

CASE 3514: MOTION OF OCC to consider
suspending scheduled cancellation of
underproduction in EUMONT GAS POOL.

CASE NO.
3514

Application,
TRANSCRIPTS,
SMALL 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 ON ITS OWN MOTION TO CONSIDER SUSPENDING THE SCHEDULED CANCELLATION OF UNDERPRODUCTION WHICH ACCRUED TO CERTAIN WELLS IN THE EUMONT GAS POOL DURING THE FIRST SIX MONTHS OF 1966 AND WHICH WAS NOT MADE-UP DURING THE SECOND SIX MONTHS PERIOD AND WAS THEREFORE SUBJECT TO CANCELLATION JANUARY 1, 1967.

CASE No. 3514
Order No. R-3183

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 4, 1967, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 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 Eumont Gas Pool, Lea County, New Mexico, accumulated underproduction during the last six months of 1965; that said underproduction was cancelled as of July 1, 1966:

Operator - Name of Well	Unit	Section	Township	Range
Continental Oil Company				
Phillips Hooper Well No. 1	O	27	20 South	37 East
State D Com Well No. 1	L	11	21 South	35 East
Great Western Drilling Co.				
N. B. Bordages Well No. 1	D	33	19 South	37 East
Bert Fields, Jr.				
Turner State Well No. 2	D	32	20 South	37 East

2-

CASE No. 3514
Order No. R-3183

(3) That the said wells were deprived of full opportunity to make up the said underproduction during the first six months of 1966 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 FPC approval for the sale of gas was received.

(4) That the following wells in the Eumont Gas Pool, Lea County, New Mexico, accumulated underproduction during the first six months of 1966; that said underproduction was not made up during the second six months period of 1966 and was cancelled as of January 1, 1967:

Operator - Name of Well	Unit	Section	Township	Range
Continental Oil Company Phillips Hooper Well No. 1	O	27	20 South	37 East
Great Western Drilling Co. H. B. Bordages Well No. 1	D	33	19 South	37 East

(5) That the following wells in the Eumont Gas Pool, Lea County, New Mexico, accumulated underproduction during the last six months of 1966; that said underproduction is subject to cancellation as of July 1, 1967:

Operator - Name of Well	Unit	Section	Township	Range
Continental Oil Company Phillips Hooper Well No. 1	O	27	20 South	37 East
Great Western Drilling Co. H. B. Bordages Well No. 1	D	33	19 South	37 East
Me-Tex Supply Co. Wallace State Well No. 2	L	3	21 South	36 East
Skelly Oil Co. Van Etten Well No. 9	L	9	20 South	37 East
Van Etten Well No. 10	C	9	20 South	37 East

(6) That the underproduction accumulated during the first six months of 1966 and cancelled as of January 1, 1967, and the underproduction accumulated during the last six months of 1966 and subject to cancellation as of July 1, 1967, accrued as a result of the sale of the connecting pipeline for said wells by an intrastate company to an interstate company resulting in the

-3-

CASE No. 3514
Order No. R-3183

shutting in of the subject wells until FPC approval for the sale of gas was received.

(7) That the Me-Tex Supply Company Wallace State Well No. 2 located in Unit L of Section 3, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, accumulated underproduction during the last six months of 1965 and that said underproduction was cancelled July 1, 1966; that said well was deprived of full opportunity to make up the said underproduction as a result of the above-mentioned sale; that said well accumulated underproduction during the first six months of 1966 as a result of the above-mentioned sale and that by Order No. R-3159 the status of said well, as of December 1, 1966, was combined with the status, as of December 1, 1966, of the Me-Tex Supply Co. Wallace State Well No. 3 located in Unit N of Section 3, Township 21 South, Range 36 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, causing said Wallace State Well No. 3 to have accumulated underproduction that was cancelled January 1, 1967, and accumulated underproduction that will be subject to cancellation July 1, 1967.

(8) That said shutting in of the subject wells was beyond the control of the operators of said wells.

(9) That in order to afford the operators of the subject wells the opportunity to produce their just and equitable share of the gas in the pool, the operators of the subject wells should be authorized to produce during the make-up period from January 1, 1967, to July 1, 1968, any underproduction attributed to the wells and cancelled as of July 1, 1966, January 1, 1967, and July 1, 1967.

IT IS THEREFORE ORDERED:

(1) That during the make-up period from January 1, 1967, to July 1, 1968, the operator of each of the following gas wells in the Eumont Gas Pool, Lea County, New Mexico, is hereby authorized to produce, from the well, the underproduction attributed to the well and cancelled on July 1, 1966, January 1, 1967, as well as that to be cancelled July 1, 1967:

Operator - Name of Well	Unit	Section	Township	Range
Continental Oil Company				
Phillips Hooper Well No. 1	O	27	20 South	37 East
State "D" Com Well No. 1	L	11	21 South	36 East

-4-

CASE No. 3514
Order No. R-3183

(1) CONTINUED FROM PAGE 3

Operator - Name of Well	Unit	Section	Township	Range
Great Western Drilling Co. N. B. Bordages Well No. 1	D	33	19 South	37 East
Bert Fields, Jr. Turner State Well No. 2	D	32	20 South	37 East
Skelly Oil Co. Van Etten Well No. 9	L	9	20 South	37 East
Van Etten Well No. 10	O	9	20 South	37 East

(2) That during the make-up period from January 1, 1967, to July 1, 1968, the operator of the Me-Tex Wallace State Well No. 3, Eumont Gas Pool, Lea County, New Mexico, is hereby authorized to produce, from said well, the underproduction attributed to the Me-Tex Wallace State Well No. 2 and cancelled July 1, 1966, and the underproduction attributed to the Me-Tex Wallace State Well No. 3 and cancelled January 1, 1967, as well as that to be cancelled July 1, 1967.

