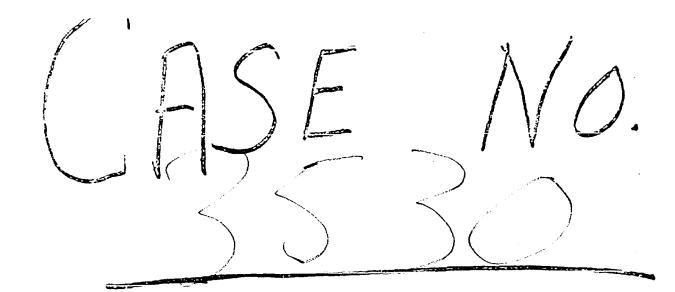
CASE 3530: Application of ATLANTIC RICHFIELD for suspension of can-cellation of underproduction.



APPlication,
Transcripts,
SMAIL Exhibits
ETC.

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. 3530 Order No. R-3198

APPLICATION OF ATLANTIC RICHFIELD COMPANY FOR SUSPENSION OF CANCEL-LATION OF UNDERPRODUCTION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 21, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this <u>23rd</u> day of February, 1967, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the following wells in the Basin-Dakota Gas Pool, San Juan County, New Mexico, accumulated underproduction during the proration period February 1, 1966, to August 1, 1966; that said underproduction was cancelled as of February 1, 1967:

Operator - Name of Well	Unit	Section	Township Range
Atlantic Richfield Company			
State "B" Gas Com. Well No. 1	N	16	29 North 10 West
State "A" Gas Com. Well No. 1	G	36	29 North 11 West

(3) That the said wells were deprived of full opportunity to make up the said underproduction during the proration period

-2-CASE No. 3530 Order No. R-3198

August 1, 1966, to February 1, 1967, as a result of the sale of the connecting pipeline for said wells by an intrastate company to an interstate company resulting in the shutting in of the subject wells until Federal Power Commission approval for the sale of the gas was received.

- (4) That the above-mentioned wells also accumulated under-production during the proration period August 1, 1966, to February 1, 1967, as a result of the above-mentioned shutting in; that said underproduction will be subject to cancellation August 1, 1967.
- (5) That said shutting in of the subject wells was beyond the control of and through no fault of the operator of said wells.
- (6) That in order to afford the operator of the subject wells the opportunity to produce its just and equitable share of the gas in the pool, the operator of the subject wells should be authorized to produce during the make-up period from February 1, 1967, to August 1, 1967, and such other make-up period as may be necessary, any underproduction attributed to the subject wells and cancelled February 1, 1967, and any underproduction attributed to the subject wells and subject to cancellation August 1, 1967.

IT IS THEREFORE ORDERED:

(1) That during the make-up period from February 1, 1967, to August 1, 1967, the operator of each of the following gas wells in the Basin-Dakota Gas Pool, San Juan County, New Mexico, is hereby authorized to produce, from said well, the underproduction attributed to the well and cancelled on February 1, 1967:

Operator - Name of	F Well	Unit	Section	Township Range
Atlantic Richfield	l Company			
State "B" Gas Com.	Well No. 1	N '	16	29 North 10 West
State "A" Gas Com.	Well No. 1	G	36	29 North 11 West

(2) That the Secretary-Director of the Commission, upon proper application, may approve an extension of time during which underproduction that accumulated to said State "B" Gas Com. Well No. 1 and State "A" Gas Com. Well No. 1 and cancelled February 1, 1967, and the underproduction that accumulated to said wells and subject to cancellation August 1, 1967, may be made up.

-3-CASE No. 3530 Order No. R-3198

- (3) That to obtain administrative approval for an extension of time in which to make up cancelled underproduction, the operator shall submit in triplicate a request for such authority, stating the amount of underproduction produced to date and describing the conditions preventing complete make up of underproduction by August 1, 1967.
- (4) 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

DAVID F. CARGO Chairman

Aught B. Hay

GUYTON B. HAYS, Member

A. L. PORTER, Jr. Member & Secretary

SEAL

esr/

GOVERNOR DAVID F. CARGO CHAIRMAN

State of New Mexico Gil Conservation Commission

LAND COMMISSIONER GIJYTON B. HAYS MEMBER



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

P. O. BOX 2086 SANTA FE

February 23, 1967

		3530	L		
Re:	Case No	3243			
	Order No.	R-3198	&	R-291	9-A
	Applicant	:			
	Atlantic	Moneau	itc	;	

Dear Sir:

Mr. Lewis Cox

Attorneys at Law Post Office Box 10 Roswell, New Mexico

Hinkle, Bondurant & Christy

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

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ALP/ir
Carbon copy of order also sent to:
Hobbs CCC X Artesia OCC R-2919-A
Aztec OCC R-3198
Other

