively poor wells under any circumstances or they wouldn't have accrued this underage to start with.

It's possible because of the late date at which we're getting this new system into operation that it may take longer than the immediate proration period now because of high allowables that we anticipate may be in the pool in the winter months, just as a normal operating procedure. You have higher allowables in the winter than you do in the summer, and there's a possibility that these wells may have the ability to make up underage when the allowable is relatively low, but when the allowable gets high they will not have that ability.

We propose that we may come in as of January 1st, some hearing about the 1st of January, and ask for an extension of

time to June 30th on these same wells and possibly some wells that have accrued underage in this proration period which will be subject to cancellation on December 31st.

At this time we cannot say what the situation is going to be, but we just wanted to advise the Commission that we originally felt it might take as much as a year on some of these to make this underage up, but because of the six-month balancing periods we are not proposing that we go further than the six months at this time.

Q Referring to the six-months proration period which was January 1, '64 to June 30, 1964, I believe that's the period we have just passed through, --

A Yes, sir.

Q -- did El Paso, and I'm not referring to specific wells but I am referring to a total volume of gas, did El Paso take all the gas that it needed during that period of time?

A Yes, sir.

Q And as far as --

A Let me back off just a minute. As to our over-all market situation, I can't say that we took every bit of gas that we needed from this area or any other area -- as to our over-all market situation, as I think the Commission is aware, we had peak loads for a considerable period of time during December, January, February and March of this last proration

period, and there were times when we had to curtail sales on the market end of our line because of lack of capacity, lack of certification to sell certain amounts of gas and things of that kind. Specifically, as to whether or not we took every bit of gas we could get out of this area, I am presuming that we had every well on that we had capacity to handle.

Q You would assume that from the Jalmat Pool that you took substantially the volumes of gas that were needed from that pool by your company?

A Yes, insofar as the capacity of the system permitted us to take that gas. That's why we built the system, was to get additional capacity to take that gas.

Q You don't think that that figure that was taken during this last six-months period would represent the market demand during that period?

A I couldn't say one way or the other. As I say, we took during certain periods of time in the last proration period every bit of gas we could get on, bearing in mind that there were capacity problems in this general area of the Lea County gathering system.

Q Now referring again to the six-months period that we're just entering into --

A Yes, sir.

Q -- where you are proposing to make up this volume of

gas --

A Yes, sir.

Q -- would you or would you not feel that this volume of gas that we have been terming this special allowable could be considered as part of the actual market demand during the six-months period we are entering into?

A Yes, sir, insofar as the wells are capable of producing it, I would say it would be a portion of the normal market demand from this area.

Q If it was considered as a portion of the normal market demand and handled as such, wouldn't it ordinarily be distributed in accordance with the proration formula to all the wells in the pool, and wouldn't that make the wells have higher allowables?

A Well, Mr. Durrett, except as I pointed out or tried to, we feel that this gas which we're talking about on these wells which we feel may be capable of making up some underproduction is actually gas that those wells were entitled to by virtue of the assignment of the allowables in the previous proration period and the last proration period of 1963, but which we were incapable of producing through no fault of the operator or El Paso, either one; and even though this may be an over-all part of our market demand setup, it's these wells that are entitled to this gas and not some other wells.

Q You would feel that this could reasonably be determined

to be part of the market demand in the period we are entering into?

A This in effect is an extra allowable which these wells are entitled to which they didn't produce. It will be a part of our over-all market demand but I can't say with any certainty what the market demand would be out of the Jalmat Pool.

MR. DURRETT: Thank you.

BY MR. PORTER:

Q Do you see any possibility here that correlative rights might be disturbed by the granting of this application?

A No, sir. In fact, I think correlative rights will be violated if this application is not granted.

Q No waste will occur?

A No, I can't see any way in which there would be any waste.

MR. PORTER: Anyone else have a question? Mr. Utz.

BY MR. UTZ:

Q Exhibit 5, these cancellable underages, are these estimates or actual calculations?

A These are based on El Paso's records and the actual figures through the end of June.

Q Through the end of June?

A Yes.

MR. PORTER: Are those records reconciled with the

Commission's figures?

A They're with the Commission figures insofar as they pertain to the end of May. The June figures would only be El Paso's records. We haven't checked them with the Commission records.

Q (By Mr. Utz) You have an estimate as to what the cancellable underage would be for the entire pool?

A No, sir, we do not because we have no knowledge of what the production of the other wells was in the month of June.

Q It will be something in excess of the figure that you show on Exhibit 5?

A Yes, I would guess it would be somewhere in the neighborhood of a couple of billion cubic feet.

Q So the redistribution due to this cancellable underage in this pool would be in the magnitude of six or seven thousand MCF?

A If that's what it figures out to be.

Q Which in effect would balance quite a number of your overproduced wells?

A I am sure it would balance some of our overproduced wells and other operators' overproduced wells.

MR. PORTER: Any further questions? The witness may be excused.

(Witness excused.)

MR. PORTER: Does that conclude the testimony of El Paso?

MR. WHITWORTH: That concludes our testimony.

MR. PORTER: Does anyone have any testimony to offer? Any statements? The Commission will take the case under advisement.

* * *

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ADA DEARNLEY, Notary Public 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.

WITNESS my Hand and Seal this 27th day of July, 1964.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

DRAFT
JMD/esr
July 17, 1964

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. 3079

Order No. R- 2745

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR REINSTATEMENT OF ACCUMU-
LATED UNDERPRODUCTION IN THE JALMAT
GAS POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
July 15, 1964, at Santa Fe, New Mexico, before the Oil Conser-
vation Commission of New Mexico, hereinafter referred to as the
"Commission."

NOW, on this _____ day of July, 1964, 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,

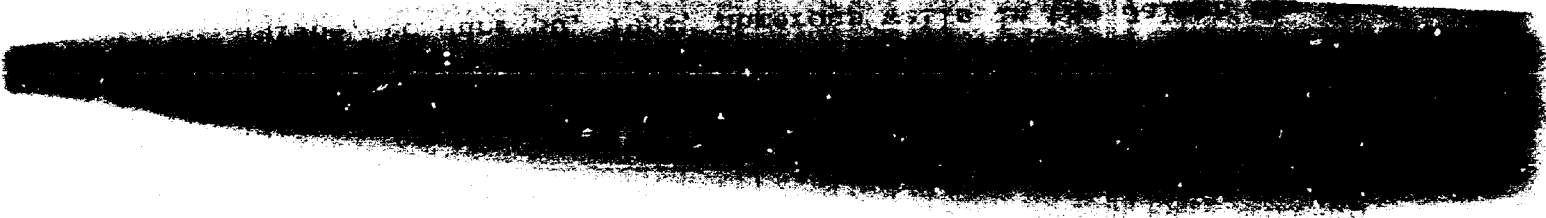
FINDS:

(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, El Paso Natural Gas Company, seeks
connected to its gas gathering system
an order authorizing the operators in the Jalmat Gas Pool, Lea
County, New Mexico, to make up underproduction subject to cancel-
lation on July 1, 1964, during the make-up period from July 1,
1964, to December 31, 1964, by reinstating that portion of such
underproduction that each well produces during said make-up
period.

(3) That during the proration period
from January 1, 1964 to June 30, 1964
the applicant commenced operations
to expand ^{the capacity of} its gas gathering system
in the Jalmat Gas Pool.

(4) That expansion operations were delayed and numerous wells accrued a substantial amount of underproduction due to the insufficient capacity of the gas gathering system.



(S) 4) That the capacity of the applicant's gas gathering system has now been expanded to enable the applicant to take greater quantities of gas from the wells connected to this system.

(4) 5) That the subject application should be approved in order to afford each operator in the Jalmat Gas Pool the opportunity to produce his just and equitable share of the gas in the pool.

IT IS THEREFORE ORDERED:

(1) That during the make-up period from July 1, 1964, to December 31, 1964, the operator of each gas well in the Jalmat Gas Pool, Lea County, New Mexico, *connected to El Paso Natural Gas Company's* is hereby authorized to produce ~~a volume of gas not to exceed the amount of~~ *the* underproduction attributed to the well and ~~subject to cancellation~~ *Cancelled* on July 1, 1964.

(2) That the production authorized by this order shall be in addition to any ~~allowable assigned during the six-month proration period beginning July 1, 1964, and ending December 31, 1964.~~ *production to which the well is otherwise entitled under the Commission's Rules and Regulations.*

(3) 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 hereinabove designated.

gas gathering system

UNITED STATES OF AMERICA

Before the

FEDERAL POWER COMMISSION

Original Application of
EL PASO NATURAL GAS COMPANY
at Docket No. CP64- 9
for a
Certificate of Public Convenience
and Necessity

Pursuant to § 7(c) of the
Natural Gas Act, as Amended,

Authorizing the

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
<i>El Paso</i>	Exhibit No. <u>1</u>
Case No. <u>3079</u>	

CONSTRUCTION AND OPERATION OF CERTAIN FACILITIES NECESSARY TO
PROVIDE A NEW 425 PSI GATHERING SERVICE IN THE JAL PRODUCTION
AREA OF LEA COUNTY, NEW MEXICO

Dated: July 10, 1963

Filed: JUL 17 1963

UNITED STATES OF AMERICA

Before the

FEDERAL POWER COMMISSION

IN THE MATTER OF

EL PASO NATURAL GAS COMPANY

)
)

DOCKET NO. CP64-__

ORIGINAL APPLICATION FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY

Comes now EL PASO NATURAL GAS COMPANY, hereinafter referred to as "Applicant", pursuant to § 7(c) of the Natural Gas Act, as amended, and § 157.5, et seq., of the Commission's Regulations Under the Natural Gas Act, and files this Original Application, in abbreviated form in accordance with § 157.7 of the Commission's said Regulations, for a Certificate of Public Convenience and Necessity authorizing the construction and operation of certain facilities, all as hereinafter more fully set forth. In support hereof, Applicant respectfully represents:

I.

The exact legal name of Applicant is El Paso Natural Gas Company. It is a corporation duly organized and existing under the laws of the State of Delaware, having its principal place of business located in El Paso, Texas. Applicant is authorized to do business as a foreign corporation in the States of Arizona, Arkansas, Colorado, Idaho, Kansas, Louisiana, Montana, Nevada, New Mexico, New York, Ohio, Oklahoma, Oregon, Texas, Utah, Washington, West Virginia and Wyoming.