(3) That the Secretary-Director of the Commission, upon proper application, may approve extensions of time during which said cancelled underproduction may be made up when the necessity therefor is caused by the inability of the pipeline company to take the underproduction.

(4) 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 cancelled underproduction by June 30, 1967.

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

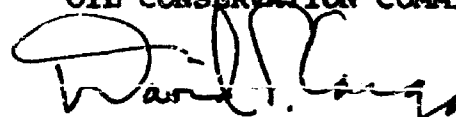
-5-

CASE No. 3514

Order No. R-3183

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

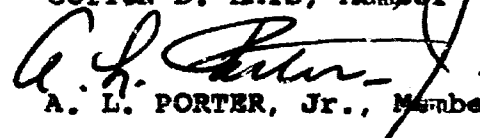
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



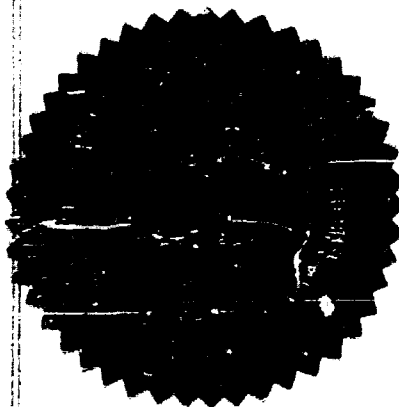
DAVID F. CARGO, Chairman



GUYTON B. HAYS, Member



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



ser/

GOVERNOR
DAVID F. CARGO
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
GUYTON B. HAYS
MEMBER

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

P. O. BOX 2088
SANTA FE

January 25, 1967

Mr. Dave Rainey
El Paso Natural Gas Company
Post Office Box 1492
El Paso, Texas

Re: Case No. 3514
Order No. R-3183
Applicant: _____

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

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC X
 Artesia OCC
 Aztec OCC
 Other

Canceled 1-1-67

W.C. 11

1/2 half.
under cancelled
or not making

2nd half. Canceled
accrued. Canceled
Sub to cancellation 7-1-66
7-9-67

Cont. Philip ^{Hopkins} 10 16350 ✓
Ed. Wentland - Boarding 15120 ✓
Mr. & Mrs. Wallace 2-L. 13006 ✓
Shelly Ten Items 9-L. 0 ✓
✓ - - - 100 0

27157 ✓ 29131 ✓
48066 ✓ X 20537
47015 ✓ no figures 16440
21150 ✓
15652 ✓

→ Philbore at 11
Burt Fisher 2000

→ Cont. State "D" Comm

~~may have for lady's 66~~ 5

me - Tex No. 3 - none on its own
Combined no. 3 - arrived
still be underproduced -

✓ 4155

23146

4155

does not include index notation

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 1, 1967

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

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

CASE 3439: (This case continued from the October 11, 1966 examiner hearing
and will be dismissed).

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit Scanlon and Shepard and
all other interested parties to show cause why the following
Scanlon and Shepard wells in Township 20 North, Range 9 West,
McKinley County, New Mexico, should not be plugged and abandoned
in accordance with a Commission-approved plugging program:
Santa Fe Pacific Railroad Lease: Wells Nos. 1, 3, 4, 5, 7, and
8, all in Unit P, No. 10 in Unit H, and No. 2 in Unit L, all in
Section 21; Well No. 6 in Unit L and Nos. 9 and 12 in Unit M
of Section 22 and Nos. 11 and 13 in Unit D of Section 27, Ray
Well No. 1 in Unit C, State Wells Nos. 1 and 2 in Unit A, and
State K-1883 No. 1 in Unit B, all in Section 28.

CASE 3440: (This case continued from the October 11, 1966, examiner
hearing and will be dismissed).

In the matter of the hearing called by the Oil Conservation Com-
mission on its own motion to permit Osborn & Weir, and all inter-
ested parties, to show cause why the following Osborn & Weir
wells in Township 20 North, Range 9 West, McKinley County, New
Mexico, should not be plugged and abandoned in accordance with a
Commission-approved plugging program: Scanlon Well No. 17 in Unit P
of Section 21 and Nos. 14 and 18 in Unit M of Section 22, Scanlon
Ray Wells No. 5 in Unit A and No. 6 in Unit C of Section 28.

CASE 3441: (This case continued from the October 11, 1966, examiner hearing
and will be dismissed).

In the matter of the hearing called by the Oil Conservation
Commission on its own motion to permit LaMar Trucking, Inc.,
and all interested parties, to show cause why their State Well
Well No. 1 located 495 feet from the North and West lines of
Section 28, Township 20 North, Range 9 West, McKinley County,
New Mexico, should not be plugged and abandoned in accordance
with a Commission-approved plugging program.