Case 3 5 %0 Keard 2-21-67 Rec. 2-21-67. 1. Sunt attentio-Richfield an order allowing them to apply for recretatement of underproduction candled 2- 1-67 which as will as underege which may be canalled 8-1-67. Said underage heing the result of a 80 day delay on receiving F.P.C. approval for sale of your into an Interstate eystem. Wills were being changed from Lutin state to interstate purchase. Subject wells sie! Cethanter Richfield - State A La Com. #1 8-36-29N-11W. At. B Show Com #1 N-16- ZEN-10W. Bath on Brain peakate Pool. Thurster to

Docket No. 6-67

DOCKET: EXAMINER HEARING - TUESDAY - FEBRUARY 21, 1967

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

The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 3530:

Application of Atlantic Richfield Company for suspension of cancellation of underproduction, San Juan Countv. New Mexico. Applicant, in the above-styled cause, seeks an order suspending the cancellation of underproduction attributable on July 31, 1966, to its State "A" Gas Com. Well No. 1 located in Unit G, Section 36, Township 29 North, Range 11 West, and to its State "B" Gas Com. Well No. 1 located in Unit N of Section 16, Township 29 North, Range 10 West, Basin-Dakota Gas Pool, San Juan County, New Mexico, said underproduction not having been made-up during the 6-month period ending January 31, 1967, due to said wells having been shut-in November, 1966, upon the transfer of the connecting pipeline from an intrastate status to an interstate status and subsequent unavoidable delay in obtaining FPC approval for the sale of gas from said wells in interstate commerce.

CASE 3531:

Application of Texas Pacific Oil Company for two water-flood projects, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute two water-flood projects in the South Eunice Pool by the injection of water into the Seven Rivers-Queen formations through one well in Unit N of Section 7, and one well in Unit N of Section 9, both in Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 3243: (Reopened)

In the matter of Case No. 3243 being reopened pursuant to the provisions of Order No. R-2919, which order established 640-acre spacing for the Dagger Draw-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year after first pipeline connection in the pool. All interested parties may appear and show cause why said pool should not be developed on 320-acre spacing units.

CASE 3532:

Application of Henry S.Birdseye for a waterflood project, McKinley County, New Mexico. Applicant, in the abovestyled cause, seeks authority to institute a waterflood project by the injection of water into the Menefee zone of the Mesaverde formation through one well located in Unit P of Section 21, Township 20 North, Range 9 West, Chaco Wash-Mesaverde Oil Pool, McKinley County, New Mexico. Applicant further seeks an administrative procedure for expansion of said project and for the drilling of injection wells and producing wells at unorthodox locations.

CORS

SOUTHERN UNION GAS COMPANY FIGURALLY UNION FOWER 1st DALLAS, TEXAS 75201 16

February 14, 1967

Mr. R. F. Baker
Atlantic Richfield Company
P. O. Box 1978
Roswell, New Mexico 88201

Dear Mr. Baker:

Please refer to Docket No. 6-67, Case 3530, to be heard at the new mexico Oil Conservation Commission Examiner nearing on Russian, February 21. This case will consider your application for suspension of cancellation of allowables.

Southern Union Gas Company, as the then purchaser of gas from Atlantic's State Gas Com. "A" #1 and "B" #1 wells, assigned its gas purchase rights to Southern Union Gathering Company, effective November 1, 1966. Since Southern Union Gathering Company is engaged in interstate commerce, it was necessary that the approval of the sale at the wellhead be obtained by the operator from the Federal Power Commission. This approval has not yet been received. Both wells are presently shut-in.

Upon approval of the sale by the Federal Power Commission, the wells will be turned on. Insofar as is reasonably possible and giving consideration to Gathering Company's fluctuating market, Gathering Company will make every reasonable effort to produce these two wells so that the production which was not possible during the interim shut-in period will be made. We are in support of Atlantic's application in Case 3530. By copy of this letter to Mr. Elvis Utz, we are informing him of our position.

Yours truly,

SOUTHERN UNION GAS COMPANY

Oran L. Haseltine Manager of Gas Supply

OLH : cm

cc: Mr. Elvis A. Utz, Examiner
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico



January 19, 1967

Mr. Elvis A. Utz, Examiner New Mexico Oil Conservation Commission T. C. Don 2000 Santa Fe, New Mexico

Dear Elvis:

Please refer to Docket No. 3-67, Case 3522, to be heard before you on Wednesday, January 25. This case is considering an application of Texaco, Incorporated for suspension of cancellation of allowables and extension of deliverability test deadline.