The names, titles and mailing addresses of those persons to whom correspondence and communications concerning this application are to be addressed are as follows:

Mr. Howard Boyd, President
El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas, 79999

Mr. Allen R. Grambling, Attorney
Hardie, Grambling, Sims & Galatzan
Post Office Drawer 1977
El Paso, Texas, 79950

Mr. George D. Horning, Jr., Attorney
Hogan & Hartson
800 Colorado Building
14th and G Streets, N. W.
Washington, D. C., 20005

El Paso Natural Gas Company
401 Colorado Building
14th and G Streets, N. W.
Washington, D. C., 20005

II.

Applicant is a natural gas company engaged in the business of producing, purchasing, transporting and selling natural gas at wholesale to distribution companies and other pipeline companies for resale, and to industries and others for their own use. The pipeline system of Applicant extends from fields located in the Permian Basin of west Texas and south-east New Mexico, the Texas and Oklahoma Panhandle, the San Juan Basin of northwest New Mexico and southwest Colorado and the Four Corners area of the States of Arizona, New Mexico, Utah and Colorado, through the States of Texas, New Mexico and Arizona to points of termination at the boundary between the States of California and Arizona near Blythe, California, and Topock, Arizona, and to a point of termination at the boundary between the States of Arizona and Nevada near Big Bend, Arizona; the pipeline system

of Applicant also extends from the San Juan Basin area of northwest New Mexico and southwest Colorado in a generally northwesterly direction through the States of Colorado, Utah, Wyoming, Idaho, Oregon and Washington to a point of termination at the International Boundary near Sumas, Washington.

III.

Applicant hereby seeks a certificate of public convenience and necessity under § 7(c) of the Act authorizing the installation and operation of 1,760 additional compressor horsepower at Applicant's Jal No. 4 Plant, such additional horsepower to be utilized with other facilities, herein-after described, to provide a proposed gathering service not now performed in the Jal production area of Lea County, New Mexico.

Applicant presently operates, among others, two (2) gas-well gas gathering systems in the Jal production area with operating pressures approximating 225 psi and 580 psi, respectively. The 225 psi system includes two (2) parallel gathering trunks (Trunk A and Trunk L) and is utilized to gather raw gas from the wellhead to the Jal No. 1 and 3 Plants where the same is compressed and thereafter processed. The 580 psi system includes Trunk M and is utilized to gather raw gas from the wellhead to the Jal No. 4 Plant where the same is processed (compression being there unnecessary). Under present operating conditions, virtually all new gas well connections are made to the 580 psi system. When the wells so connected are no longer capable of producing their prorated allowable against the working pressure of the 580 psi system, they are reconnected to each of the 225 psi system trunks by means of crossover lines.

The original design of the 225 psi system incorporated horsepower (at the Jal No. 1 and 3 Plants) sufficient to provide operating

flexibility and capacity for the reconnection to this system of the wells that became incapable of producing into the 580 psi system. While many of these wells are capable of producing their prorated allowable for several years against a pressure substantially in excess of 225 psi, but less than 580 psi, their reconnection into the 225 psi system has been considered feasible with the existence of sufficient horsepower and capacity to permit all connected wells to produce their prorated allowable.

Applicant has now expended substantially all of the operating flexibility and capacity of the 225 psi system through the reconnection thereto of numerous wells previously producing into the 580 psi system. It will therefore be impossible in the future to produce the prorated allowable from each well connected to the 225 psi system. To obviate this problem, Applicant proposes to provide a separate gathering trunk operating at pressures in the order of 425 psi for those wells which are capable of producing their prorated allowable against a working pressure of 425 psi.

Presently, 98 wells are connected to the 225 psi system which are capable of producing their prorated allowable into the proposed 425 psi system. The aggregate prorated allowable for these 98 wells is 42.75 M³cf per day (at 15.025 psia). By their transfer to the 425 psi system, the 225 psi system will be released of approximately 43 M³cf daily and the remaining wells connected thereto should experience no difficulty in producing their prorated allowable. Further, Applicant's 225 psi system will again possess necessary operating flexibility and capacity to permit connection thereto of additional wells as necessary.

In order to provide for the 425 psi gathering service, Applicant

proposes to isolate a 17-mile section of one of the two (2) parallel 225 psi gathering trunks (Trunk A) into which the above 98 wells are connected. This will be accomplished by merely closing existing block valves at each end of the section to be isolated. By utilizing the existing crossover lines between the section of Trunk A to be isolated and Trunk L, the said 98 wells will be produced directly into the isolated section. By installing approximately 2.6 miles of 16" O.D. pipeline connecting the section to be isolated with Applicant's Jal No. 4 Plant, the gas will then be transmitted to the suction side of such plant where it will there be compressed, by means of the proposed 1,760 compressor horsepower, processed and discharged into Applicant's 30" O.D. transfer line extending between Eunice and Jal No. 1 Stations.

The instant proposal to provide a separate gathering service for the above 98 wells is dictated by economics. While only 1,760 horsepower will be required for the proposed service, approximately 5,000 horsepower would be required to provide an equivalent increase in capacity in the existing 225 psi system, the horsepower differential being attributable to the difference in compression ratios.

Installation and operation of those facilities proposed herein will provide Applicant with additional capacity so as to enable it to take into its Jal area gathering systems the prorated allowables from those wells presently connected into such systems. The producers of these wells will thus not be foreclosed from producing gas which would otherwise be lost due to production allowable cancellations and Applicant will not be denied a required source of dry gas to meet its system requirements. Applicant therefore believes that issuance of the authorizations requested

herein will serve and are required by the present and future public convenience and necessity.

IV.

The facilities for which Applicant hereby seeks certificate authorization are specifically described as follows:

Install and operate an addition of 1,760 compressor horsepower, consisting of two (2) 880 horsepower reciprocating compressor units, and necessary appurtenances, at Applicant's Jal No. 4 Plant located in the SE/4 of Section 31, Township 23 South, Range 37 East, Lea County, New Mexico. This additional horsepower, together with that now installed, will provide a total of 11,210 horsepower at this location.

In addition to those facilities described above, Applicant proposes to construct and operate the following non-jurisdictional gathering facilities:

Approximately 2.6 miles of 16" O.D., 0.219" w.t. pipeline, and necessary appurtenances, extending in an easterly direction from a point of connection with Applicant's 16" O.D. gathering Trunk A in the SW/4 of Section 35, Township 23 South, Range 36 East, Lea County, New Mexico, to the inlet header of the compressor units described immediately above.

The estimated direct cost of all facilities proposed herein to be constructed is \$555,000. The total estimated cost of such facilities, including overhead and contingency provisions, is \$611,000. Details of the foregoing costs are submitted herewith as Exhibit K.

Applicant proposes to commence installation of the above described facilities immediately upon receipt of requisite Commission authorization therefor and to complete such installation and place the facilities in operation as soon thereafter as practicable.

V.

No other application, to supplement or effectuate Applicant's proposal, as covered hereby, must be or is to be filed by Applicant or any other person with any State, Federal or other regulatory body.

VI.

Inasmuch as the undertaking contemplated by this application does not require all of the data and information specified by § 157.5, et seq., of the Commission's Regulations to fully disclose the nature and extent thereof, this application is being filed in abbreviated form in accordance with § 157.7 of the said Regulations. Reference is made below to all exhibits, supporting data and information required by and applicable under § 157.7, et seq., of said Regulations which are being filed herewith or incorporated herein by reference or omitted for the reasons indicated.

EXHIBIT A - ARTICLES OF INCORPORATION AND BYLAWS

Applicant requests the incorporation by reference of Exhibit No. 5 in the proceedings at Docket No. G-16235, et al., and Exhibits A to its Original Applications at Dockets Nos. CP62-28, CP63-63 and CP63-77.

EXHIBIT B - STATE AUTHORIZATION

Applicant requests the incorporation by reference of Exhibit B to its Original Application at Docket No. CP63-63.

EXHIBIT C - COMPANY OFFICIALS

Submitted herewith as Exhibit C is a listing of the names and business addresses of Applicant's officers and directors.

EXHIBIT D - SUBSIDIARIES AND AFFILIATIONS
Applicant requests the incorporation by reference of Exhibit D to its Original Application at Docket No. CP63-63.

EXHIBIT F - LOCATION OF FACILITIES
Submitted herewith as Exhibit F is a geographical map reflecting the location of Applicant's proposed facilities and their relationship to Applicant's other facilities which will be utilized for the project contemplated herein.

EXHIBIT G - FLOW DIAGRAM SHOWING DAILY DESIGN CAPACITY AND REFLECTING OPERATION WITH PROPOSED FACILITIES ADDED
Submitted herewith as Exhibit G is a flow diagram showing the daily design capacity and reflecting operating conditions of Applicant's proposed facilities when operated in conjunction with Applicant's existing facilities.

EXHIBIT G-I - FLOW DIAGRAM REFLECTING MAXIMUM CAPABILITIES
This exhibit is omitted herefrom since the data shown in Exhibit G reflect the maximum design capabilities of Applicant's facilities under the operating conditions set forth therein.

EXHIBIT G-II - FLOW DIAGRAM DATA
Submitted herewith as Exhibit G-II is a statement of engineering design data in explanation and support of the flow diagram submitted herewith as Exhibit G.

EXHIBIT H - TOTAL GAS SUPPLY DATA
This exhibit is inapplicable and is omitted herefrom.

EXHIBIT I - MARKET DATA

This exhibit is inapplicable and is omitted herefrom.

EXHIBIT J - CONVERSION TO NATURAL GAS

This exhibit is inapplicable and is omitted herefrom.

EXHIBIT K - COST OF FACILITIES

Submitted herewith as Exhibit K is an estimate of the cost of constructing the facilities of Applicant as proposed herein.

EXHIBIT L - FINANCING

Applicant proposes to finance the cost of the proposed facilities out of current working funds, supplemented, as necessary, by short-term bank loans. Applicant may, at some future date, finance the subject facilities through the sale of bonds or other long-term securities.