CASE 3506: Application of Standard Oil Company of Texas for a unit agreement,
Lea County, New Mexico. Applicant, in the above-styled cause,
seeks approval of the Maljamar-Grayburg Unit Area comprising
3,441 acres, more or less, of Federal, State and Fee lands in

Docket No. 1-67

-2-

(Case 3506 continued)

Sections 2, 3, 4, 8, 9, 10, 11, 14, and 15, Township 17 South, Range 32 East, Lea County, New Mexico.

CASE 3507:

*J. K. [unclear]
3506*
Application of Standard Oil Company of Texas for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Maljamar-Grayburg Waterflood Project in its proposed Maljamar-Grayburg Unit Area by the injection of water into the Grayburg formation through thirteen additional injection wells. Applicant also seeks administrative procedure for further expansion of said project at a later date.

CASE 3508:

*Comm.
J. K. [unclear]*
Application of Phillip Petroleum Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the Vacuum Abo Unit Area, comprising 3640 acres, more or less, of State and Fee lands in Townships 17 and 18 South, Range 35 East, Lea County, New Mexico.

CASE 3509:

*Mr. J. K. [unclear]
Director [unclear]
[unclear]
[unclear]
[unclear]*
Application of Phillips Petroleum Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its Vacuum-Abo Unit by the injection of gas into the Abo Reef formation through two wells located in Section 33, Township 17 South, Range 35 East, and Section 4, Township 18 South, Range 35 East, Vacuum-Abo Reef Pool, Lea County, New Mexico. Applicant further seeks the promulgation of special rules to govern operation of said pressure maintenance project.

CASE 3278 (Reopened)

*J. K. [unclear]
[unclear]*
In the matter of Case No. 3278 being reopened pursuant to the provisions of Order No. R-2944, which order established 80-acre spacing units for the Stateline-Ellenburger Pool, Lea County, New Mexico, for a period of eighteen months. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 3277 (Reopened)

*Full Director
[unclear]*
In the matter of Case No. 3277 being reopened to consider the necessity for the continuance of the special allowables assigned to wells in the Stateline-Ellenburger Pool, Lea County, New Mexico.

CASE 3510:

Application of United States Smelting Refining and Mining Company for an unorthodox gas well location, Lea County, New Mexico. Applicant in the above-styled cause, seeks approval for its Federal Well No. 2 at an unorthodox location 760 feet from the South line and 2080 feet from the West line of Section 11, Township 20 South, Range 34 East, Lea-Pennsylvanian Gas Pool, Lea County, New Mexico.

Randall Kelley

W. J. Gandy

CASE 3511:

Application of Thomas A. Dugan for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Navajo Federal Well No. 1 completed in the Gallup formation at an unorthodox gas well location 660 feet from the North and West lines of Section 26, Township 28 North, Range 15 West, San Juan County, New Mexico, said well to be dedicated to the NW/4 of said Section 26.

James (S.?)

W. J. Gandy

W. J. Gandy

CASE 3512:

Application of Tubco Petroleum Corporation for force-pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Gas Pool underlying the S/2 of Section 21, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, and allocating well costs including a risk factor for a well to be drilled on said spacing unit.

W. J. Gandy

W. J. Gandy

W. J. Gandy

CASE 3513:

Application of Midwest Oil Corporation for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Vada-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units.

W. J. Gandy

W. J. Gandy

CASE 3514:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider suspending the scheduled cancellation of underproduction which accrued to certain wells in the Eumont Gas Pool during the first six months of 1966 and which was not made-up during the second six months period and was therefore subject to cancellation January 1, 1967. The underproduction being considered for suspension of cancellation accrued as a result of the sale of the connecting pipeline for said wells from an intra-state company to an inter-state company resulting in necessity for FPC approval of sales. The wells, which were shut-in and not produced during the period FPC approval was being obtained, are certain wells formerly connected to Southern Union Gas Company and owned by the following operators: Southern Union, Mc-Tex, Penrose, Tidewater, Fields, Atlantic, Skelly, Clark & Christie, Aztec, and Great Western Drilling.

W. J. Gandy

W. J. Gandy

W. J. Gandy



CONTINENTAL OIL COMPANY

P. O. BOX 460
HOBBS, NEW MEXICO

PRODUCTION DEPARTMENT
HOBBS DISTRICT
L. P. THOMPSON
DISTRICT MANAGER
G. C. JAMIESON
ASSISTANT DISTRICT MANAGER

December 13, 1966

1001 NORTH TURNER
TELEPHONE: EX 3-4141

*Case
3514*

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention of Mr. A. L. Porter, Jr., Secretary-Director

Re: Continental Oil Company
Phillips-Hooper and State
D-11, Eumont Gas Wells

Gentlemen:

As you probably are aware, Southern Gas Company has sold its gathering system in the Eumont Gas Pool to El Paso Natural Gas Company. From the time that the transaction was completed until El Paso was able to commence purchase of gas, the wells connected to this system were deprived of a gas market. The last purchase of gas through this system occurred in March, 1966. El Paso began gas purchase in December, 1966.

Continental Oil Company operates two wells which are connected to this system. The Phillips-Hooper Well No. 1, located in Unit O, 27-20-37, suffered the cancellation of 29,131 MCF on June 30, 1966. This well has an additional 30,361 MCF allowable which is subject to cancellation on December 31, 1966.

The State D-11 No. 1 is located in Unit L, 11-21-36. It suffered the cancellation of 4,155 MCF on June 30, 1966. In addition, the well has 20,854 MCF allowable subject to cancellation December 31, 1966.