Southern Union Gas Company, as the then purchaser of gas from Texaco's Loe Federal "B" #2 and "B" #3 wells, assigned its gas purchase rights to Southern Union Gathering Company. Since Southern Union Gathering Company is engaged in interstate commerce, it was necessary that the approval of the sale at the wellhead be obtained by the operator from the Federal Power Commission. This approval was not forthcoming until January 13, 1967. Southern Union Gathering Company received notice of the approval on January 16. The Texaco Loe Federal "B" #3 well was turned on January 17, and the "B" #2 well was turned on January 18. Both wells are presently on production.

Insofar as is reasonably possible and giving consideration to Gathering Company's fluctuating market, Gathering Company will make every reasonable effort to produce these two wells so that the production which was not possible during the interim shut-in period will a made. We are in support of Texaco's application in Case 3522 and encourage you, as Examiner, to render a favorable decision for Texaco.

Atlantic Richfield Company is the operator of the State A Gas Com. #1, located in 36-29-11; and the State B Gas Com. #1, located in 16-29-10. These wells are similarly situated as to allowables

Special Company of Mr. Elvis A. Utz New Mexico Oil Conservation Commission

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January 19, 1967 Page 2

subject to cancellation as the Texaco Loe wells. Atlantic has not yet received the authority to make their sale in interstate commerce, but we expect it to be handed down by the Federal Power Commission within a few days. Atlantic has informed me that they may seek some relief along the lines of the Texaco petition. We would support them in such a motion also.

No other operators are faced with this situation by virtue of our transfer of wells to Gathering Company. The only other operators who were originally involved have been certificated by the Federal Power Commission and are presently making sales. If we can offer any further information in this connection, please let me know.

Best regards,

SOUTHERN UNION GAS COMPANY

Man Oran L. Haseltine Manager of Gas Supply

OLH: cm

CLARENGE E. HINKLE
W. E. BONDURANT, JR.
S. B. CHRISTY IV
LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLO L. HENSLEY, JR.
MICHAEL R. WALLER

LAW OFFICES HINKLE, BONDURANT & CHRISTY

HINKLE BUILDING

ROSWELL, NEW MEXICO

January 27, 1967

OF COUNSELTHIRAM M. DOW

TELEPHONE 622-6510
AREA CODE 505
POST OFFICE BOX 10

Can 3530

A. L. Porter, Jr. Secretary-Director Oil Conservation Commission Box 2088 Santa Fe, New Mexico

Dear Mr. Porter:

We enclose in triplicate application of Atlantic Richfield for an order to permit it to carry forward to the next gas prorationing reliod its unproduced back allowable for Atlantic Richfield's State "A" and "B" wells located in San Juan County.

We would appreciate having this matter set down for hearing at the last examiner's hearing in February.

Yours sincerely,

HINKLE, BONDURANT & CHRISTY

CEH:cs Enc.

DOCKET MAILED

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NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

Application of Atlantic Richfield Company for an order for reinstatement and continuation of under-production from Atlantic Richfield Company State "A" Gas Com. No. 1, Unit G, Section 36, Township 29 North, Range 11 West, Basin Dakota and Atlantic Richfield Company State "B" Gas Com. No. 1, Unit N, Section 16, Township 29 North, Range 10 West, Basin Dakota, San Juan County, New Mexico. Applicant seeks an exception to the general rules to permit it to carry forward into the next gas proration period its unproduced back allowable so that the same may be produced during the next proration period beginning February 1, 1967 in addition to the regular allowable assigned to said wells

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Comes Atlantic Richfield Company, with offices at Roswell, New Mexico, and hereby makes application for an order for reinstatement and continuation of under-production from Atlantic Richfield Company State "A" Gas Com. No. 1, Unit G, Section 36, Township 29 North, Range 11 West, Basin Dakota and Atlantic Richfield Company State "B" Gas Com. No. 1, Unit N, Section 16, Township 29 North, Range 10 West, Basin Dakota, San Juan County, New Mexico, and in support thereof respectfully shows:

Southern Union Gas Company purchased the gas from both of the wells above referred to and the wells were shut-in in November 1966 upon the transfer of the connecting pipeline from an intrastate status to an interstate status. Application was made by Atlantic Richfield Company to the Federal Power Commission on December 9, 1966 forapproval of the sale of said gas in interstate commerce, but such approval has not yet been received.