Applicant requests the incorporation by reference of the balance sheet and income statement submitted as Exhibit L to its Original Application at Docket No. CP63-250.

EXHIBIT M - CONSTRUCTION, OPERATION AND MANAGEMENT

Applicant proposes to have those facilities, as set forth herein, constructed by an independent contractor on the basis of competitive bids. Otherwise, there are no service, management or other contracts existing or contemplated in connection with the construction or operation of the subject facilities.

EXHIBIT N - REVENUES - EXPENSES - INCOME

The estimated expenses related to the project set forth herein will not significantly affect the total operating revenues or operating

expenses of Applicant. Submitted herewith as Exhibit N is an estimate of the incremental cost of service applicable to the subject facilities.

EXHIBIT O - DEPRECIATION AND DEPLETION

The facilities proposed herein to be constructed will be depreciated at an annual rate of 4.5%, which rate is currently applied by Applicant to similar facilities.

EXHIBIT P - TARIFF

No changes will be required in Applicant's FPC Gas Tariff to implement the proposal set forth herein and no material change in Applicant's average cost of service will result therefrom. Accordingly, this exhibit is inapplicable and is omitted herefrom.

VII.

In conformity with § 157.6(b)(7) of the Commission's Regulations, the following statement is submitted in the form contemplated by § 157.9 of said Regulations suitable for publication in the Federal Register:

Notice is hereby given that on July __, 1963, El Paso Natural Gas Company ("El Paso"), a Delaware corporation, whose mailing address is Post Office Box 1492, El Paso, Texas, 79999, filed at Docket No. CP64-___ an application pursuant to § 7(c) of the Natural Gas Act, as amended, authorizing the installation and operation of 1,760 additional compressor horsepower at its Jal No. 4 Plant located in the Jal production area of Lea County, New Mexico.

The application states that El Paso is encountering difficulty in taking the prorated allowable of each well connected to its 225 psi gathering system serving the Jal production area and that all of the operating flexibility originally designed into this system has now been expended. In order to provide additional capacity to alleviate the foregoing difficulties and to re-establish required operating flexibility to accommodate the connection of new wells from time to time,

El Paso proposes to provide a new gathering service that will operate at approximately 425 psi.

The new gathering service will be provided by isolating a 17-mile section of one of the two (2) main trunks utilized on the 225 psi service. The application states that there are currently 98 wells producing into this 17-mile section which are capable of producing their prorated allowable against the proposed 425 psi gathering pressure. Production of these 98 wells into the converted 425 psi gathering system will relieve the remaining 225 psi system of approximately 43 M²cf per day and the remaining wells connected to the 225 psi system will have no difficulty in producing their prorated allowables into such system.

The proposed 1,760 horsepower addition at the Jal No. 4 Plant will provide necessary compression for the gas gathered by the converted 425 psi gathering system. El Paso also proposes to install and operate certain non-jurisdictional facilities consisting of approximately 2.6 miles of 16" O.D. gathering line connecting the 17-mile section of gathering trunk with its Jal No. 4 Plant. The total estimated cost of the 1,760 compressor horsepower and 2.6 mile pipeline, and appurtenant facilities necessary for the operation thereof, is \$611,000. Such cost will be financed out of current working funds, supplemented, as necessary, by short-term bank loans.

No new reserves or sources of gas supply will be attached to El Paso's pipeline system as a result of the construction and operation of the proposed facilities and no new or additional sales of natural gas are proposed by use of such facilities.

VIII.

WHEREFORE, El Paso Natural Gas Company, the Applicant herein, respectfully prays that the Commission issue to it a Certificate of Public Convenience and Necessity under § 7(c) of the Natural Gas Act, as amended, authorizing the installation and operation of the 1,760 additional horsepower hereinabove described. Applicant is able and willing to perform the proposal set forth in this application and, for the reasons stated, believes

that issuance of the requested authorization will serve and is required by the present and future public convenience and necessity.

Applicant requests that this application be heard and disposed of under the procedure provided for by § 1.32(b) of the Commission's Rules of Practice and Procedure and accordingly requests that the intermediate decision procedure be omitted and waives oral hearing and opportunity for filing exceptions to the decision of the Commission.

Respectfully submitted,
EL PASO NATURAL GAS COMPANY

By s/ M. C. Norwood
Vice President

s/ Allen R. Grambling
of Hardie, Grambling, Sims & Galatzan

s/ George D. Horning, Jr.
of Hogan & Hartson

Attorneys for El Paso Natural Gas Company

STATE OF TEXAS)
COUNTY OF EL PASO)

M. C. NORWOOD, being first duly sworn, on oath, says that he is a Vice President of El Paso Natural Gas Company; that as such officer he has executed the within and foregoing Original Application and that the matters and facts set forth therein are true to the best of his information, knowledge and belief.

s/ M. C. Norwood

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on this, the 10th day of July, 1963.

s/ Virginia M. Womner
Notary Public
El Paso County, Texas

Docket No. CP64-_____

EXHIBIT C

COMPANY OFFICIALS

Application of
EL PASO NATURAL GAS COMPANY

EL PASO NATURAL GAS COMPANY

Company Officials

<u>Title</u>	<u>Name</u>	<u>Address</u>
Chairman of the Board of Directors	Paul Kayser	1006 Main Street Houston 2, Texas
President and Director	Howard Boyd	1 Chase Manhattan Plaza Room 5320 New York 5, New York
Vice President and Director	C. L. Perkins	Post Office Box 1492 El Paso, Texas
Vice President and Manager of Pipe Line Operations and Director	H. F. Steen	Post Office Box 1492 El Paso, Texas
Vice President and Director	Fred T. Wagner	Post Office Box 1492 El Paso, Texas
General Counsel and Director	Frank A. Liddell	510 Gulf Building Houston 2, Texas
Vice President	D. H. Tucker	1006 Main Street Houston 2, Texas
Vice President and Executive Engineer	J. F. Eichelmann	Post Office Box 1492 El Paso, Texas
Vice President	R. W. Harris	Post Office Box 1526 Salt Lake City 10, Utah
Vice President	Ben R. Howell	Post Office Box 1492 El Paso, Texas
Vice President and Controller	M. C. Norwood	Post Office Box 1492 El Paso, Texas
Secretary and Treasurer	Virgil Rittmann	Post Office Box 1492 El Paso, Texas
Associate General Counsel and Assistant Secretary	John M. Evans	1 Chase Manhattan Plaza Room 5320 New York 5, New York
Assistant Secretary and Assistant Treasurer	A. C. Martch	Post Office Box 1492 El Paso, Texas

EL PASO NATURAL GAS COMPANY

Company Officials
(Continued)

<u>Title</u>	<u>Name</u>	<u>Address</u>
Assistant Secretary and Assistant Treasurer	W. B. Warren	1 Chase Manhattan Plaza Room 5320 New York 5, New York
Assistant Secretary	V. M. Plummer	1006 Main Street Houston 2, Texas
Assistant Secretary	Wayne S. Gerber	Post Office Box 1492 El Paso, Texas
Assistant Secretary	G. Scott Cuming	Post Office Box 1526 Salt Lake City 10, Utah
Assistant Controller	Travis Petty	Post Office Box 1492 El Paso, Texas
Director	Arthur H. Dean	48 Wall Street New York 5, New York
Director	Alfred C. Glassell, Jr.	818 First City National Bank Building Houston 2, Texas
Director	A. R. Grambling	Post Office Drawer 1977 El Paso, Texas
Director	Leon M. Payne	2200 Gulf Building Houston 2, Texas
Director	Franz Schneider	300 Park Avenue New York 22, New York
Director	Lawrence M. Arnold	Post Office Box 3586 Seattle 24, Washington
Director	Eugene S. Hooper	184 Dwight Place Englewood, New Jersey
Director	C. R. Williams	1427 Bank of the Southwest Building Houston 2, Texas
Director	Sam D. Young	El Paso National Bank El Paso, Texas

EL PASO NATURAL GAS COMPANY

Company Officials
(Continued)

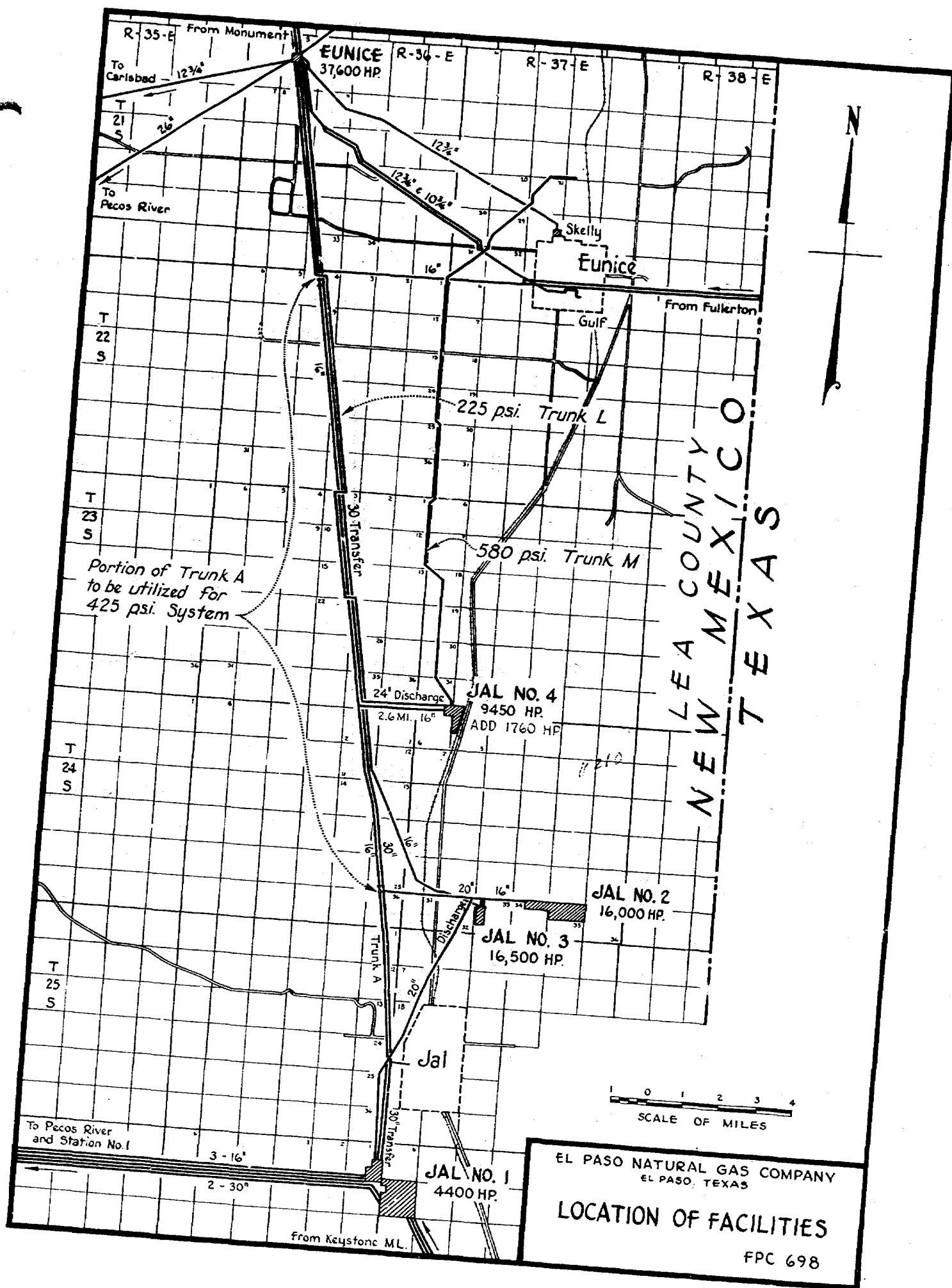
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Director	Eugene S. Hooper	184 Dwight Place Englewood, New Jersey
Director	C. R. Williams	1427 Bank of the Southwest Building Houston 2, Texas
Director	Sam D. Young	El Paso National Bank El Paso, Texas