It is respectfully requested that the allowable which is subject to cancellation on December 31, 1966, be

DOCKET MAILED

Date 12-23-66

NMOCC
Page 2

carried over into the following balancing period and that Continental Oil Company be permitted to make up this allowable. It is further respectfully requested that the 33,286 MCF allowable cancelled June 30, 1966, be restored. The fact that El Paso Natural Gas Company was prevented from taking this gas due to absence of necessary approvals from the Federal Power Commission is the basis for this request. The fact that the wells were not producible during this period was due to no neglect on the part of Continental Oil Company nor El Paso Natural Gas Company but does result in the impairment of the correlative rights of Continental Oil Company and its lessors.

Yours very truly,



LPT-JS

Copies to: NMOCC-Hobbs RGP

El Paso Natural Gas Company
Attn: Mr. F. N. Woodruff
El Paso, Texas

El Paso Natural Gas Company
Attn: Mr. Don Gillett
Jal, New Mexico



CLASS OF SERVICE
This is a fast message
unless its deferred char-
acter is indicated by the
proper symbol.

WESTERN UNION TELEGRAM

W. P. MARSHALL, President

SYMBOLS
DL=Day Letter
NL=Night Letter
LT=International
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination.

LA075 KB136

1 (03) 033

K TUA272 DL PD=FAX TULSA OKLA 3 1256P CST= 1967 JAN 3 PM 12 35
A L PORTER JR, NEW MEXICO OIL CONSERVATION COMMISSION=
STATE LAND OFFICE BLDG SANTA FE NMEX=

RE: CASE 3514, EUMONT GAS POOL=

WE URGE COMMISSION'S FAVORABLE CONSIDERATION FOR
SUSPENSION OF CANCELLATION ACCRUING AS RESULT OF SALE
OF CONNECTING PIPELINE FROM INTRA-STATE TO INTER-STATE
FOR ALL WELLS IN SUBJECT FIELD, AND MORE PARTICULARLY
SKELLY=

SKELLY OIL CO GEORGE W SELINGER=

Case
3514

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

GIRAND, COWAN & REESE

LAWYERS

W. D. GIRAND
RAY C. COWAN
N. RANDOLPH REESE
R. E. RICHARDS

NEW MEXICO BANK AND TRUST COMPANY BUILDING
POST OFFICE BOX 1290
HOBBS, NEW MEXICO 88240

TELEPHONE
AREA CODE 505
EXPRESS 3-9116

December 28, 1966

Mr. A. L. Porter
Secretary
Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico

Re: Case No. 3514

Dear Mr. Porter:

The Commission has set for hearing on its own motion Case No. 3514 for January 4, 1967. This matter pertains to the accrued gas allowable on wells formerly connected to Southern Union Gas Company which were transferred to El Paso Natural Gas Company and which were not produced from March of 1966 until December 1, 1966, because of delays in obtaining Federal Power Commission approval. The wells are all located in the Eumont Gas Pool.

The writer represents Me-Tex Supply Company which is operating its No. 3 well as a gas well producing from the Eumont Gas Pool. This well is located on state land and if this allowable is taken from the Me-Tex designated unit, it will result in a loss to the State of New Mexico in royalties and taxes. As attorney for the operator, Me-Tex Supply Company, we urge the Commission to enter its order granting some relief for the operators who were deprived of their right of producing their allowable through no fault of their own.

In view of the simplicity of the facts resulting in the underproduction, we feel our appearance and the offering of proof unnecessary, particularly in light of the fact that this company in its recent application presented proof as to the cause of the underproduction. We would appreciate the Commission considering this letter our appearance and make this letter a part of the record of the case.

Respectfully submitted,

GIRAND, COWAN & REESE

WDG/br

cc: Randall Montgomery
James M. Murray, Jr.
Pres., Me-Tex Supply Co.

RANDALL F. MONTGOMERY
GEOLOGIST

HOBBS, NEW MEXICO

December 12, 1966

Case 3514

Mr. A. L. Porter, Jr., Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Mr. J. D. Ramey, District Supervisor, New Mexico Oil Conservation Commission, advised the undersigned that the underage accrued to the Me-Tex Supply Company Eumont gas wells, being Wallace State Well Nos. 2 and 3, during 1966 was beyond the control of the operator and that the Commission may have a hearing to consider the underage accrued during 1966.

Me-Tex Supply Company would appreciate the opportunity to make proper application for the non-cancellation of this underage.

Your favorable consideration would be appreciated.

Sincerely,

R. F. Montgomery
Randall F. Montgomery

RM/llo

cc. Mr. J. D. Ramey
Mr. W. D. Girard, Jr.
Mr. James M. Murray, Jr.

DOCKET MAILED

Date _____

Atlantic Richfield Company North American Producing Division
New Mexico-Arizona District
Post Office Box 1978
Roswell, New Mexico 88201
Telephone 505 622 4041

W. P. Tomlinson
District Engineer

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. Dan Nutter

Re: Underproduction,
Atlantic Richfield Company
State "O" No. 2 Well
Eumont Gas Pool
Lea County, New Mexico

Gentlemen:

Atlantic Richfield Company owns and operates the State "O" No. 2 Well located in Unit D of Section 32, Township 20 South, Range 37 East, Lea County, New Mexico. This well is completed in the Eumont Gas Pool and has an 80-acre proration unit dedicated to it.