7. 3.5 30

State "A" Gas Com. No. 1 above referred to was over-produced 37,239 MCF in excess of its regular allowable during the second 1966 proration balancing period and at the beginning of the period the well was under-produced on proration balance 54,321 MCF, making 17,082 MCF subject to cancellation. In like manner, State "B" Gas Com. No. 1 was over-produced 35,392 MCF in excess of its regular allowable and at the beginning of the period the well was under-produced on proration balance 40,520 MCF, making 5,128 MCF subject to cancellation. The aggregate of the under-production of the two wells amounts to 22,210 MCF.

It is anticipated that the new purchaser will purchase not only the regular allowable but the respective under-production from said wells during the next prorationing period.

It is respectfully requested that this matter be set down for hearing at the last examiner's hearing to be held in February 1967.

Respectfully submitted,

ATLANTIC RICHFIELD COMPANY

HINKLE BONDURANT & CHRISTY

Attorneys for Applicant

Box 10

Roswell, New Mexico

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

dearnley-meier (8637) 🖳

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico February 21, 1967

EXAMINER HEARING

IN THE MATTER OF:

Application of Atlantic Richfield Company for suspension of cancellation of underproduction, San Juan County, New Mexico.

Case No. 3530

BEFORE:

ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING



HEAFINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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* PHONE 243-6691 * ALBUQUERQUE, NEW MEXICO 87101 FHONE 256-1294 * ALBUQUERQUE, NEW MEXICO 87108 1120 SIAMS BLISG. • P.O. BOX 1092 • 1205 FIRST NATIONAL BANK EAST • F

MR. UTZ: Next case on the docket is Case 3530.

MR. HATCH: Case 3530: Application of Atlantic Richfield Company for suspension of cancellation of underproduction, San Juan County, New Mexico.

MR. UTZ: Are there other appearances in this case? You may continue.

MR. COX: Lewis Cox from the firm of Hinkle Bondurant & Christy in Roswell, New Mexico, representing the Applicant. I would like at this time to request an amendment to the application to expand it to approve suspension of cancellation of underage that occurred during the last half of 1966 and which would be subject to cancellation in August of 1967 and request that the Examiner allow that amendment.

MR. UTZ: This request for an amendment, was the underage accumulated in the last proration period when the wells were shut in?

MR. COX: Which will be 8/1/67, yes, sir.

MR. UTZ: Application will be amended as requested.

(Whereupon, Applicant's Exhibits 1-7 marked for identification.)

MR. COX: I have one witness, Mr. Examiner, Mr. Robert Baker of Atlantic from Roswell. I would like to have him sworn.



SPECIALIZING IN: DEPOSITIONS, HEARINGS STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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1120 SIMMS SLDG. • P.O. BOX 1092 • PHONE 24: -5691 • ALBUQUERQUE, NEW MEXICO 87101 1205 FIRST NATIONAL BANK EAST • PHOI-E 256- 294 • ALBUQUERQUE, NEW MEXICO 87108 (Witness sworn)

ROBERT F. BAKER, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. COX:

- Q State your name.
- A Robert F. Baker.
- o What is your position?
- A I am Senior Operations Engineer with Atlantic Richfield Company, located in Roswell, New Mexico.
- \mathbb{Q} Have you previously testified and qualified before this Commission as an expert?
 - A Yes, cir, I have.

MR. COX: Are the witness's qualifications acceptable?

MR. UTZ: Yes, they are.

- Q (By Mr. Cox) What is the purpose of this application that has been filed?
- A During the year of 1966 the production from two wells, the State "A" Gas Com. No. 1 producing from the Basin Dakota Field and the State "B" Gas Com. No. 1 Well, also producing from the Basin Dakota Field, were underproduced on a proration balance because the contract was being transferred from an intrastate market, Southern Union Gas Company, to



EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

an interstate market, Southern Union Gathering Company. The Southern Union Gas Company was unable to produce sufficient gas to maintain a balance, to the point that no gas would be lost at the end of the balancing period.

You have prepared or have for submission to the Commission, exhibits which have been marked Exhibits 1 and 2. Would you state to Mr. Utz what these exhibits reflect, please, sir?

