

CASE 4504: Application of HUMBLE  
FOR REINSTATEMENT OF CANCELLED  
UNDERPRODUCTION, LEA COUNTY.

Case Number

4504

Application  
Transcripts.

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

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

209 SUMMIT BLDG. • P.O. BOX 1092 • PHONE 243-6671 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 24, 1971

EXAMINER HEARING

IN THE MATTER OF:

Application of Humble Oil &  
Refining Company for the  
reinstatement of cancelled  
underproduction, Lea County,  
New Mexico.

Case No. 4504

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS  
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 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 MR. UTZ: The hearing will come to order, please.  
 2 Case 4504.

3 MR. HATCH: Application of Humble Oil & Refining  
 4 Company for the reinstatement of canceled underproduction,  
 5 Lea County, New Mexico.

6 MR. HINKLE: Clarence Hinkle, Hinkle, Sondurant, Cox  
 7 and Eaton, Roswell, appearing on behalf of Humble. We have  
 8 one witness and four exhibits.

9 (Witness sworn.)

10 (Whereupon, Exhibits 1 through 4 were marked for  
 11 identification.)

12 MR. UTZ: Other appearances? You may proceed.

13 DOUG F. LOWE,

14 having been first duly sworn, testified as follows:

15 DIRECT EXAMINATION

16 BY MR. HINKLE:

17 Q State your name, your residence and by whom you are  
 18 employed.

19 A Doug F. Lowe. I live in Midland, and work for Humble  
 20 Oil and Refining Company, proration section.

21 Q What are your duties in the proration department?

22 A My duties are to maintain the records of gas wells in  
 23 Southeastern New Mexico regarding over and shorts and  
 24 submitting of necessary state records.

25 Q How long have you been in that department?

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- 1 A Fifteen years.
- 2 Q And you are familiar with all the books and records of
- 3 Humble in connection with this matter before the Commis-
- 4 sion?
- 5 A Yes, sir.
- 6 Q Are you familiar with the application of Humble in this
- 7 case?
- 8 A Yes, sir.
- 9 Q What is Humble seeking to accomplish?
- 10 A Humble is seeking to have reinstated allowable cancelled
- 11 as of January 1st, 1971.
- 12 Q Have you prepared or has there been prepared under your
- 13 direction certain exhibits for introduction in this case?
- 14 A Yes, sir.
- 15 Q They are Exhibits Numbers 1 through 4, are they not?
- 16 A Yes, sir.
- 17 Q Will you refer to Exhibit 1 and explain what this is and
- 18 what it shows?
- 19 A Exhibit 1 is a sketch showing Humble's J. L. Greenwood on
- 20 the left with the arrow and Humble's N. G. Penrose Well
- 21 Number 1 on the left with the arrow. Now, we have --
- 22 Q On the left or right?
- 23 A On the left. On the right is the N. G. Penrose and on
- 24 the left is the J. L. Greenwood.
- 25 Q Okay.

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1 A All locations circled in green are marginal wells and all  
 2 in red are non-marginal wells.

3 Q Well, the two wells you refer to as the Greenwood and the  
 4 Penrose are non-marginal wells?

5 A That is correct; yes, sir.

6 Q All right. Refer to Exhibit 2 and explain what this is  
 7 and what it shows.

8 A Exhibit 2 shows -- we will start first with J. L.  
 9 Greenwood 11, Unit I, Blinebry Gas, Section 9, Township  
 10 22 South, Range 37 East, Lea County, New Mexico.

11 Here we show our underage as of June 30th, 1970, to  
 12 be 36,239 and from July through December, we made up of  
 13 this 36,239, 27,091 MCF, leaving underage cancelled of  
 14 9,148. This well is used by El Paso as a swing well for  
 15 their compressor. There's one Humble Well in there and  
 16 two other wells.

17 Q El Paso is the gas purchaser in this case?

18 A El Paso is the purchaser, yes, sir. Now, the lower part  
 19 is our N. G. Penrose Well Number 1, Unit B, Blinebry Gas,  
 20 Section 13, Township 22 South, Range 37 East, Lea County,  
 21 New Mexico.

22 Here we have ending June 30th, 1970, a shortage of  
 23 13,668. From July through December, 8,662 MCF of this  
 24 underproduction was made up and 5,006 MCF was cancelled as  
 25 of January 1st.