Since February, 1966, the well has not been produced. It is connected to a portion of Southern Union Gas Company's Eumont gathering system, which was sold to El Paso Natural Gas Company. All sellers into this portion of the system were required to negotiate or transfer contracts. In addition, they were required to obtain FPC certificates allowing interstate sale of this gas. At such time as all sellers obtained FPC certificates, El Paso would start taking gas. El Paso notified Atlantic Richfield Company that they would start taking gas from the State "O" No. 2 Well during December, 1966.

Because of the long period of no production and only one month remaining during 1966 in which to make up underproduction for the first six months of 1966, Atlantic Richfield Company requests that the New Mexico Oil Conservation Commission consider not cancelling any allowable for this well until the end of the first six months of 1967. Underproduction subject to cancellation for the first proration period, caused by the buyer change, is 12,275 MCF. The State "O" No. 2 is capable of producing steadily at about 500 MCFD. This rate is in excess of average daily 80-acre Eumont gas allowables. By mid-1967, El Paso should have no trouble making up all underproduction accrued during 1966.

Yours very truly,



W. P. Tomlinson

cc: Mr. Joe D. Raley
N.M.O.C.C.
Hobbs, New Mexico

DOCKET MAILED

Date _____



Case 35-14



SKELLY OIL COMPANY

TULSA, OKLAHOMA 74102

PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT
W. P. WHITMORE, MGR. PRODUCTION
W. D. CARSON, MGR. TECHNICAL SERVICES
ROBERT G. HILTZ, MGR. JOINT OPERATIONS
GEORGE W. SELINGER, MGR. CONSERVATION

December 16, 1966

Re: Eumont Gas Field

*Case
3514*

Mr. A. L. Porter, Jr. - Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

During the month of February, 1966 the Southern Union Gas Company discontinued purchasing dry gas from Skelly State "G" Well No. 1 and L. Van Etten Wells 9 and 10. They shut down in order to repair their sour gas facilities, and never resumed operations. Recently the El Paso Natural Gas Company connected to and started purchasing gas from these wells on December 1, 1966, and we understand that other operators are faced with the same situation that we are in this regard.

According to Order No. R-1670, Rule 14(A), balancing dates are established as of January 1 and July of each year in which any non-marginal well having underproduction at the end of one proration period may produce it during the next proration period, after that it is cancelled. The State "G" Well No. 1 had an accumulated underproduction of 5,059 MCF, the L. Van Etten Well No. 9 had an accumulated underproduction of 23,115 MCF, and the L. Van Etten Well No. 10 had an accumulated underproduction of 19,300 MCF after redistribution in July, 1966.

The underproduction must be made up during the six months from July, 1966 to January 1, 1967, however, these wells cannot produce the December gas allowable plus the accumulated underproduction for the first six months of the year, which amounts to 6,772 MCF on State "G" Well No. 1, 29,967 MCF on the L. Van Etten Well No. 9, and 26,152 MCF on the L. Van Etten Well No. 10, since the wells are not capable of producing such large volumes of gas in the remaining month (December) of the period.

We desire to call this to the attention of the Commission for some equitable and merciful handling in extending the time to make up this accumulated underproduction.

Yours very truly,

George W. Selinger

GWS:br
cc-El Paso Natural Gas Co.
P. O. Box 1492
El Paso, Texas 79948

DOCKET MAILED

Date _____

El Paso Natural Gas Company

El Paso, Texas 79999

December 14, 1966

DEC 15 1966
Case 3514

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention of Mr. A. L. Porter, Jr., Secretary-Director

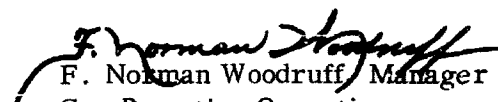
Re: Continental Oil Company
Phillips-Hooper and State
D-11, Eumont Gas Wells

Gentlemen:

We have received a copy of the December 13, 1966 letter to you from Mr. L. P. Thompson of Continental Oil Company concerning underproduction subject to cancellation for the above referred to wells.

We consider that the factual situation justifies the granting of Continental's request. El Paso Natural Gas Company will endeavor to take the back allowables of these wells if we are permitted to do so.

Yours very truly,


F. Norman Woodruff, Manager
Gas Proration Operations

FNW:mgs

CC: Mr. L. P. Thompson

DOCKET MAILED

Date _____

El Paso Natural Gas Company

El Paso, Texas 79999

December 8, 1966

DEC 12 1966

Case 3514

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Attention: Mr. Dan Nutter

Gentlemen:

On December 1, 1966, El Paso Natural Gas Company connected the following Eumont gas wells to its system:

Operator	Name of Well	Location
1 ^{yes} Continental Oil Co.	Phillips Hooper #1	O SE/4 27-20-37
1 ^{yes} " "	State D Com #1	L SW/4 11-21-36
3 ^{yes} Me Tex Supply Co. -	Wallace State #2	L SW/4 3-21-36
Me Tex Supply → J. M. Murray et al	Wallace State #3	N SW/4 3-21-36
no Penrose Production Co.	Phillips Crawford #1	A NE/4 34-20-37
no Tidewater Oil Co.	GO State D #1	H NE/4 32-20-37
1 ^{yes} Bert Fields, Jr.	Turner State #2	C NW/4 32-20-37
no Atlantic Richfield Co.	State O #2	D NW/4 32-20-37
no Skelly Oil Co.	State G #1	J SE/4 30-20-37
1 ^{yes} " "	Van Etten #1	L SW/4 9-20-37
1 ^{yes} " "	van Etten #10	O SE/4 9-20-37
2 ^{no} E. B. Clark &	J. W. Cooper C #2	B NW/4 3-20-37
C. B. Christie	Williams #2	I SE/4 33-19-37
no Aztec Oil & Gas Co.	Williams #1	B NE/4 33-19-37
no " "	N. B. Bordages #1	D NW/4 33-19-37
3 ^{yes} Great Western Drilling Co.		

