

MAIN OFFICE 000

BEFORE THE OIL CONSERVATION COMMISSION

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STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
TEXAS PACIFIC COAL & OIL COMPANY FOR)
AN ORDER IMMEDIATELY TERMINATING GAS)
PRORATIONING IN THE JALMAT GAS POOL,)
LEA COUNTY, NEW MEXICO, OR IN THE AL-)
TERNATIVE, FOR AN ORDER IMMEDIATELY)
CANCELLING ALL ACCUMULATED UNDER-PRO-)
DUCTION; REQUIRING PURCHASERS TO IN-)
CREASE NOMINATIONS COMPENSURATE WITH)
ACTUAL TAKES; ESTABLISHING DELIVER-)
ABILITY AS A FACTOR IN THE PRORATION)
FORMULA; ESTABLISHING MAXIMUM TAKES AS)
TO WELLS IN THE POOL; AND SUCH OTHER)
ORDERS AS WILL IMMEDIATELY BRING THE)
POOL INTO BALANCE AND MAINTAIN SUCH)
BALANCE WITHOUT WASTE AND WITHOUT)
ABUSE OF CORRELATIVE RIGHTS.)

CASE NO. _____

APPLICATION

Comes now applicant, Texas Pacific Coal & Oil Company, by its attorneys, Campbell & Russell, and states:

1. Applicant is the owner of 41.75 non-marginal gas units and 6.71 marginal gas units within the limits of the Jalmat Gas Pool, Lea County, New Mexico. All of said units involve leases from the State of New Mexico.

2. There are 389.13 gas units in the Jalmat Gas Pool and El Paso Natural Gas Company is connected to and purchases from 336.23 of said gas units, being approximately 86% of the total gas units in the field. El Paso Natural Gas Company has exclusive control over the rate of takes from each of applicant's wells in the pool.

3. On January 1, 1954, the Oil Conservation Commission of New Mexico instituted gas prorationing in the then-defined limits of the pool, and for a period of 2½ years, until the last six months of 1956, allowables and production within the pool were

maintained in reasonable balance. During the last six months of 1956, El Paso Natural Gas Company took from applicant's wells amounts of gas considerably in excess of its nominations and failed to file supplemental nominations to adjust its nominations to its actual takes, resulting in excessive over-production carry over into the first proration period of 1957.

4. The Oil Conservation Commission, at the request of certain gas purchasers, has to date failed to balance production at the end of each proration period as provided in the rules governing gas prorationing in the Jalmat Pool.

5. Many of the gas wells in the Jalmat Gas Pool have been and are now unable to produce the allowable assigned to them and there is now accumulated under-production in said pool which cannot be made up before the end of the current proration period.

6. During the year 1957, El Paso Natural Gas Company, by reason of over-production accumulated to wells on which it failed to supplement its nominations and due to the failure to balance production at the end of 1956 and at the end of the first six months of 1957, has drastically reduced its takes from some non-marginal wells of applicant with the result that marginal wells in the Jalmat Gas Pool are in some instances being permitted to produce more gas than non-marginal wells, which results in drainage of gas from applicant's properties and a loss of gas reserves.

7. If the El Paso Natural Gas Company is required by reason of present rules governing gas prorationing in the Jalmat Gas Pool to continue to restrict production from applicant's non-marginal wells, or to shut-in said wells, applicant will continue to suffer drainage from its properties.

8. Certain of applicant's wells, even if shut-in during the balance of 1957, will enter the next proration period with over-production, and if these wells, together with other over-produced wells in the pool are shut-in, the result will be a negative allowable for the entire pool during a portion of the next proration period.

9. That during the period of gas prorationing, El Paso Natural Gas Company has consistently run gas from wells with high deliverability with the result that the method of prorationing, as now established, has meant that, during the year 1956, 40% of

the wells in the pool produced 60% of the gas at an average rate of 303,725 MCF per unit, which was 58,090 MCF per unit in excess of the allowables.

10. El Paso Natural Gas Company has failed to keep individual wells of applicant in reasonable balance with each other.

11. The continuation of gas prorationing in this pool will result in drainage of applicant's properties and abuse of its correlative rights, and will render impossible the reasonable marketing of dry gas from this pool even though El Paso Natural Gas Company desires to purchase and run such gas to supply its market. The present rules, as applied by the Commission, are impractical and unreasonable and will result in economic loss to applicant and the State of New Mexico as royalty owner.

WHEREFORE, applicant requests the Commission to enter its order immediately terminating gas prorationing in the Jalnet Gas Pool.

In the alternative, applicant requests the Commission to enter its order immediately cancelling all accumulated under-production and redistributing such under-production to over-produced wells in the Jalnet Gas Pool; and requiring gas purchasers to nominate a sufficient amount of gas from the pool to permit wells from which purchasers are able to take gas to have an allowable equal to their actual production, and upon this basis to thereafter balance the pool production at the end of each proration period; and establishing deliverability of gas wells as a factor in the proration formula for the pool; and establishing a maximum amount of gas which may be taken from any well in the pool during a specified period of time.

Applicant further requests the Commission to issue such further order or orders as will bring the pool immediately into balance and maintain such balance without waste and without abuse of applicant's or others' correlative rights.

Respectfully submitted,

CAMPBELL & RUSSELL


Jack M. Campbell

JMC:BB

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