Yes, sir. The Exhibit 1, actually Exhibit 1 and 2 are forms used by my company to keep track of our proration balance on individual wells. These are entitled, "Gas Well Production Records." They reflect the location of the well, where it's producing from, and a month-by-month tabulation of allowable in MCF, take by the transmission line, whether it's underproduced or overproduced on a month-by-month basis and MCF balance on a monthly basis and a running accumulative on a six-months basis. That is under the column called "Net Available Allowable." We use this to prepare our C-115 Statements to see whether or not our wells are underproduced to the extent we are going to lose allowable, and it's just a matter of record keeping. No. 1 is the ledger sheet for the Atlantic Richfield Company State "A" Gas Com. No. 1 Well. This shows a full year or two proration periods balance. During the first six months of



1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6501 • A .BUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • FHONE 256-1254 • ALBUQUERQUE, NEW MEXICO 87108

1966 the well was underproduced after receiving its redistribution by 54,321 MCF, and no allowable was lost. Of course, this portion is not the subject of this hearing. During the second proration balancing period the well actually was overproduced by 37,239 MCF, which reduced the beginning net allowable for the period, which was 54,321 MCF. However, as a result, it did not make all its underage up and it's underproduced by the amount of allowable subject to being cancelled, 17,082 MCF. This sheet also reflects the deliverability test used for proration purposes during 1966 which is a test taken during 1965, and the test taken during 1966 which will be used for proration periods during 1967.

Q Exhibit 2 shows the same information , the same basic data with regard to the State "B" Gas Well?

A Yes, sir, it does, although, as you can see on the exhibit, during the first six months period we did lose because of the inability of the purchasing company to take, 23,567 MCF. This is also not the subject of this hearing.

However, during the last six months period we are, Atlantic Richfield Company, is subject to losing 5,128 MCF from the State "B" Gas Well Com. No. 1. This exhibit has been prepared at a time where we don't know what the redistribution of the gas is at the end so it's incomplete



120 SIMMS BLDG. • P.O. BOX 1092 • THONE 243-669] • ALBUQUERQUE, NEW MEXICO 87101 205 FIRST NATION: I BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108 as to the final six months.

Q Do you have any figures that show the underage that you might experience during the period covered by the amendment that was offered to the application?

Yes, sir. Now, these figures, as I say again, are not adjusted for redistribution and lost allowable. In the column entitled "Net Available Allowable," which is a running accumulative of the balance, the unadjusted figure is the one opposite the "J" at the bottom which is January monthly production. It shows that we are liable to lose 60,787 MCF or gas at the end of the proration period which is the first half of 1967. This does not include the gas which is subject to being lost the first of February 1967, the 17,082 MCF. of gas. On Exhibit 2, in a like manner, the gas that is subject to being lost through underproduction at the end of the first balancing period in 1967, which is August 31, 1967 -- August 1, excuse me -- 1967, is 51,824 MCF which does not include the 5,128 MCF which is the subject of the immediate application. Of course, these two figures on Exhibit 1 and Exhibit 2 do not reflect the redistribution or the lost allowable.

- Q You have also prepared Exhibits 3 and 4 for submission to the Examiner. What do these exhibits reflect?
 - A Exhibits 3 and 4 are the standard New Mexico Oil



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Deliverability Test Report" and on each these were the ones
taken during 1966 that will be used -- pardon me -- these
particular calculations are not the ones that were submitted to
the Commission. However, the basic data is the same as that
was used on the test reports that were submitted to the
Commission with the exception that I have taken these down to
a deliverability pressure of 512 pounds per square inch
absolute which is the basic line pressure of Southern Union
Gathering Company in the area. These reflect the ability of
the well to produce against a 512 pounds per square inch
absolute back pressure. The data, as I say, above the
deliverability calculation is the same that was used on the
Well Deliverability Test Reports for the two wells and
submitted to the Aztec office.

Q Exhibit 5 is a letter from Southern Union Gas which was written to you for what purpose?

A This letter which was written by Mr. Oran L.

Haseltine, Manager of Gas Supply, Southern Union Gas Company,
reflects that the Southern Union Gathering Company will be
taking the gas at such time as the Federal Power Commission
grants the certificate and that they will make every reasonable
effort to produce the two wells so that production that was
not possible during the interim shut-in period will be made



MMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALB JQUERQUE NEW MEXICC 87101 RST NATIONAL BANK EAST • PHONE 256-1294 • ALJUCIUERQUE, PIEW MEXICO 87108

EXPERT TESTIMONY, DAILY COPY, CONVELITIONS

up. It says, "We are in support of Atlantic's application in Case 3530. By copy of this letter to Mr. Elvis Utz, we are informing him of our position."