Docket No. CP64-_____

EXHIBIT F

LOCATION OF FACILITIES

Application of
EL PASO NATURAL GAS COMPANY



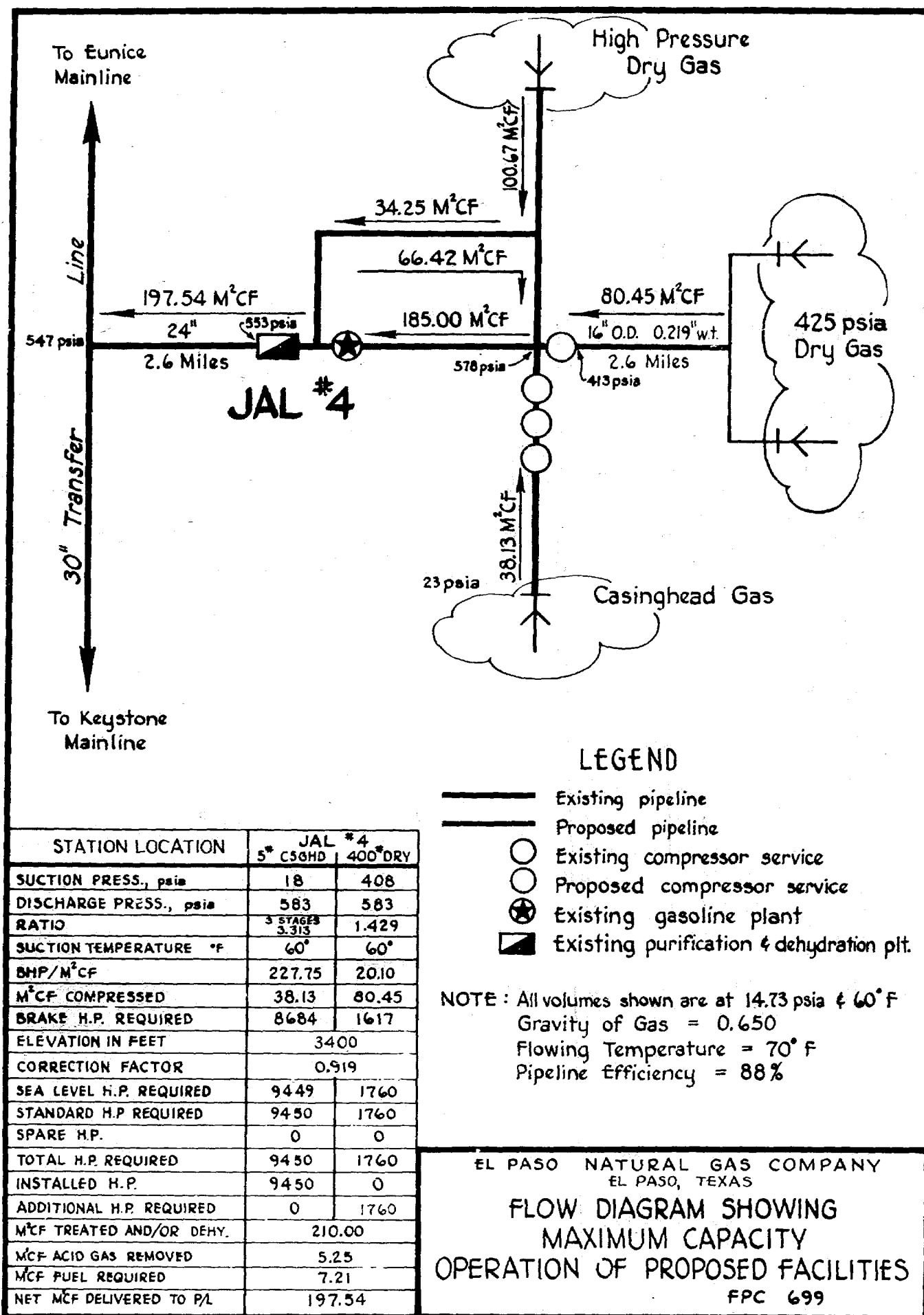
EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS
LOCATION OF FACILITIES
FPC 698

Docket No. CP64-_____

EXHIBIT G

**FLOW DIAGRAM SHOWING DAILY DESIGN CAPACITY
AND REFLECTING OPERATION WITH PROPOSED
FACILITIES ADDED**

**Application of
EL PASO NATURAL GAS COMPANY**



Docket No. CP64- _____

EXHIBIT G-II

FLOW DIAGRAM DATA

Application of
EL PASO NATURAL GAS COMPANY

SUPPLEMENTAL ENGINEERING DESIGN DATA SUBMITTED
IN SUPPORT OF FLOW DIAGRAM

I. Flow Formula

A modified version of the Panhandle Eastern "A" Flow Formula was used for calculating all pipeline pressure drops.

The equation is:

$$Q = K \cdot \left[\frac{P_1^2 - P_2^2}{L} \right]^{0.5394}$$

where:

$$K = 0.000889 \cdot d^{2.6182} \cdot E \cdot C$$

and:

$$C = \left(\frac{312}{G \cdot T} \right)^{0.5}$$

Q = Flowing volume in M³ CF/Day at 14.73 psi and 60°F

K = Constant for a particular line

P₁ = Upstream pipeline pressure (psia)

P₂ = Downstream pipeline pressure (psia)

L = Length of pipeline in miles

d = Inside diameter of pipeline in inches

E = Pipeline flow efficiency

C = Correction for gas temperature and gravity other than standard conditions

G = Specific gravity of gas (relative to air)

T = Temperature of flowing gas in degrees Rankine

NOTE: Pipeline flow efficiency, specific gravity, and temperature used are noted on the flow diagram.

SUPPLEMENTAL ENGINEERING DESIGN DATA SUBMITTED
IN SUPPORT OF FLOW DIAGRAM

II. Description of Pipe and Fittings

A. Pipeline

Approximately 2.6 miles of pipeline extending from applicant's 16" OD Gathering Trunk A in the SW/4, Section 35, Township 23 South, Range 36 East, Lea County, New Mexico to Jal No. 4 Compressor Station.

<u>Pipe Dia.</u> <u>Inches</u>	<u>Wall Thick.</u> <u>Inches</u>	<u>Minimum</u> <u>Yield</u> <u>Point-psi</u>	<u>Ult. Tensile</u> <u>Strength-psi</u>	<u>Specification</u>
4-1/2	0.156	35,000	60,000	API-5L-B

The pipeline will be constructed and tested in accordance with American Standards Association Code for Gas Transmission and Distribution Piping Systems, ASA B31.8-1958.

B. Valves and Fittings

All valves used on the above-described pipeline will be specified ASA Series 300 WE for a maximum allowable working pressure of 720 psig at a service temperature of 100°F.

Welding elbows, tees and other fittings will be specified to comply with approved ASA standards and designed to meet or exceed the maximum allowable working pressure of the pipeline.