These wells were formerly connected to Southern Union Gas Company's system. Your Hobbs District Office has been notified that the wells are now connected to El Paso's system, and it is our understanding that Form C-104 has been filed on each well by the operator changing the transporter to El Paso.

Me Tex no. 3

DOCKET MAILED

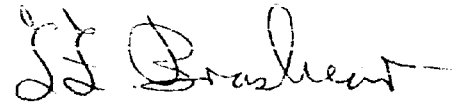
Date _____

New Mexico Oil Conservation Commission
December 8, 1966
Page Two

Should you require additional information regarding this matter, please contact us.

Yours very truly,

PRORATION DEPARTMENT



Thomas F. Brashear
Supervisor

TFB:lcf

cc: New Mexico Oil Conservation Commission
Hobbs, New Mexico

Girard, Cowan & Reese
P. O. Box 1290
Hobbs, New Mexico

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 4, 1967

IN THE MATTER OF:

In the matter of the hearing
called by the Oil Conservation
Commission on its own motion to
consider suspending the scheduled
cancellation of underproduction
which accrued to certain wells
in the Eumont Gas Pool during
the first six months of 1966 and
which was not made-up during the
second six months period and was
therefore subject to
cancellation January 1, 1967.

Case No. 3514

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6651 • ALBUQUERQUE, NEW MEXICO 87 01
1105 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87103

PAGE 3

MR. NUTTER: Hearing will come to order, please.
Next Case will be Case No. 3514, which is in the matter of the hearing called by the Oil Conservation Commission on its own motion to consider suspending the scheduled cancellation of underproduction which accrued to certain wells in the Dumont Gas Pool during the first six months of 1966 and which was not made-up during the second six months period and was therefore subject to cancellation January 1, 1967.

MR. HATCH: George Hatch appearing on behalf of the Commission and its staff. I have one witness I would like to have sworn at this time.

(Witness sworn)

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

DIRECT EXAMINATION

BY MR. HATCH:

Q Would you please state your name and position for the record?

A Elvis A. Utz, Engineer with the Oil Conservation Commission.

Q As Gas Engineer for New Mexico Oil Conservation Commission, is it part of your duties to make recommendations concerning the cancellation or noncancellation of underage accruing to gas wells, prorated gas wells, in New Mexico?

dearnley-meier reporting service, inc.

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

1110 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1215 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

PAGE 4

A Yes, it is.

Q Are you familiar with Case 3514 and what it proposes?

A Yes, I am.

Q This case involves the application of Rule 14 A, Order No. R-1670 governing the prorated gas pools of southeastern New Mexico?

A This is correct.

Q Will you describe the situation that has occurred concerning certain wells in the Eumont Gas Pool that has brought about the calling of this case?

A Yes, I will. This case involves fourteen wells which were connected to Southern Union Gas Company in the Eumont Gas Pool. The gathering economics got pretty sour as far as Southern Union is concerned, as well as the gas. The gas was sour and the volumes were low enough to where the wells were not making their line pressure and therefore, had an undesirable economic situation as far as Southern Union was concerned and the operators too. Therefore, Southern Union and El Paso an interstate gatherer reached an agreement whereby El Paso would connect to these wells and take this gas at a somewhat lower line pressure.

This should cause these wells to produce substantially more gas. This agreement was consummated, it's my understanding, the latter part of March, 1966, and the wells at that time

were shut in and the operators as soon as possible made application to the Federal Power Commission for authority to connect to the new purchaser, El Paso Natural.

This was necessary since El Paso Natural is an interstate gatherer, under the Federal Power Commission control. The Federal Power Commission took their time in approving these things. That is, it was from the first part of April to the first of November in order to get authority to connect these to an interstate system. In the meantime, the wells were shut in completely. They were not able to produce any gas or any of the allowables that were assigned to them. After approval was received from the Federal Power Commission the wells were physically disconnected November 1, '66 and El Paso connected to them December 1, '66. The wells are now connected onto El Paso and are producing.

Q Do you have any Exhibit that would show what wells are affected?

(Whereupon, Oil Conservation Commission's Exhibit A marked for identification.)

A Yes, I have an exhibit marked Exhibit A Case 3514. This lists the fourteen wells previously mentioned as well as the status of each well as of June 30, 1966, all of which -- well, I had better more correctly state that all of the status

of June 30, 1966 is now subject to cancellation since these wells did not produce any during the period or during this proration period. They are now, of course, making up some of this. We think -- we really don't know what they are going to produce in December. This shows that status as well as the status of each well, 11/30/1966.

Q That would be the June status that would be subject to cancellation?

A As of now, yes, sir.

Q In your opinion, are any of these wells capable of making this underproduction?