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1 Q Now, refer to Exhibit 3 and explain what that shows.

2 A Exhibit 3, J. L. Greenwood Well Number 11, Unit I, Section  
 3 9, Township 22 South, Range 37 East, Lea County. Here we  
 4 have the average monthly MCF, the allowable and the pro-  
 5 duction. We also have average production per day produced.

6 This well overproduced five months with an average  
 7 allowable of 16,654. Average monthly production for these  
 8 five months was 22,073. Average production per day pro-  
 9 duced was 744 MCF for 148.3 days. This well underproduced  
 10 one month with an allowable of 29,325, production 26,534,  
 11 with an average daily production of 856 MCF for 31.0 days.

12 This well had produced at 27,130 MCF per month  
 13 demonstrability for the month of October, 1970; it would  
 14 have been overproduced by 50,138 MCF and all underproduction  
 15 would have been made up. This well produced 179.3 days  
 16 out of 184 days or 97 percent of the time. Average pro-  
 17 duction per day on line for 179.3 days is 764 MCF per day.  
 18 Average allowable per day for 184 days is 612 MCF per day.

19 Q Now, refer to Exhibit 4 and explain that.

20 A N. G. Penrose Well Number 1, Unit B, Section 13, Township  
 21 22 South, Range 37 East, Lea County, New Mexico; average  
 22 monthly allowable, average monthly MCF, allowable, pro-  
 23 duction, average production per day produced. This well  
 24 overproduced three months. Average allowable 16,321.  
 25 Average production, 19,208 or an average production per

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1 day produced 768 MCF per day for 75.0 days.

2 This well underproduced three months. Average  
 3 allowable, 21,211. Average production, 16,868 or an average  
 4 daily production of 699 for 72.4 days. This well had  
 5 produced at 21,932 MCF, demonstrability for the month of  
 6 December, 1970; it would have been overproduced 18,995  
 7 MCF and all underproduction would have been made.

8 This well produced 147.4 days out of 184 or 80 per-  
 9 cent of the time. Average production per day on line for  
 10 147.4 days is 734 MCF per day. Average allowable per day  
 11 for 184 days is 612 per day.

12 Q If the Commission approves your application here to carry  
 13 over this underproduction, has El Paso indicated whether  
 14 or not they would take it?

15 A Yes, sir.

16 Q They are willing to take it?

17 A Yes, sir.

18 Q No problem there?

19 A No.

20 Q In your opinion, would the approval of this application  
 21 be in the interest of conservation, prevention of waste  
 22 and tend to protect correlative rights?

23 A Yes, sir.

24 MR. HINKLE: We would like to offer in evidence  
 25 Exhibits 1 through 4.



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1 MR. UTZ: Without objection, Exhibits 1 through 4  
2 will be entered into the record of this case.

3 MR. HINKLE: That's all I have.

4 MR. UTZ: Other questions of the witness? He may be  
5 excused.

6 (Witness excused.)  
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I N D E X

WITNESS

PAGE

DOUG F. LOWE

Direct Examination by Mr. Hinkle

2

E X H I B I T S

Nos. 1 through 4

2

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1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

4 I, GLENDA BURKS, Court Reporter in and for the County of  
5 Bernalillo, State of New Mexico, do hereby certify that the  
6 foregoing and attached Transcript of Hearing before the New  
7 Mexico Oil Conservation Commission was reported by me; and that  
8 the same is a true and correct record of the said proceedings  
9 to the best of my knowledge, skill and ability.

10 Glenda Burks  
11 Court Reporter

22 I do hereby certify that the foregoing is  
23 a true and correct copy of the original  
24 transcript of the hearing of Case No. 4504,  
25 held on Feb. 24, 1971.  
\_\_\_\_\_, Secretary  
New Mexico Oil Conservation Commission



## OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO  
P. O. BOX 2088 - SANTA FE  
87501

March 31, 1971

GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

Mr. Clarence Hinkle  
Hinkle, Bondurant, Cox & Eaton  
Attorneys at Law  
Post Office Box 10  
Roswell, New Mexico 88201

Re: Case No. 4504

Order No. R-4126

Applicant:

Humble Oil & Refining Company

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.  
Secretary-Director *ss*

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other \_\_\_\_\_

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. 4504  
Order No. R-4126

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR THE REINSTATEMENT OF  
CANCELLED UNDERPRODUCTION, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 30th day of March, 1971, 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 applicant, Humble Oil & Refining Company, is the operator of the Humble Oil & Refining Company J. L. Greenwood Well No. 11 located in Unit I of Section 9 and the Humble Oil & Refining Company N. G. Penrose Well No. 1 located in Unit B of Section 13, both in Township 22 South, Range 37 East, Blinberry Gas Pool, Lea County, New Mexico.