Docket No. CP64-_____

EXHIBIT K

COST OF FACILITIES

Application of
EL PASO NATURAL GAS COMPANY

EL PASO NATURAL GAS COMPANY

Cost of Facilities

Jal Production Area 425 Psi Gathering System Project
Cost Estimate Summary

<u>Description</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total Cost*</u>
<u>PIPELINE</u>			
16" O.D., .219" w.t. pipeline from existing Trunk "A" in the Jal Intermediate Gathering System to the Jal No. 4 Plant	2.6 miles	\$38,700/mi.	\$ 101,000
<u>COMPRESSOR STATION</u>			
Jal No. 4 Compressor Station Addition	1760 HP	\$258/HP	<u>454,000</u>
Total Direct Cost			\$ 555,000
Add: General Overhead @ 5%			28,000
Contingency @ 5%			<u>28,000</u>
TOTAL PROJECT COST			<u>\$ 611,000</u>

*Costs rounded to nearest thousand dollars

EL PASO NATURAL GAS COMPANY

Cost of Facilities
(Continued)

Lay 2.6 miles of 16" O.D., .219 w.t., pipe from
Trunk "A" Intermediate System to Jal No. 4 Plant

<u>Rights of Way</u>	\$ 1,300
<u>Damages</u>	1,300
<u>Surveys</u>	260
<u>Material</u>	
Pipe	52,580
Pipe Freight	7,642
Valves & Fittings	5,400
Accessory Equipment	<u>410</u>
Total Material	\$ <u>68,892</u>
<u>Installation Costs</u>	
Contract	
Pipe	\$ 28,828
General	
Other than contract (EPNG Labor)	385
Miscellaneous General Construction	
(Indirect Labor, Equipment Expense,	
Supplies and Expenses)	<u>629</u>
Total Installation Costs	\$ <u>29,842</u>
<u>Other Field Costs</u>	
General Construction Costs	\$ <u>1,886</u>
TOTAL DIRECT COST	\$ <u>100,620</u>
Unit Cost = \$ 38,700 per mile	USE: \$ <u>101,000</u>

EL PASO NATURAL GAS COMPANY

Cost of Facilities
(Continued)

Install two (2) Packaged 880 H.P.,
Field Compressor Units at Jal No. 4 Plant

<u>Site Improvement</u>	\$ 3,000
<u>Material</u>	
Station	\$ 4,000
Foundation, including concrete	278,400
Compressor Units	14,400
Cooling Equipment	12,200
Accessory Equipment	2,100
Instruments and Controls	32,400
Piping	7,300
Other	
Utilities	1,600
Electric Generating	1,200
Water Supply and Water Treating	
	<u>24,709</u>
General Construction	
Total Material	\$ <u>378,309</u>
<u>Installation Costs</u>	\$ 64,342
Contractors	5,054
Labor, EPNG	<u>3,295</u>
General Construction	
Total Installation Costs	\$ <u>72,691</u>
TOTAL DIRECT COST	\$ <u><u>454,000</u></u>
Cost per HP = \$ 258.00	

EL PASO NATURAL GAS COMPANY

Cost of Facilities
(Continued)

General Overhead

Engineering	\$ 8,000
Inspection	800
Auditing Service & Expenses	400
Preliminary Survey & Investigation	1,200
Insurance & Taxes	400
General Const. Accounting Dept.	1,000
Purchasing & Traffic Dept.	400
Interest During Construction	<u>15,800</u>
TOTAL	<u>\$ 28,000</u>

Docket No. CP64-_____

EXHIBIT N

REVENUES – EXPENSES – INCOME

Application of
EL PASO NATURAL GAS COMPANY

EL PASO NATURAL GAS COMPANY

Incremental Cost of Service for Proposed Facilities

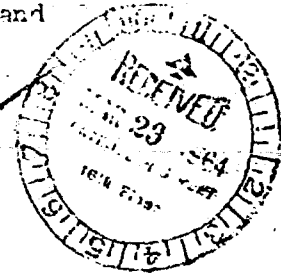
	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
<u>Cost of Service</u>			
Operation and Maintenance Expense			
Compressor Station	\$ 26,840	\$ 26,840	\$ 26,840
Field Lines	2,181	2,181	2,181
Total	\$ 29,021	\$ 29,021	\$ 29,021
Administrative and General	9,911	9,911	9,911
Other Taxes	9,165	9,165	9,165
Depreciation	27,495	27,495	27,495
Return			
Interst	\$ 19,908	\$ 18,992	\$ 18,075
Balance of Return	19,708	18,837	17,966
Total Return	\$ 39,616	\$ 37,829	\$ 36,041
Federal Income Tax	21,350	20,407	19,463
Total Cost of Service	<u>\$136,558</u>	<u>\$133,828</u>	<u>\$121,096</u>
<u>Rate Base</u>			
Plant Investment	\$611,000	\$611,000	\$611,000
Reserve for Depreciation			
Beginning Balance	\$ -	\$ 27,495	\$ 54,990
Ending Balance	27,495	54,990	82,485
Average Balance	\$ 13,748	\$ 41,243	\$ 68,738
Net Plant	\$597,252	\$569,757	\$542,262
Working Capital	12,220	12,220	12,220
Rate Base	<u>\$609,472</u>	<u>\$581,977</u>	<u>\$554,482</u>

UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

Before Commissioners: Joseph C. Swidler, Chairman; L. J. O'Connor, Jr.,
Charles R. Ross, Harold C. Woodward, and
David S. Elack

El Paso Natural Gas Company)

Docket No. CP64-9



FINDINGS AND ORDER AFTER STATUTORY HEARING
ISSUING CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY

(Issued March 19, 1964)

On July 16, 1963, as supplemented on September 9 and November 5, 1963, El Paso Natural Gas Company (Applicant) filed in Docket No. CP64-9 an application pursuant to Section 7(c) of the Natural Gas Act for a certificate of public convenience and necessity authorizing the construction and operation of additional compressor horsepower at the Jal No. 4 plant, Lea County, New Mexico, the operation of certain existing facilities and the construction and operation of certain other facilities, all in Lea County, in order to provide additional capacity necessary to receive the prorated allowables from the wells presently connected to Applicant's Jal production area 225 psi system and to re-establish operating capacity and flexibility for the connection of new wells in said area, all as more fully set forth in the application, as supplemented.

Specifically, Applicant proposes the following:

- (a) To install an additional 1,760 horsepower at the Jal No. 4 plant increasing the total horsepower from 9,450 to a total of 11,210;
- (b) To operate existing gathering Trunk Lines L and M now serving respectively Jal plant Nos. 3 and 4, and,
- (c) To construct and operate 2.6 miles of 16-inch pipeline in conjunction with the additional compressor facilities and a 17-mile segment of the existing and certificated 16-inch gathering Trunk Line A which line now serves Jal No. 1 plant.

Applicant presently operates, among others, two gathering systems in the Jal area with respective operating pressure of 225 psi and 580 psi. The 580 psi system (Trunk M) transports gas from newly-attached wells to the Jal No. 4 plant. Applicant states that when such wells are no longer capable of flowing against such a pressure, they are reattached to the 225 psi system. The parallel and interconnected Trunks A and L of the 225 psi system transport gas to the Jal Nos. 1 and 3 plants, respectively.

Applicant states that it has expended substantially all of the operating flexibility and capacity of the 225 psi system through the reconnection thereto of numerous wells previously producing into the 580 psi system. Applicant states further that it will therefore be impossible in the future to produce the prorated allowable from each well connected to the 225 psi system. To obviate this problem, Applicant proposes to provide a separate gathering trunk operating at a pressure in the order of 425 psi for those wells which are capable of producing their prorated allowable against a working pressure of 425 psi. The application indicates that there are 98 wells now attached to the 225 psi system which are able to flow against an operating pressure of 425 psi and which are consuming approximately 43,000 Mcf of the 225 psi system's daily capacity.

Applicant proposes, therefore, to isolate a 17-mile segment of Trunk A and to connect said segment by means of the proposed 2.6 miles of 16-inch pipeline to the proposed compressor units at the Jal No. 4 plant. Gas from the above-mentioned 98 wells will be produced into the isolated segment and transported at 425 psi to the No. 4 plant.

On January 3, 1964, Transwestern Pipeline Company (Transwestern) filed a petition to intervene in this proceeding; however, on February 3, 1964, Transwestern filed a notice of withdrawal of said petition.

After due notice, no other petition to intervene, notice of intervention or protest to the granting of the application has been filed.

At a hearing held on March 12, 1964, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the application, supplements and exhibits, submitted in support of the authorization sought herein, and upon consideration of the record,

The Commission finds:

(1) Applicant, El Paso Natural Gas Company, a Delaware corporation having its principal place of business in El Paso, Texas, is a "natural-gas company" within the meaning of the Natural Gas Act, as heretofore found by the Commission in its order of January 11, 1944, in Docket No. G-288 (4 FPC 486).

(2) The facilities hereinbefore described, as more fully described in the application, as supplemented, in this proceeding, are to be used in the transportation and delivery of natural gas in interstate commerce, subject to the jurisdiction of the Commission, and the construction and operation of the proposed facilities and the operation of existing facilities by Applicant are subject to the requirements of Subsections (c) and (e) of Section 7 of the Natural Gas Act.

(3) Applicant is able and willing properly to do the acts and to perform the services proposed and to conform to the provisions of the Natural Gas Act and the requirements, rules and regulations of the Commission thereunder.

(4) The construction and operation of the proposed facilities and the operation of existing facilities by Applicant are required by the public convenience and necessity and a certificate therefor should be issued as hereinafter ordered and conditioned.

(5) Public convenience and necessity require that the certificate issued hereinafter and the rights granted thereunder be conditioned upon Applicant's compliance with all applicable Commission Regulations under the Natural Gas Act and particularly the general terms and conditions set forth in paragraphs (a), (b), (c)(1), (c)(3), (c)(4) and (e) of Section 157.20 of such Regulations.

The Commission orders:

(A) A certificate of public convenience and necessity be and the same is hereby issued authorizing Applicant, El Paso Natural Gas Company, to construct and operate the proposed facilities and to operate existing facilities, as hereinbefore described, all as more fully described in the application, as supplemented, in this proceeding, upon the terms and conditions of this order.

(B) The certificate issued by paragraph (A) above and the rights granted thereunder are conditioned upon Applicant's compliance with all applicable Commission Regulations under the Natural Gas Act and particularly the general terms and conditions set forth in paragraphs (a), (b), (c)(1), (c)(3), (c)(4) and (e) of Section 157.20 of such Regulations.

Docket No. CP64-9

- 4 -

(C) The facilities hereby authorized shall be constructed and placed in actual operation, as provided by paragraph (b) of Section 157.20 of the Commission's Regulations under the Natural Gas Act within 6 months from the date on which this order issues.

By the Commission.

(S E A L)

Joseph H. Gutride,
Secretary.