A As I stated previously, the pipeline pressure at which these wells are producing against now should enable these wells to make up a substantial amount, if not all of this accrued underproduction. As a matter of fact, four of these wells at the time they were disconnected were actually overproduced, which is certainly good evidence that the wells make their allowable. Most of the wells, well, the range of underproduction ranges from about eleven million to as high as fifty-seven million.

MR. NUTTER: That's the underproduction as of November 30th?

A That's right. The reason I gave you that figure is because those wells will have to produce their current

allowable as well as the underage in order to make up underage. The range of cancellation or underage that is subject to cancellation at the present time is from about five million as high as thirty million. The amount of cancellable underage is in the range of thirty to fifty per cent of their current status, which means that during the next period these wells will not only have to produce their current allowable which is approximately thirty-four million, but they will also have to produce this underage and the underage that is subject to cancellation June 30, 1967. Therefore, I would say that these wells probably should have longer than six months in order to make up this underage that is produceable.

Q Do you have any recommendations as to the mechanics of handling this situation?

A Yes, I do. I have another exhibit which would partially portray my recommendation in that respect.

(Whereupon, Oil Conservation
Commission Exhibit B marked
for identification)

A It's Order R-2745 in Case 3079 which was a similar case in Jalmat Gas Pool for the reinstatement of cancellable underage or produceable underage and I would suggest that this order be used or similar order be used to this order and in addition to this, I would suggest that administrative procedure be incorporated in the order to allow the operator

dearnley-meier reporting service inc.

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

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 255-1294 • ALBUQUERQUE, NEW MEXICO 87118

PAGE 8

or purchaser to come in at the end of this current proration period which would be the middle of 1967 and make application for an extension of this order through the next proration period to the end of 1967 and this means we will not have to call this case for hearing again if it's necessary to have the additional time to produce the underproduction.

Q Did you say that was marked Exhibit B?

A Yes, it is.

Q Then you would suggest that the regular procedure of cancellation and redistribution take place and that the producers would come in and apply, then late in next June for amounts that they had been able to make up?

A That's correct. This would not cause any interference with the procedure as it is now. We would go ahead and cancel and when the December 31st redistribution schedule comes out, each of these wells will have a cancellation figure. Now, this is the figure that the purchaser and the operator would have to work against for the current period to the end of June. Any of this amount that is made up between now and the end of June, the operator would make application for reinstatement of that amount of underage and it could be reinstated.

Q Do you think that waste will occur or correlative rights will be violated if your recommendations are followed?

A At any time produceable underproduction is cancelled there is a disturbance of correlative rights and by disturbing correlative rights, in my opinion, is also a waste.

Q Do you have anything else you would like to say?

A No, I have nothing more I don't believe.

BY MR. NUTTER:

Q Mr. Utz, now, you stated that under your recommendation this underage which was accrued to these wells as of June 30th would be cancelled and shown in the redistribution schedule as cancelled allowable?

A That's right.

Q And then at the end of the six months' period providing that this be made up and then that gives the operators a figure to shoot for?

A Right.

Q Well, now, not one MCF of gas would be chalked up against that underproduction unless the wells in the next six months produced all of their current allowable and unless they produced the difference between their status December 30th and their status June 30th which was underproduction accumulated in the second six months of 1966. In other words, they are going to have to produce all of their allowable that's assigned to them currently during the first half of '66. They are going to have to produce all of the allowable

that was assigned to them during the first half of '67. They are going to have to produce all of the allowable that was assigned to them during the second half of '66 and if they make those two allowables, plus some then that's what is charged to this cancellation and reinstated?

A Yes, that's true. Of course, the underage that has accrued as of the end of this year, January 1, 1967, will not be cancelled until June and that is the allowable which they will have another six months if they make application through this administrative procedure. Any overproduction by months in the current period will be applied against the status, the underage that is cancelled as of January 1st.

Q That's what I wanted to be sure of. In other words, the underproduction which they accrued in the second half of '66, they don't have to produce that before we start reinstating this cancelled allowable?

A No.

Q They only have to produce the current allowable and any excess above the current allowable in the first half of '67 will be reinstated cancellation?

A This period, they should work on current allowable and cancelled allowable.

Q I didn't know if they had to produce two allowables or three allowables during the next six months.

A In order to make it up they will have to produce about one and a half allowables.

MR. NUTTER: That's all the questions I had.

BY MR. PORTER:

Q I have a question. You are referring to what was your Exhibit No. 1?

A A.

Q Now, that exhibit contains the status of the wells as of December 30th or June 30th?

A It contains two statuses, Mr. Porter, June 30, 1966 and the current status as late as we know now of 11/30/66.

Q Those are taken from official Commission records?

A Yes, they are.

MR. PORTER: Thank you.

REDIRECT EXAMINATION

BY MR. HATCH:

Q Mr. Utz, were Exhibits A and B prepared by you or under your supervision?

A They were prepared by me. Well, Exhibit A was prepared by me, Exhibit B is a copy of an order.

MR. HATCH: I would like to move the introduction of Exhibits A and B.

MR. NUTTER: Oil Conservation Commission Exhibits A and B will be entered as evidence in this case.

(Whereupon, Oil
Conservation Commission
Exhibits A and B
admitted in evidence)

MR. NUTTER: Does anyone have any questions of
Mr. Utz?

BY MR. LYON:

Q Did I understand, Mr. Utz, that the allowable which
normally would be cancelled on January 1st or December 31, 1966
will be cancelled according to the Commission's records and that
that allowable will be dropped from the underproduction for
each of these wells?