- Q Have you received FPC approval?
- A I was notified on February 17 that the Federal Power Commission granted the certificate on the 15th of February and further, the Southern Union Gathering Company was notified on the 17th that we had been granted permission to produce and our field people have also been notified in Atlantic Richfield. I couldn't say whether the Southern Union field people have been notified.
- Q Exhibits 6 and 7 that have been prepared by you are your calculations based on the information contained in the previous exhibits, is that correct?
 - A Yes.
- Q Would you state your conclusions in connection with this application as reflected by these exhibits?
- A Exhibit 6 is a basic calculation that I have made, assuming certain fallabilities. It shows that the wells are -- that the State "A" Gas Com. No. 1 Well is capable of producing not only an assumed allowable, but all accumulated underage that's liable to be cancelled at the end of the first six months balancing period in 1967 plus the amount of gas the 17,082 MCF which is subject to being cancelled at the



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FEGIALIZING IN: DEPOSITIONS, HEARINGS, STATE MENTS, EXTERT TESTIMONY, DAILY COPY, CONVENT

beginning of the proration balancing period or February 1st. In other words, it's probably already been cancelled on the records. The assumption that I made that it was turned on on February 18 and the days available to produce if it produced every day from February 18 through July 31 is 164 days. The well capacity at 512 pounds per square inch absolute as reflected from the deliverability calculation, Exhibit 3, is 1,402 MCF of gas per day, assuming no shut-in days, the production is basic multiples or 229,928 MCF which is the capacity of the well to produce during the 164-day period. Although the deliverability, of course, is reduced as shown on Fxhibit 1, from 1966 to 1967, market demand is up to an extent, so I assume that the allowable attributed to the State "A" Gas Com. No. 1 would be the same during the first proration balancing period as it was during the last proration balancing period in 1966. In other words, the well would receive an allowable of 94,731 MCF. The allowable subject to being lost, as shown on here, at the end of the first promation balancing period in 1967 is 60,787 MCF, not adjusted for any redistribution. The allowable requested for reinstatement is 17,082 MCF. The sum of the allowable to the well, plus the underage, plus the gas that's subject to being cancelled is 172,600 MCF of gas which shows this particular well, the State "A" Gas

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DS FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

Com. No. 1, to have a capacity of 57,328 MCF, so this well should be able to produce all allowable plus all underage by the end of this proration balancing period if they produce every day.

The Exhibit 7 is calculated in the same manner for the State "B" Gas Com. No. 1 Well. The days available are also 164 days and the well capacity against 512 PSIA is 1,122 MCF per day, assuming no shut-in days, the well should have a capacity to produce 184,008 MCF. Also assuming that the allowable for the first proration period in 1967 is the same as the second proration period in 1966 the allowable would be 80,845 MCF. This allowable subject to being lost during the first proration period of 1967 is 51,824 MCF which is also reflected on Atlantic Richfield Company Exhibit No. 2. The allowable requested for reinstatement is 5,128 MCF. The sum of the allowable and the underage and reinstatement gas is 137,797 MCF which shows the well to have a capacity of 46,211 MCF.

Q Is it your desire, if this application is granted, that the order also provide for administrative approval to carry over any portion of the underproduction which might not be produced during this ensuing six months period?

A If at all possible, we would like to have that granted, yes.



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JERQUE, NEW MEXICO 87101 • PHCNE 243-6691 • ALBUC PHONE 256-1294 • ALBUQU S BLDG. • P.O. BOX 14192 NATIONAL BANK EAST •

MR. COX: We offer the exhibits in evidence, Mr. Examiner and I have no further questions.

MR. UTZ: Without objection, Exhibits 1 through 7 will be entered into the record in this case.

CROSS EXAMINATION

BY MR. UTZ:

When were these wells shut in due to this change in the purchaser?

To the best or my knowledge, it was in November. That is the last time that there was any production from the wells. The State "A" Gas Com. No. 1 Well did produce for sixteen days during November.

About the middle?

Yes, sir, it produced 19,165 MCF during November. The State "B" Gas Com. No. 1 Well was produced only one day during November and has not produced since, during the last half of the 1966 proration balancing period.

- So to get a piece of paper took you ninety days? Ω
- Yes, sir.
- That's a pretty fair record for the Federal Power Commission. We ought to write them a letter of commendation on that. It usually takes around a year.
- I was wondering a little bit about that. Some of them haven't come out yet.



dearnley-meier regorfing service, the

S SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBLQUERQUE, NEW MEXICO 87101 5 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108 Q As you mentioned in your testimony, the underage for which you are applying for noncancellation has already been cancelled. The way that we have handled this in the past, and this is in the form of a statement and question too, is that we go ahead with the cancellation in the normal procedure so that it doesn't upset bureaucracy and our procedures and if this underson is made up and it this is granted you would have the opportunity to request reinstatement of this underage. After it is made up you make such a request and that's a one-shot deal. We reinstate it then the paper work is all done. Would this type of order be satisfactory with Atlantic?