EL PASO NATURAL GAS COMPANY

Case No. 3079 Exhibit No. 5

Operator	Well Name	Location	Cancellable Underage June 30, 1964
Atlantic Refining Co.	Lanehart #1	H 21-25-37	24,056*
Bogle Oil Co.	Arnott Ramsey #1 Yates	P 02-25-36	67,209*
Cities Service Oil Co.	State W #1	P 36-24-36	17,225*
	State AS #1	F 02-24-36	115,603*
Continental Oil Co.	Farney A 5 Fed #3	A 05-23-36	544
	Meyer B 28 Fed #1	E 28-22-36	64,045*
	State A 32 #3	P 32-22-36	9,880
	Jack A 29 Fed #3	H 29-24-37	35,706
	Stewart 29 #2 Yates	I 29-23-37	25,391*
El Paso Natural Gas Co.	Carlson Fed #1	L 22-25-37	7,871
	Jal D #3	B 08-25-37	205*
Gulf Oil Corp.	J F Janda J #1	I 04-23-36	20,197*
	Vinson Ramsey NCT A #2	H 12-26-36	55,016
Humble Oil & Refining Co.	Hunter #1	D 24-24-36	31,202*
	Harrison #1	M 25-24-36	9,338*
Lowe, Ralph	Sholes B 25 #2	J 25-25-36	5,005*
Pan American Pet. Corp.	P J Langlie B Federal #2	D 15-25-37	17,476*
Phillips Petroleum Co.	Woolworth #4	J 33-24-37	38,778*
Reserve Oil and Gas Co.	Hunter #1	K 13-24-36	26,248*
Rodman, E. G.	Hadfield #1	O 21-25-37	82,258*
	Hadfield #2	P 21-25-37	28,288*
Schermerhorn Oil Corp.	Woolworth #3	J 28-24-37	8,245
Simon, Julian E.	Woolworth #1	K 33-24-37	3,858
Sinclair Oil and Gas Co.	Shipley WN #1	N 27-22-36	22,457
	George W Toby WN A-1	A 13-24-36	36,525*

El Paso Natural Gas Company

Case No. _____ Exhibit No. _____

Operator	Well Name	Location	Cancellable Underage June 30, 1964
Sun Oil Co.	Lanehart #2	I 20-25-37	36,657*
Texaco, Inc.	Fristoe B NCT 3 #2	F 30-24-37	8,716*
	Blinebry A #2	I 31-23-37	20,559
Texas Pacific Oil Co.	State A Account 1 #8	O 21-23-36	11,529
	State A Account 1 #18	M 04-23-36	63,853
	State A Account 2 #41	M 05-22-36	37,350
	B A Christmas #2	I 28-22-36	20,658
	Courtland Meyers #1 CS	J 06-24-37	1,536
	State A Account 1 #6	F 21-23-36	41,295*
	State A Account 1 #2	L 21-23-36	47,216*
	S R Cooper O #1	O 11-24-36	3,731*
	Cooper G SW/4 #1	K 11-24-36	13,382
	S R Cooper #5	H 14-24-36	27,468*
	State A Account 2 #43	H 08-22-36	63,990
			<hr/> 1,150,566

*Underage of wells to be classified marginal included
in June 30, 1964 cancellable underage total.

File CP64-9 - orders

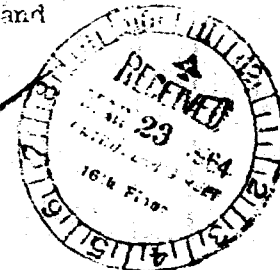
UNITED STATES OF AMERICA
FEDERAL POWER COMMISSION

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Exhibit No. 4
Case No. 3079

Before Commissioners: Joseph C. Swidler, Chairman; L. J. O'Connor, Jr.,
Charles R. Ross, Harold C. Woodward, and
David S. Black

El Paso Natural Gas Company)

Docket No. CP64-9



FINDINGS AND ORDER AFTER STATUTORY HEARING
ISSUING CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY

(Issued March 19, 1964)

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Specifically, Applicant proposes the following:

- (a) To install an additional 1,760 horsepower at the Jal No. 4 plant increasing the total horsepower from 9,450 to a total of 11,210;
- (b) To operate existing gathering Trunk Lines L and M now serving respectively Jal plant Nos. 3 and 4, and,
- (c) To construct and operate 2.6 miles of 16-inch pipeline in conjunction with the additional compressor facilities and a 17-mile segment of the existing and certificated 16-inch gathering Trunk Line A which line now serves Jal No. 1 plant.

Applicant presently operates, among others, two gathering systems in the Jal area with respective operating pressure of 225 psi and 580 psi. The 580 psi system (Trunk M) transports gas from newly-attached wells to the Jal No. 4 plant. Applicant states that when such wells are no longer capable of flowing against such a pressure, they are reattached to the 225 psi system. The parallel and interconnected Trunks A and L of the 225 psi system transport gas to the Jal Nos. 1 and 3 plants, respectively.

Applicant states that it has expended substantially all of the operating flexibility and capacity of the 225 psi system through the reconnection thereto of numerous wells previously producing into the 580 psi system. Applicant states further that it will therefore be impossible in the future to produce the prorated allowable from each well connected to the 225 psi system. To obviate this problem, Applicant proposes to provide a separate gathering trunk operating at a pressure in the order of 425 psi for those wells which are capable of producing their prorated allowable against a working pressure of 425 psi. The application indicates that there are 98 wells now attached to the 225 psi system which are able to flow against an operating pressure of 425 psi and which are consuming approximately 43,000 Mcf of the 225 psi system's daily capacity.

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Docket No. CP64-9

- 4 -

(C) The facilities hereby authorized shall be constructed and placed in actual operation, as provided by paragraph (b) of Section 157.20 of the Commission's Regulations under the Natural Gas Act within 6 months from the date on which this order issues.

By the Commission.

(S E A L)

Joseph H. Gutride,
Secretary.

EL PASO NATURAL GAS COMPANY

Case No. 3079 Exhibit No. 5

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Pan American Pet. Corp.	P J Langlie B Federal #2	D 15-25-37	17,476*
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Rodman, E. G.	Hadfield #1	O 21-25-37	82,258*
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El Paso Natural Gas Company
Case No. _____ Exhibit No. _____

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	Cooper G SW/4 #1	K 11-24-36	13,382
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	State A Account 2 #43	H 08-22-36	63,990
			<hr/> 1,150,566

*Underage of wells to be classified marginal included
in June 30, 1964 cancellable underage total.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

UNITED STATES OF AMERICA
Before the
FEDERAL POWER COMMISSION

DOCKET NO. CP64-9

IN THE MATTER OF
EL PASO NATURAL GAS COMPANY

FIRST SUPPLEMENT TO ORIGINAL APPLICATION

Comes now EL PASO NATURAL GAS COMPANY ("Applicant"), pursuant to § 1.11 of the Commission's Rules of Practice and Procedure, and files this First Supplement to its Original Application for a Certificate of Public Convenience and Necessity pending hearing and final disposition in the above styled and docketed proceeding. In support hereof, Applicant respectfully represents:

I.

On July 17, 1963, Applicant filed at Docket No. CP64-9 an application for a Certificate of Public Convenience and Necessity authorizing the construction (installation) and operation of 1,760 additional compressor horsepower at its Jal No. 4 Plant located in Lea County, New Mexico, in order to provide additional capacity necessary to receive the prorated allowables from the wells presently connected to Applicant's Jal production area 225 psi system and to otherwise re-establish operating capacity and flexibility for the connection of new wells in this area.

II.

The Commission's Staff has informally requested that the foregoing application be supplemented with the information and data responsive to the requests set forth below:

A. Request - State the docket number for and the issuance date of the order authorizing Trunks A, L and M illustrated on Exhibit F to the application.

Response - Trunk A was certificated by order issued March 20, 1945, at Docket No. G-542 (4 FPC 878). Trunk L was not specifically certificated. This trunk is now comprised of two (2) previously separate, but later interconnected, trunks which extend, respectively, from Section 2, Township 24 South, Range 36 East, in a southerly and easterly direction to the Jal No. 3 Plant and from Section 3, Township 23 South, Range 36 East, in a northerly direction to the Eunice Plant. The two (2) separate trunks, so interconnected, were installed and used for the purpose of gathering gas to the Jal No. 3 and Eunice Plants for processing and thereafter compression prior to mainline transmission. Following such interconnection, Trunk L was and presently is used for the same purpose. Trunk M is likewise used for the same purpose as Trunk L in that it was installed and is presently used for the purpose of gathering gas to the Jal No. 4 Plant for processing and compression prior to mainline transmission. Certification of Trunk M and other facilities behind the Jal No. 4 Plant was sought at Docket No. G-1629 but jurisdiction was disclaimed by the Commission. See Examiner's Decision issued November 7, 1951, at Docket No. G-1345, et al. (10 FPC 633, 637, 638) and order issued November 29, 1951, affirming such decision (10 FPC 644).

B. Request - Submit a map showing the ninety-eight (98) wells which will produce into the 425 psi system and the facilities connecting such wells with such system.

Response - Submitted herewith as Exhibit No. 1 is a map showing the information requested.

C. Request - Submit the name of the well operator of each of the ninety-eight (98) wells to be shown on the map requested by item B above.

Response - Submitted herewith as Exhibit No. 2 is a listing of well operators keyed, by number, to the ninety-eight (98) wells shown on Exhibit No. 1.

- D. Request - State whether the contracts under which Applicant purchases gas from the ninety-eight (98) wells are of wellhead or residue plant nature.

Response - The contracts are of wellhead nature and settlement for gas purchased thereunder is made on the basis of wellhead volumes.

III.