(3) That the J. L. Greenwood Well No. 11, a non-marginal well, failed to produce during the gas proration period ending December 31, 1970, accrued underproduction amounting to 9148 MCF of gas which was consequently cancelled January 1, 1971.

(4) That the N. G. Penrose Well No. 1, a non-marginal well, failed to produce during the gas proration period ending December 31, 1970, accrued underproduction amounting to 5006 MCF of gas which was consequently cancelled January 1, 1971.

-2-

CASE NO. 4504

Order No. R-4126

(5) That the applicant seeks, as an exception to Rule 14(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico, the reinstatement of the above-described unproduced allowable that was cancelled.

(6) That Rule 14(A) provides that any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period and that any such allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

That such unproduced allowable is to be cancelled whether or not the wells are capable of producing said allowable.

(7) That the applicant has not shown that the subject wells were unreasonably discriminated against in the price paid, the quantities purchased, the bases of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells.

(8) That reinstatement of said allowable as an exception to said Rule 14(A) would give to the applicant an unfair advantage over other operators in the subject pool and would, therefore, violate the correlative rights of the other operators.

(9) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

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

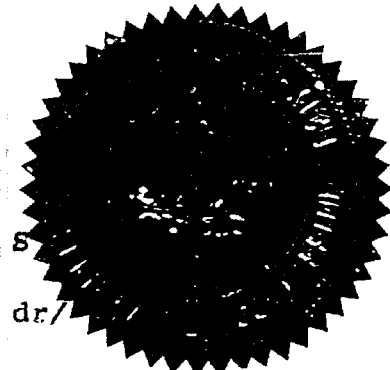
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BRUCE KING, Chairman

ALEX J. ARMISTEAD, Member

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



dr/

3. A 480-acre non-standard gas proration unit comprising the W/2 and the NE/4 of Section 13, Township 23 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 1 Wells Nos. 20, 21, and 22.
4. A standard 640-acre gas proration unit comprising all of Section 11, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Wells Nos. 14, 36, and 42.
5. A 480-acre non-standard gas proration unit comprising the E/2 of Section 8, and the SW/4 of Section 9, Township 22 South, Range 36 East, to be dedicated to Texas Pacific State "A" Account 2 Wells Nos. 38, 43 and 56.

CASE 4504: Application of Humble Oil & Refining Company for the reinstatement of cancelled underproduction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the general rules and regulations for prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, to permit the reinstatement of underproduction accumulated by its Greenwood Well No. 11 located in Unit I of Section 9 and its Penrose Well No. 1 located in Unit B of Section 13, Township 22 South, Range 37 East, Blinbry Gas Pool, Lea County, New Mexico, and cancelled January 1, 1971.

CASE 4505: Application of Atlantic Richfield Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the perforated interval from 2978 feet to 3350 feet in its Federal Well No. 2 located in Unit N of Section 9, Township 20 South, Range 33 East, West Teas Yates-Seven Rivers Pool, Lea County, New Mexico.

CASE 4506: Application of Atlantic Richfield Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation in the perforated interval from 10,278 feet to 10,442 feet in its Eidson "C" WN Well No. 3 located in Unit F of Section 26, Township 16 South, Range 35 East, Shoe Bar-Pennsylvanian Pool, Lea County, New Mexico.

CASE 4507: Application of Atlantic Richfield Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the perforated interval from 13,690 feet to 13,726 feet in its Lea State 396 Well No. 3 located in Unit G of Section 35, Township 15 South, Range 36 East, Dean-Devonian Pool, Lea County, New Mexico.

CASE 4502: Application of SameSan Oil Corporation for special pool rules and pool extension, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Morton-Wolfcamp-Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units. Applicant further seeks extension of the horizontal boundaries of said pool to include the following.