- A I am sure it would be, yes, sir.
- O This is a simple way of handling it; rather than putting the bookkeeping on our shoulders, it puts it on your shoulders.
 - A Yes, sir, we are all for simplicity.
- O Now, you have also requested for administrative approval for an extension of time beyond August 1, '67, which you can make up this underage that was accrued during the last half or December and January and a portion of November '67, is that correct?
 - A Yes, sir.
 - On the face of it, and my experience in observing these



NUIZING IN: DEPOSITIONS, HEARINGS, STATE MENTS, EXPERT TESTIMONY, DAILY COPY, CO
IMMS BLIKG. • P.O. BOX 1092 • PHONE 243-669: • ALBUQUERQUE, NEW MEXICO E710)
IRST NATIONAL BANK EAST • 240NE 256-1294 ** ALBUQUERQUE, NEW MEXICO 87:08

things, I am quite sure you will need it because I don't think they will produce the wells at this rate every day.

- A I don't believe they will either.
- Q In other words, on your Exhibit No. 6 you show the well has an excess capacity of 57,328. Actually you would have to use at least 51,900 of that to make up the entire amount?
 - A Yes, sir.
- Q So that's pretty close. And then in your Exhibit No. 7 the excess capacity you calculate is 46,211. What you will have to make up is 28,975, which is not as close, but it's still pretty close.
- A Yes, sir. I think the basic problem on this is that the interstate market has exceeded the intrastate market to the extent that the intrastate market cannot keep up.
- Q This has been the situation in the San Juan Basin for some time. Looking at your figures during the last proration period, you began the period with a net status of around 61,000,000 and you reduced this status, in other words, you were making up your underproduction until such time as the wells were shut in, is that correct? In other words, it went from sixty-one to forty-one to twenty-four before they were shut in?
 - A Yes, sir.



1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-649] • AIBUQUERQUE, NEW MEXICO 87101 1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • AIBUQUERQUE, NEW MEXICO 87108 Q Likewise on your Gas Com. "B" 1, you began that period with roughly 23,000,000 net status. You went from twenty-three to twenty-one and fifty-one twenty-eight before they were shut in, so you were making up that underage?

A On both exhibits, Mr. Utz, the beginning before the first month's production is that amount shown in that black square box there.

- Q This is true. It was forty-five twenty.
- A Yes, sir, and fifty-four three twenty-one.
- Q The point I am making here is that these wells were capable and they should have showed that they were capable of making up underage. Any other questions of the witness?

 Witness may be excused.

(Witness excused.)

MR. UTZ: Other statements in this case? Case will be taken under advisement.



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

STATE OF NEW MEXICO)ss COUNTY OF BERNALILLO

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



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	Page 1
NEW MENICO OIL CONSERVATION	COMMISSION
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NEW MEXICO OIL CONSERVATION COMMISSION

Page 2

BEFORE EXAM OIL CONSERVATION Comment EXHIBIT NO. /

GAS WELL PRODUCTION RECORD - MCF

FIELD: OPERATOR:

ATLANTIC RICHFIELD

BASIN DAKOTA

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38-899 - = 1/56

S/D
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1
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OPERATOR: ATTLANTIC RICHFIELD

FIELD:

BASIN DAKOTA

OIL CONSERVATION COMMISSION EXHIBIT NO. 2

CASE NO. District New Mexico-Arizona
Section N-10 TSP 29N State Regulatory District BAL.CARRIED LAST BALANCE onnection: Gas-Company: Southern Union PLICE GOING ate Completed TOWNS LOST 100 Hor. Septa TY 101 00.83 O TOTAL PRIO ** AST BALANCE + ₩. ת סאישרנ רסנץ A SEE ffer.t * roh 75.0 emap. dan. The Table Allowable Flant or l)aily $\frac{x}{x}$ Formation Name Allowable 10336 <u>51891</u> 14255 14148 Month ly 12882 17765 11763 11636 16995 7956 8433 29N Rge 10W Total Depth III Region Vented Received 6469 MCF Received XX Lease Use Block XXX Da e Da e Pay Zone No.):illing through through XXXX Take GEG County or Parish Sar. Juan redistribution 144797 14025 Trans.Line 26659 21.704 11623 30737 22815 75256 246 Take 1 0 o Company: State Base: Press 15.029SI, Survey Perf. Date Connected: Total Take 6355-65021 N.M.P.M 16995 10336 84T4T Prod. Under 12882 16819 34051 46696 9567 XX XXX S.I. S.I. Date 16148 35753 35392 14382 16482 Prod. Over <u>16855</u> 2389 1889 Lost XXX Lost XXX LEASE & WELL NO. : STATE "B" GAS COM. NO. New Mexico Temp. + 4889 Balance + 2389 + 1702 +16482 59320 -16819 +16148 +14382 -16995 -12882 +16855 - 9567 -10336 84747--40520 23567 MCF ± XXX XXX 60°F Station No. Interests: Net Available Cond -59320 BNA +35753 OP -23567 LA 34829 -40520 BNA +35392 OP - 5123 LA 21947 23565 21276 57618 72000 62433 52097 56986 73468 Allowable 2128 XXX Bbls COND. GRAVITY DATE 4-15-66 COND. GRAVITY GAS GRAVITY 0.661 DATE 3-24-65 SIP GAS GRAVITY 0.672 SIP COR HB COND CHAVITY BHP SIP GAS GRAVITY OPEN TEOM PETEN. 98 OPEN FLOW POTEN. CR DELIVERABILITY 1010 1007 1438 1387 BBLS.Comp BOLS. CON Acres MCE/D MCF/D PS I G. MCF/ DATE PSIG DATE DATE **P \$ 1 G**