WHEREFORE, Applicant respectfully requests that its Original Application at Docket No. CP64-9 be supplemented to the extent of including as a part thereof the information and data submitted herewith and that such application be disposed of as promptly as possible.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By s/ M. C. Norwood
Vice President

s/ Allen R. Grambling
of Hardie, Grambling, Sims & Galatzan

s/ George D. Horning, Jr.
of Hogan & Hartson

Attorneys for El Paso Natural Gas Company

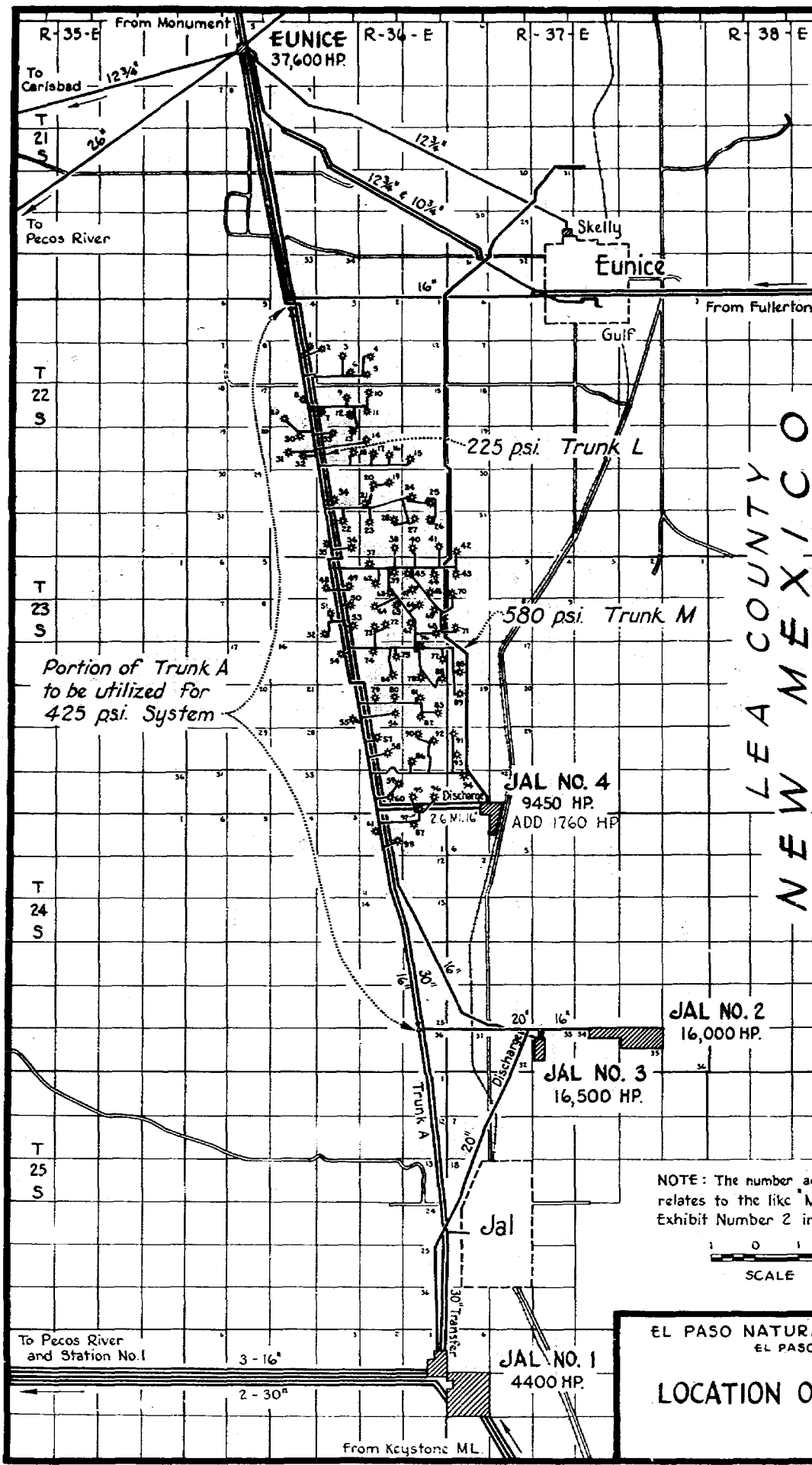
STATE OF TEXAS)
)
COUNTY OF EL PASO)

M. C. NORWOOD, being first duly sworn, on oath, says that he is a Vice President of El Paso Natural Gas Company; that as such officer he has executed the within and foregoing First Supplement to Original Application and that the matters and facts set forth therein are true to the best of his information, knowledge and belief.

s/ M. C. Norwood

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on this, the 3rd day of September, 1963.

s/ Virginia M. Wonner
Notary Public
El Paso County, Texas

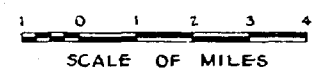


First Supplement to
Original Application
Docket No. CP 64-9
Exhibit No. 1
Page 1 of 1



LEA COUNTY
NEW MEXICO
TEXAS

NOTE: The number adjacent to each well
relates to the like "Map Index Number" on
Exhibit Number 2 included herein.



EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

LOCATION OF FACILITIES

FPC 698
REVISION 1

EL PASO NATURAL GAS COMPANY

List of Wells to be Connected to the Proposed

425 psi Gathering System in Lea County, New Mexico

<u>Map Index No.</u>	<u>Operator</u>	<u>Well Name</u>	<u>Location</u>
1	Texas Pacific Coal & Oil Co.	State A Acct. 2 #40	NE/4 Section 9, T-22-S, R-36-E
2	Western Natural Gas Co.	Harrington No. 1	NW/4 Section 10, T-22-S, R-36-E
3	Texas Pacific Coal & Oil Co.	Mattie James No. 1	NE/4 Section 10, T-22-S, R-36-E
4	Texas Pacific Coal & Oil Co.	State A Acct. 2 #42	NW/4 Section 11, T-22-S, R-36-E
5	Texas Pacific Coal & Oil Co.	State A Acct. 2 #36	SW/4 Section 11, T-22-S, R-36-E
6	Western Natural Gas Co.	Record No. 1	SE/4 Section 10, T-22-S, R-36-E
7	Western Natural Gas Co.	State McDonald A-15 #1	SW/4 Section 15, T-22-S, R-36-E
8	Marathon Oil Co.	State McDonald #25	NE/4 Section 16, T-22-S, R-36-E
9	Western Natural Gas Co.	State McDonald #14	NE/4 Section 15, T-22-S, R-36-E
10	Western Natural Gas Co.	State McDonald #11	NW/4 Section 14, T-22-S, R-36-E
11	Western Natural Gas Co.	State McDonald #1	SW/4 Section 14, T-22-S, R-36-E
12	Western Natural Gas Co.	State McDonald #13	SE/4 Section 15, T-22-S, R-36-E
13	Sun Oil Co.	Record Unit #1	NE/4 Section 22, T-22-S, R-36-E
14	Continental Oil Co.	Meyers B-23 #3	NW/4 Section 23, T-22-S, R-36-E
15	Western Natural Gas Co.	State McDonald #12	SW/4 Section 24, T-22-S, R-36-E
16	Continental Oil Co.	Meyers B-23 #2	SE/4 Section 23, T-22-S, R-36-E
17	Shell Oil Co.	Christmas A #1	SW/4 Section 23, T-22-S, R-36-E
18	Continental Oil Co.	Meyers B-22 #1	SE/4 Section 22, T-22-S, R-36-E
19	Western Natural Gas Co.	State McDonald #9	NE/4 Section 26, T-22-S, R-36-E
20	Tidewater Oil Co.	Christmas #1	NW/4 Section 26, T-22-S, R-36-E
21	Western Natural Gas Co.	Owens #1	SW/4 Section 26, T-22-S, R-36-E
22	Western Natural Gas Co.	Jones #1	NE/4 Section 34, T-22-S, R-36-E
23	Sinclair Oil & Gas Co.	Jones #1	NW/4 Section 35, T-22-S, R-36-E
24	Shell Oil Co.	Christmas B #1	SW/4 Section 25, T-22-S, R-36-E

EL PASO NATURAL GAS COMPANY
List of Wells to be Connected to the Proposed
425 psi Gathering System in Lea County, New Mexico

<u>Map Index No.</u>	<u>Operator</u>	<u>Well Name</u>	<u>Location</u>
25	Dalport Oil Corp.	Christmas #1	SE/4 Section 25, T-22-S, R-36-E
26	Western Natural Gas Co.	State McDonald #6	NE/4 Section 36, T-22-S, R-36-E
27	Western Natural Gas Co.	State McDonald #5	NW/4 Section 36, T-22-S, R-36-E
28	Western Natural Gas Co.	State McDonald #7	NE/4 Section 35, T-22-S, R-36-E
29	Marathon Oil Co.	State McDonald #6	SW/4 Section 16, T-22-S, R-36-E
30	Shell Oil Co.	Devonian Christmas B #2	NE/4 Section 21, T-22-S, R-36-E
31	Gulf Oil Corp.	Greer #1	SW/4 Section 21, T-22-S, R-36-E
32	Dalport Oil Corp.	Christmas B #1	SE/4 Section 21, T-22-S, R-36-E
33	Sun Oil Co.	Peerless #1	NW/4 Section 22, T-22-S, R-36-E
34	Western Natural Gas Co.	Shipley #1	SW/4 Section 27, T-22-S, R-36-E
35	Western Natural Gas Co.	Hale #1	SW/4 Section 34, T-22-S, R-36-E
36	Dalport Oil Corp.	Jones #1	SE/4 Section 34, T-22-S, R-36-E
37	Gulf Oil Corp.	Janda I #2	NW/4 Section 2, T-23-S, R-36-E
38	Western Natural Gas Co.	State McDonald A-35-1	SE/4 Section 35, T-22-S, R-36-E
39	Gulf Oil Corp.	Janda I #1	NE/4 Section 2, T-23-S, R-36-E
40	Western Natural Gas Co.	State McDonald #4	SW/4 Section 36, T-22-S, R-36-E
41	Western Natural Gas Co.	State McDonald #3	SE/4 Section 36, T-22-S, R-36-E
42	Dalport Oil Corp.	E. F. King #1	SW/4 Section 31, T-22-S, R-37-E
43	Skelly Oil Co.	King D #1	NW/4 Section 6, T-23-S, R-37-E
44	Skelly Oil Co.	King C #1	NE/4 Section 1, T-23-S, R-36-E
45	Texas Pacific Coal & Oil Co.	King #1 NW	NW/4 Section 1, T-23-S, R-36-E
46	Texas Pacific Coal & Oil Co.	King #1 SE	SE/4 Section 1, T-23-S, R-36-E
47	Tidewater Oil Co.	King #1	SW/4 Section 1, T-23-S, R-36-E
48	Texas Pacific Coal & Oil Co.	State A Acct. 1 #35	SW/4 Section 3, T-23-S, R-36-E