7504  
Hear. 2-24-71  
Rec. 3-1-71

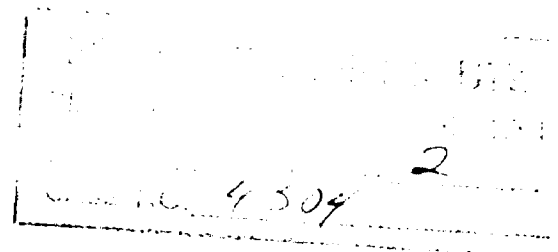
~~Re~~ testimony at the hearing.  
indicates the following wells  
are capable of producing their  
allowables and therefore  
should ~~not~~ have allowable  
cancelled 1-1-71. ~~reversion~~  
~~cancelled.~~

Reinstates the following:  
Humble. - J. L. Greenwood #1  
I-9-225-37E, Blinkey Gas pool.  
9148 MCF.

Humble. - N. G. Purse #1, B-13-225-37E  
Blinkey Gas Pool.  
5006 MCF.

Thos. D. [Signature]





J. L. Greenwood, Well No. 11, Unit I, Blinbry Gas, Section 9, T-22-S, R-37-E,  
Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	30.0	18326	54548	18309	36239	0
July, 1970	28.1	16041	52280	16161	36119	120
August, 1970	31.0	12894	49013	18446	30567	5552
September, 1970	28.8	16793	47360	23801	23559	7003
October, 1970	31.0	16129	39688	27130	12558	11001
November, 1970	29.4	21415	33973	24825	9148	3410
December, 1970	31.0	29325	38473	26534	11939	0
Total amount of underproduction made up for period ending December 31, 1970 . . . . .						27091
Underage subject to cancellation as of December 31, 1970 . . . . .						9148 MCF

The above well is used by El Paso Natural Gas as a swing well for their compressor.

N. G. Penrose, Well No. 1, Unit B, Blinbry Gas, Section 13, T-22-S, R-37-E,  
Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	8.1	18826	19938	6270	13568	0
July, 1970	22.1	16041	29709	18772	10937	2731
August, 1970	13.1	12894	23331	11276	12855	0
September, 1970	23.0	16793	29348	17905	11443	1112
October, 1970	29.9	16129	27572	20248	6624	4819
November, 1970	28.3	21415	23039	17356	10643	0
December, 1970	31.0	29325	39968	21932	18036	0
Total amount of underproduction made up for period ending December 31, 1970 . . . . .						8662
Underage subject to cancellation as of December 31, 1970. . . . .						5006

BEFORE ME  
 4-20-74  
 3

BLINEBRY GAS POOL

Humble J. L. Greenwood, Well No. 11, Unit I, Section 9, T-22-S, R-37-E,  
 Lea County, New Mexico.

	<u>Average Monthly - MCF</u>		<u>Average Production</u>
	<u>Allow.</u>	<u>Prod.</u>	<u>Per Day Prod. - MCF</u>
Overproduced 5 months	16654	22073	744 (148.3 days)
Underproduced 1 month	29325	26534	856 (31.0 days)

If well had produced at 27130 MCF/mo (demonstrated ability for month of October 1970) it would have been overproduced by 50,183 MCF and all under-production would have been madeup.

This well produced 179.3 days out of 184 days or 97% of the time.

Average Production per day on line (179.3 days) = 764 MCF/D

Average allowable per day (184 days) = 612 MCF/D

875  
 31 27130  
 248  
 233  
 217  
 160

BLINEBRY GAS POOL

BEFORE PROCEEDING UTZ  
 CASE NO. 4504

Humble N. G. Penrose, Well No. 1, Unit B, Section 13, T-22-S, R-37-E,  
 Lea County, New Mexico.

	Average Monthly - MCF		Average Production
	<u>Allow.</u>	<u>Prod.</u>	<u>Per Day Prod. - MCF</u>
Overproduced 3 months	16321	19208	768 (75.0 Days)
Underproduced 3 months	21211	16868	699 (72.4 Days)

If well had produced at 21,932 MCF/mo (Demonstrated ability for the month of December 1970) it would have been overproduced 18,995 MCF and all underproduction would have been madeup.

This well produced 147.4 Days out of 184 Days or 80% of time.