38-899 - 4/56

NEW MEXICO OIL CONSERVATION COMMISSION

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BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 3530

NEW MEXICO OIL CONSERVATION COMMISSION

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SOUTHERN UNION CAS COMPANY

FIDELITY UNION TOWER . DALLAS, TEXAS . 152-11

February 14, 1967

Mr. R. F. Baker Atlantic Richfield Company P. O. Box 1978 Roswell, New Mexico 88201

Dear Mr. Baker:

Please refer to Docket No. 6-67, Case 3530, to be heard at the New Mexico Oil Conservation Commission Examiner Hearing on Tuesday, February 21. This case will consider your application for suspension of cancellation of allowables.

Southern Union Gas Company, as the then purchaser of gas from Atlantic's State Gas Com. "A" #1 and "B" #1 wells, assigned its gas purchase rights to Southern Union Gathering Company, effective November 1, 1966. Since Southern Union Gathering Company is engaged in interstate commerce, it was necessary that the approval of the sale at the wellhead be obtained by the operator from the Federal Power Commission. This approval has not yet been received. Both wells are presently shut-in.

Upon approval of the sale by the Federal Power Commission, the wells will be turned on. Insofar as is reasonably possible and giving consideration to Gathering Company's fluctuating market, Gathering Company will make every reasonable effort to produce these two wells so that the production which was not possible during the interim shut-in period will be made. We are in support of Atlantic's application in Case 3530. By copy of this letter to Mr. Elvis Utz, we are informing him of our position.

Yours truly,

SOUTHERN UNION GAS COMPANY

Oran L. Haseltine Manager of Gas Supply

OLH:cm

cc: Mr. Elvis A. Utz, Examiner
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

BEFORE EXAMINER UTZ		
OIL CONSERVATION COMMISSION		
EXHIBIT NO. <u>5</u>		
CASE NO. 35.86		

Y TENS "A" GAS COM NO. 1

Assume February 18, 1967, Turn on

.: Days available to July 31, 1967

764 Days

Well Capacity @ 512 psia

1402 MCFD

- 1. .: Assuming no shut-in days, production can be $164 \times 1402 = 229,928$ MCF
- 2. Assume 1st proration period 1967 allowable = 2nd proration period 1965 allowable, 94,731 MOF = 94731 MOF
- 3. Allowable subject to being lost 1st proration period 1967 = 60,787 MCF (Not adjusted for redistribution)
- 4. Allowable requested for reinstatement 17,082 MCF
- 5. Amount of gas needed to be produced to bring balance "2", + "3", + "4" = 172,600 NCF

Excess capacity = "1" - "5" = 229,928 - 172,600 = 57,328 MCF

BEFORE	EXAMINER UTZ
OIL CONSE	RVATION COMMISSION
E	XHIBIT NO
CASE NO	3530

STATE "B" GAS COM. NO. 1

Assume February 18, 1967, Furn on

.: Days available to July 31, 1967

164 Days

Mell Capacity @ 512 psia

1122 MOFD

- 1. .: Assuming no shut-in days, production can be 164 x 1122 = 184,008 MCF
- 2. Assume 1st proration period 1967 allowable = 2nd proration period 1966 allowable, 80,845 MCF = 80,845 MCF
- 3. Allowable subject to being lost 1st proration period 1967 = 51,824 MCF (Not adjusted for redistribution)
- 4. Allowable requested for reinstatement 5,128 MOF
- 5. Amount of gas needed to be produced to bring balance "2" + "3" + "4" =

137,797 MCF

Excess capacity = "1" - "5" = 184,008 - 137,797 = 46,211 MCF

BEFORE EXAMINER UTZ		
OIL CONSERVATION COMMISSION		
EXHIBIT NO. 7		
CASE NO. 3730		