EL PASO NATURAL GAS COMPANY

List of Wells to be Connected to the Proposed

425 psi Gathering System in Lea County, New Mexico

<u>Map Index No.</u>	<u>Operator</u>	<u>Well Name</u>	<u>Location</u>
49	Texas Pacific Coal & Oil Co.	State A Acct. 1 #30	SE/4 Section 3, T-23-S, R-36-E
50	Texas Pacific Coal & Oil Co.	State A Acct. 3 #1	NE/4 Section 10, T-23-S, R-36-E
51	Texas Pacific Coal & Oil Co.	State A Acct. 1 #7	NW/4 Section 10, T-23-S, R-36-E
52	Texas Pacific Coal & Oil Co.	State A Acct. 1 #38	SW/4 Section 10, T-23-S, R-36-E
53	Texas Pacific Coal & Oil Co.	State A Acct. 3 #2	SE/4 Section 10, T-23-S, R-36-E
54	Texas Pacific Coal & Oil Co.	State A Acct. 1 #31	NE/4 Section 15, T-23-S, R-36-E
55	El Paso Natural Gas Co.	Shell State #3	SE/4 Section 22, T-23-S, R-36-E
56	Gackle Oil Co.	Sinclair State #1	SE/4 Section 23, T-23-S, R-36-E
57	Continental Oil Co.	Lynn B-26 #3	NW/4 Section 26, T-23-S, R-36-E
58	Continental Oil Co.	Lynn B-26 #1	SE/4 Section 26, T-23-S, R-36-E
59	Western Natural Gas Co.	Combust #1X	NE/4 Section 35, T-23-S, R-36-E
60	Continental Oil Co.	Stevens A-35 #1	SE/4 Section 35, T-23-S, R-36-E
61	Cities Service Oil Co.	State As #1	NW/4 Section 2, T-24-S, R-36-E
62	El Paso Natural Gas Co.	Shell State #4	SW/4 Section 2, T-23-S, R-36-E
63	Skelly Oil Co.	Mexico E #1	SE/4 Section 2, T-23-S, R-36-E
64	Texas Pacific Coal & Oil Co.	State A Acct. 1 #29	NW/4 Section 11, T-23-S, R-36-E
65	Texas Pacific Coal & Oil Co.	State A Acct. 1 #16	NE/4 Section 11, T-23-S, R-36-E
66	Continental Oil Co.	Stevens B-12 #1	NW/4 Section 12, T-23-S, R-36-E
67	Western Natural Gas Co.	King #1	SW/4 Section 12, T-23-S, R-36-E
68	Gackle Oil Co.	Magnolia King #1	SE/4 Section 12, T-23-S, R-36-E
69	Continental Oil Co.	Stevens B-12 #2	NE/4 Section 12, T-23-S, R-36-E
70	Dalport Oil Corp.	W. H. King #1	SW/4 Section 6, T-23-S, R-37-E
71	Continental Oil Co.	Stevens B-7 #1	SW/4 Section 7, T-23-S, R-37-E
72	Gulf Oil Corp.	Janda H #3	SE/4 Section 11, T-23-S, R-36-E
73	Texas Pacific Coal & Oil Co.	State A Acct. 1 #34	SW/4 Section 11, T-23-S, R-36-E

EL PASO NATURAL GAS COMPANY
List of Wells to be Connected to the Proposed
425 psi Gathering System in Lea County, New Mexico

<u>Map Index No.</u>	<u>Operator</u>	<u>Well Name</u>	<u>Location</u>
74	Texas Pacific Coal & Oil Co.	State A Acct. 1 #28	NW/4 Section 14, T-23-S, R-36-E
75	Texas Pacific Coal & Oil Co.	State A Acct. 1 #13	NE/4 Section 14, T-23-S, R-36-E
76	Texas Pacific Coal & Oil Co.	State A Acct. 1 #20	NW/4 Section 13, T-23-S, R-36-E
77	Texas Pacific Coal & Oil Co.	State A Acct. 1 #21	NE/4 Section 13, T-23-S, R-36-E
78	Texas Pacific Coal & Oil Co.	State A Acct. 1 #22	SW/4 Section 13, T-23-S, R-36-E
79	Texas Pacific Coal & Oil Co.	State A Acct. 1 #27	NW/4 Section 23, T-23-S, R-36-E
80	Texas Pacific Coal & Oil Co.	State A Acct. 1 #26	NE/4 Section 23, T-23-S, R-36-E
81	Texas Pacific Coal & Oil Co.	State A Acct. 1 #25	NW/4 Section 24, T-23-S, R-36-E
82	Texas Pacific Coal & Oil Co.	State A Acct. 1 #24	SW/4 Section 24, T-23-S, R-36-E
83	Texas Pacific Coal & Oil Co.	State A Acct. 1 #32	SE/4 Section 24, T-23-S, R-36-E
84	Continental Oil Co.	Stevens B-14 #1	SE/4 Section 14, T-23-S, R-36-E
85	Continental Oil Co.	Stevens B-18 #2	SW/4 Section 18, T-23-S, R-37-E
86	Continental Oil Co.	Lynn B-25 #2	SW/4 Section 25, T-23-S, R-36-E
87	Continental Oil Co.	Vaughn B-1 #2	NW/4 Section 1, T-24-S, R-36-E
88	El Paso Natural Gas Co.	Shell State #2	SE/4 Section 13, T-23-S, R-36-E
89	Sarnedan Oil Corp.	Hughes #1	NW/4 Section 19, T-23-S, R-37-E
90	Western Natural Gas Co.	Lankford #1	NW/4 Section 25, T-23-S, R-36-E
91	Western Natural Gas Co.	Blinbry A #2	NW/4 Section 30, T-23-S, R-37-E
92	Haynes & V. T. Drilling Co.	Lankford #1	NE/4 Section 25, T-23-S, R-36-E
93	Albert Gackle	Cowden B #1	SW/4 Section 30, T-23-S, R-37-E
94	Albert Gackle	Cowden C #4	NW/4 Section 31, T-23-S, R-37-E
95	Cities Service Oil Co.	State Q #1	SW/4 Section 36, T-23-S, R-36-E
96	Skelly Oil Co.	Mexico D #1	SE/4 Section 36, T-23-S, R-36-E
97	Ralph Lowe	Shell State C #2	SW/4 Section 36, T-23-S, R-36-E
98	Tidewater Oil Co.	State T #1	SE/4 Section 2, T-24-S, R-36-E

UNITED STATES OF AMERICA

Before the

FEDERAL POWER COMMISSION

BEFORE THE
OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Exhibit No. 3

Case No. 3079

In the Matter of)
El Paso Natural Gas Company)

Docket No. CP64-9

Second Supplement to Original Application

Comes now EL PASO NATURAL GAS COMPANY ("Applicant"), pursuant to § 1.11 of the Commission's Rules of Practice and Procedure, and files this Second Supplement to its Original Application pending hearing and final disposition in the above styled and docketed proceeding. In support hereof, Applicant respectfully represents:

I.

On July 17, 1963, as supplemented on September 9, 1963, Applicant filed at Docket No. CP64-9 an application for a certificate of public convenience and necessity authorizing the construction (installation) and operation of 1,760 additional compressor horsepower at its Jal No. 4 Plant located in Lea County, New Mexico, in order to provide additional capacity necessary to receive the prorated allowables from the wells presently connected to Applicant's Jal production area 225 psi system and to otherwise re-establish operating capacity and flexibility for the connection of new wells in this area.

II.

The Commission's Staff has informally requested that the foregoing application be further supplemented responsive to the requests set forth below:

A. Request - State the disposition to be made of those portions of Trunk A extending, respectively, north to Eunice Plant and south to Jal No. 1 Plant from that portion of Trunk A to be isolated and utilized for the proposed 425 psia system.

Response - These portions of Trunk A transmit raw gas to Eunice or to Jal No. 1 Plants. The operation of this system will be continued and there will be no abandonment of any of these facilities.

B. Request - In addition to the 1,760 horsepower proposed to be installed at the Jal No. 4 location, the application reflects that 2.6 miles of 16" O.D. line is proposed in order to connect the Jal No. 4 Plant to that portion of Trunk A to be isolated. The application further reflects that no certificate authorization is requested for the 16" O.D. line for the reason stated that it is a non-jurisdictional gathering facility. Certificate authorization for the 16" O.D. line should be sought.

Response - The purpose and operational nature of the 16" O.D. line are identical to those of Trunks L and M. For reasons indicated in response to the request set forth immediately below, certificate authorization for this line was not requested. Applicant's position with respect to certification of this line is likewise set forth below.

C. Request - Certificate authorization to continue the operation of Trunks L and M should be sought.

Response - The status of certification of Trunks L and M was submitted in the first supplement; namely, jurisdiction over Trunk M was specifically disclaimed by the Commission on grounds that the trunk was a gathering facility. The purpose and operational nature of Trunks L and M are identical. In reliance upon the above Commission action, Applicant did not seek certificate authorization for the 16" O.D. line. Although the jurisdictional issue as to all three (3) of these facilities has been raised by the Staff, Applicant continues of the belief that none of such facilities is jurisdictional. Upon consideration, however, of the special circumstances requiring Applicant to immediately proceed with the facility modifications set forth in the application herein, Applicant will accept a certificate authorizing all three (3) of such facilities if the Commission finds them to be jurisdictional.

III.

WHEREFORE, El Paso Natural Gas Company, the Applicant herein, respectfully requests that its application at Docket No. CP64-9, as heretofore supplemented, be further supplemented with the information set forth above.

Applicant further requests that appropriate authorizations for the instant project issue at the earliest practicable date. During the first six (6) months of 1963, Applicant lost allowables in the amount of 440,676 Mcf for reason of not having the instant project in operation. Until such time as the project is completed and in operation, the annual loss of allowables will approximate 880,000 Mcf from the Jal production area.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY

By s/ H. F. Steen
Vice President

s/ Allen R. Grambling
of Hardie, Grambling, Sims & Galatzan

s/ George D. Horning, Jr.
of Hogan & Hartson

Attorneys for El Paso Natural Gas Company

STATE OF TEXAS
COUNTY OF EL PASO }

H. F. STEEN, being first duly sworn, on oath, says that he is a Vice President of El Paso Natural Gas Company; that as such officer he has executed the within and foregoing Second Supplement to Original Application and that the matters and facts set forth therein are true to the best of his information, knowledge and belief.

s/ H. F. Steen

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on this, the 1st day of November, 1963.

s/ Norma Jean Adkins
Notary Public
El Paso County, Texas