Average production per day on line (147.4 Days) =  $7\frac{1}{2}$  MCF/D  
 Average allowable per day (184 days) =  $6\frac{1}{2}$  MCF/D

03  
JAN 29 1971

# HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS 79701

PRODUCTION DEPARTMENT  
MIDCONTINENT DIVISION  
L. H. BYRD  
MANAGER

January 28, 1971

POST OFFICE BOX 1600

*Case 4504*

Re: J. L. Greenwood 11, Unit I,  
N. G. Penrose 1, Unit B  
Blinebry Gas Pool, Lea County,  
New Mexico

New Mexico Oil Conservation Commission  
P. O. Box 2028  
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter

Gentlemen:

We respectfully request a hearing be set at the earliest date to consider our application for an exception to Rule 14 (A) concerning cancellation of underproduction from the two subject wells for the balancing period ending December 31, 1970. Our letter of January 12, 1971, copy attached, requested the underproduction for these two wells be carried forward to the first six months balancing period of 1971 and also gave details of their production history for the period beginning June 1 through December 31, 1970.

Since this request could not be granted administratively we will appreciate your scheduling a hearing to consider this application.

Yours very truly,

  
L. H. BYRD

HNR/rs

cc: Messrs. R. G. Parse, Andrews  
S. F. Holmesly, Houston  
W. R. Niblack, Houston  
J. R. Tolles, Building

All w/attachment

*2-11-71*  
Date

# HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS 79701

MIDCONTINENT DIVISION  
W. J. CALLADAY  
ACCOUNTING MANAGER

January 12, 1971

POST OFFICE BOX 1600

*Case 4509*

Mr. Elvis Utz  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Utz:

Humble Oil & Refining Company requests underproduction carried forward on the June 30, 1970 balancing period and not made up during the balancing period ending December 31, 1970, be carried forward into the current balancing period for the following wells.

J. L. Greenwood, Well No. 11, Unit I, Blinbry Gas, Section 9, T-22-S, R-37-E, Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	30.0	18326	54548	18309	36239	0
July, 1970	28.1	16041	52280	16161	36119	120
August, 1970	31.0	12894	49013	18446	30567	5552
September, 1970	28.8	16793	47360	23801	23559	7008
October, 1970	31.0	16129	39688	27130	12558	11031
November, 1970	29.4	21415	33973	24825	9148	3410
December, 1970	31.0	29325	38473	26534	11939	0
Total amount of underproduction made up for period ending December 31, 1970 . . . . .						27091
Underage subject to cancellation as of December 31, 1970 . . . . .						9148 MCF

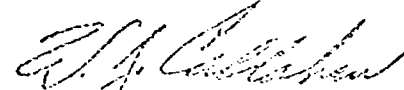
The above well is used by El Paso Natural Gas as a swing well for their compressor.

Mr. Elvis Utz  
Page 2  
January 12, 1971

N. G. Penrose, Well No. 1, Unit B, Blinbry Gas, Section 13, T-22-S, R-37-E,  
Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	8.1	18826	19938	6270	12668	0
July, 1970	22.1	16041	29709	18772	10937	2731
August, 1970	13.1	12894	23331	11276	12855	0
September, 1970	23.0	16723	29368	17905	11443	1112
October, 1970	29.9	16329	27572	20948	6624	4819
November, 1970	28.3	21415	23039	17396	10643	0
December, 1970	31.0	29325	39968	21932	18036	0
Total amount of underproduction made up for period ending December 31, 1970 . . . . .						8662
Underage subject to cancellation as of December 31, 1970. . . . .						5006

Yours very truly,

  
W. J. Callahan

DFL:mej

# HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS 79701

MIDCONTINENT DIVISION  
W. J. CALLAHAN  
ACCOUNTING MANAGER

January 12, 1971

POST OFFICE BOX 1800

*Handwritten:* Case 4504

Mr. Elvis Utz  
New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Dear Mr. Utz:

Humble Oil & Refining Company requests underproduction carried forward on the June 30, 1970 balancing period and not made up during the balancing period ending December 31, 1970, be carried forward into the current balancing period for the following wells.

