

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

No. 29A-57

MEMORANDUM:

TO: ALL TRANSPORTERS AND PURCHASERS OF OIL
OR CONDENSATE IN THE STATE OF NEW MEXICO.

FROM: A. L. PORTER, Jr., SECRETARY-DIRECTOR

SUBJECT: AUTHORIZATION OF CONDENSATE PRODUCTION

Enclosed is a copy of a proposed revision of Rule 803 of the Commission Rules and Regulations which has to do with the Authorization of Condensate production. We propose to call the matter for hearing on our regular October 17 hearing date.

On our Southeast New Mexico Oil Proration Schedule we are presently listing almost 300 gas wells which are producing condensate, with a total daily allocation of almost 8,000 barrels as compared to production of less than 30% of that amount. The large differential between allowables and production is due in part to the variable factors which influence condensate production such as gas allowables and temperature. Also the condensate nominations are actually nothing but exaggerated guesses which cause our total daily oil allocation to be distorted.

The individual listing of condensate producing gas wells on the Oil Proration Schedule serves no worthwhile purpose. It is an unnecessary burden which will be tremendously increased with the forthcoming oil proration in the San Juan Basin. In fact, there will be more gas wells than oil wells listed in the Oil Proration Schedule if the present rule is continued in effect.

The purpose of the proposed change is to give blanket authority to produce, sell, transport, and refine all liquid hydrocarbons produced incidental to the authorized production of natural gas from a gas well thus eliminating the burdensome task of individually listing in the Oil Proration Schedule all gas wells which incidentally produce some liquid hydrocarbons.

A pre-hearing conference relative to this matter will be held at 3 p. m. , October 16, 1957. All interested parties are urged to attend.

PROPOSED REVISION

RULE 803. PRODUCTION OF LIQUID HYDROCARBONS FROM GAS WELLS

All liquid hydrocarbons produced incidental to the authorized production of gas from a well classified by the Commission as a gas well shall, for all purposes, be legal production.

For purposes of this rule, all gas produced from a gas well shall be considered to be authorized production with the following exceptions:

(1) When the well is being produced without an approved Form C-110, designating the gas transporter and the oil or condensate transporter for said well.

(2) When the well has been directed to be shut-in by the Commission.

In the event a gas well is directed to be shut-in by the Commission, both the gas and oil transporters named on the well's Form C-110 shall be immediately notified of such fact.

October 7, 1957.

DUPLICATED COPIES WERE MAILED TO THE FOLLOWING OF ORDER R-1081, CASE 1323:

Harry Dipple, Continental, Ft. Worth
George Selinger, Skelly, Tulsa
Clarence Hinkle, Roswell