J. L. Greenwood, Well No. 11, Unit I, Blaine Gas, Section 9, T-22-S, R-37-E, Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	30.0	18826 ✓	54548	18309 ✓	36239	0
July, 1970	28.1	16041 ✓	52280	16161 ✓	36119	120
August, 1970	31.0	12894 ✓	49013	18446 ✓	30567	5552
September, 1970	28.8	16793 ✓	47360	23801 ✓	23559	7008
October, 1970	31.0	16129 ✓	339688	27130 ✓	12558	11001
November, 1970	29.4	21415 ✓	33973	24825 ✓	9148	3410
December, 1970	31.0	29325 ✓	38473	26534 ✓	11939	0
Total amount of underproduction made up for period ending December 31, 1970 . . . . .						27091
Underage subject to cancellation as of December 31, 1970 . . . . .						9148 MCF

The above well is used by El Paso Natural Gas as a swing well for their compressor.

*Handwritten:* N- 9148

*Handwritten:* 2-11-71

Mr. Elvis Utz  
Page 2  
January 12, 1971

N. G. Penrose, Well No. 1, Unit B, Blinbry Gas, Section 13, T-22-S, R-37-E,  
Lea County, New Mexico.

<u>Year &amp; Month</u>	<u>Days Prod.</u>	<u>Current Allow.</u>	<u>Net Allow.</u>	<u>MCF Production</u>	<u>Over &amp; Short</u>	<u>Underprod. Madeup</u>
June, 1970	8.1	18826✓	19938	6270✓	13668	0
July, 1970	22.1	16041✓	29709	18772✓	10937	2731
August, 1970	13.1	12894✓	23831	11276✓	12855	0
September, 1970	23.0	16793✓	29348	17905✓	11443	1112
October, 1970	29.9	16129✓	27572	20948✓	6624	4819
November, 1970	28.3	21415✓	28039	17396✓	10643	0
December, 1970	31.0	29325✓	39968	21932✓	18036	0
Total amount of underproduction						
made up for period ending December 31, 1970 . . . . .						8662
Underage subject to cancellation as of December 31, 1970. . . . .						5006

Yours very truly,

*W-5006*

*W. J. Callahan*  
W. J. Callahan

DFL:mej

9100  
5000  
1,410.00



DRAFT

GMH/dr  
3-25-71

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. 4504

Order No. R- 4126

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR THE REINSTATEMENT OF  
CANCELLED UNDERPRODUCTION, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 24, 1971,  
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this \_\_\_\_\_ day of March, 1971, 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 applicant, Humble Oil & Refining Company, is  
the operator of the Humble Oil & Refining Company J. L. Greenwood  
Well No. 11 located in Unit I of Section 9 and the Humble Oil &  
Refining Company N. G. Penrose Well No. 1 located in Unit B of  
Section 13, both in Township 22 South, Range 37 East, Blinbry  
Gas Pool, Lea County, New Mexico.

(3) That the J. L. Greenwood Well No. 11, a non-marginal well,  
failed to produce during the gas proration period ending December 31,  
1970, accrued underproduction amounting to 9148 MCF of gas which  
was consequently cancelled January 1, 1971.

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CASE NO. 4504

Order No. R-

(4) That the N. G. Penrose Well No. 1, a non-marginal well, failed to produce during the gas proration period ending December 31, 1970, accrued underproduction amounting to 5006 MCF of gas which was consequently cancelled January 1, 1971.

(5) That the applicant seeks, as an exception to Rule 14(A) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico, the reinstatement of the above-described unproduced allowable that was cancelled.

(6) That Rule 14(A) provides that any non-marginal well which has an underproduced status as of the end of a gas proration period shall be allowed to carry such underproduction forward into the next gas proration period and may produce such underproduction in addition to the allowable assigned during such succeeding period and that any such allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled.

~~That~~ That such unproduced allowable is to be cancelled whether or not the wells are capable of producing said allowable.

(7)(8) That the applicant has not shown that the subject wells were unreasonably discriminated against in the price paid, the quantities purchased, the ~~basis~~<sup>basis</sup> of measurement or the gas transportation facilities afforded for gas of like quantity, quality and pressure available from such wells.

(8) ~~That~~ That reinstatement of said allowable <sup>as</sup> ~~or~~ an exception to said Rule 14(A) would give to the applicant an unfair advantage

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CASE NO. 4504

Order No. R-

over other operators in the subject pool *and would, therefore, violate the correlation rights of the other operators.*  
(9)(21) That the application should be denied.

IT IS THEREFORE ORDERED:

- (1) That the subject application is hereby denied.
- (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.

CASE 4505: Application of ATLANTIC  
RICHFIELD COMPANY FOR SALT WATER  
DISPOSAL, LEA COUNTY, N. MEX.