A That's correct.

Q Then will it be necessary for the operator to
request that it be reinstated at the end of the balancing
period we have just entered?

A Yes, it will.

Q Would it be simpler if we didn't cancel that allowable
and let the underproduction to accrue?

A That would depend on who you are talking about. It
would be a lot simpler for us if we do it this way.

MR. NUTTER: It would be incumbent upon the operator
to request the reinstatement of that cancelled allowable?

A This is correct, which, in my opinion, is no problem.
It's a matter of who is going to keep the books, the Oil
Commission or the operator and this is, in my opinion, the

cleanest way to handle it. You don't disturb anything and it's a one-time deal. When you see how much of this underage you overproduced and you notify us and reinstate it instead of having to go through this procedure of noncancellation on a certain number of wells, since we are working with something like fifteen thousand wells, close to it, these little exceptions like this sometimes have a way of getting mixed up in the machine room.

Q (By Mr. Lyon) One of the reasons that I was inquiring is that those who are not familiar with this situation might perhaps misunderstand the actual balancing situation of these wells and where the well might be shown to be in balance it actually has underproduction which it can make up.

A Well, I believe, Mr. Lyon, if you will get in touch with Mr. Rainey he can keep you pretty well straightened out on that. Actually, the order could be written, if it's agreeable with all parties, so that the purchaser could furnish us that information.

Q That sounds all right to me.

MR. NUTTER: Are there any further questions of the witness?

A There is one other thing I might ought to bring out, the fact that there are three marginal wells in this group of fourteen wells which do not have a status, therefore,

they will not have any underage to make up and there is a possibility that these wells will overproduce the lower line pressure and cause them to become nonmarginal, in which case, if they overproduce this current period between now and June 30th, they would go on nonmargin retroactive to the first of January and be charged nonmarginal allowable. I just thought I would throw that in.

BY MR. NUTTER:

Q That doesn't affect the status of any cancellation?

A No.

Q They don't have any status as of June 30th?

A No.

MR. NUTTER: We might identify for the record Aztec-Williams Number 1 and 2 and the Clark and Christy Cooper 2 B, those three marginal wells. Does anyone else have anything to offer in this case.

MR. RAINEY: D.H. Rainey, El Paso Natural Gas Company. I have a statement to make and I will be happy to be sworn if there is any further factual information.

(Witness sworn)

MR. NUTTER: Would you proceed with your remarks under oath?

MR. RAINEY: I am Dave Rainey, Manager of Proration, El Paso Natural Gas Company. Federal Power

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108

PAGE 15

Commission certification to sell gas to El Paso Natural Gas Company has been received by the producers listed in Case No. 3514 which has been called by the Commission to consider noncancellation of underproduction for certain wells in the Eumont Pool. On December 1, 1966 El Paso initiated takes from these wells owned by said producers. During the months that producers were waiting certification, El Paso was not privileged to take gas from their wells. Consequently, underproduction accumulated. El Paso Natural Gas Company considers that the factual situation justifies a suspension of the cancellation of underproduction provisions of Rule 14 A of Order R-1670 for the wells involved and recommends that the Commission enter an order granting the suspension. El Paso Natural Gas Company will endeavor to take the underproduction which accumulated during the period the producers were awaiting certification, if we are permitted to do so. Because of our fluctuating market demand and our inability to ascertain at this time the productivity of the wells into our system we cannot project the time required to accomplish the make-up of this underproduction.

To elaborate on that a little bit, as we have stated, the wells were just first produced into our system on December 1, '66. We do not have production reports for the month of December as yet. They have been on the line all the time

sofar as I am able to ascertain, so that as of about the end of next week, we should be able to know about how much they are capable of producing into our system.

BY MR. NUTTER:

Q Which system are these wells producing into?

A They are producing into a so-called four hundred pound system that extends into the Eumont Pool. Actually it operates between 350 and 400 pounds, depending on the portion of the system.

Q Do you know what pressure the lines were operated at by Southern Union?

A It's my understanding they were operating at 550 pounds so that would be 100 to 150 pounds, 200 pounds reduction on these wells. They have approximately half a million cubic feet of underage as of November 30, 1966. In other words, they are roughly on the average, about ten months underproduced. Until we know what their ability to produce into our system is and how much they can overproduce their current allowables we have no way whatsoever of determining how long it's going to take to make up this underproduction.

MR. NUTTER: Does that conclude your statement?

MR. RAINEY: That's all.

MR. NUTTER: Thank you. You are excused. Does

anyone else have anything to offer in this case?

MR. UTZ: I would like to ask Mr. Rainey a question.

MR. RAINFY: Yes, sir.

Q Mr. Rainey, is it your opinion that these wells will produce all produceable underage by the end of 1967?

A Well, as I stated, Mr. Utz, I don't really know. I would guess that they probably can, but until we know what they are producing at into our system is --

Q Well, I said, "produceable underage."

A Well, we will produce everything they can produce through the end of '67. Whether they will make it all up, I don't know. We will try to keep them on sufficiently to make up whatever underproduction they are capable of making. Now, whether they will produce all of this underage which has accrued as of November 30th I have no way of knowing.

Q You might anticipate that there would be some wells that would need three periods instead of two?

A It is conceivable, but I couldn't even hazard a guess at this point.

MR. NUTTER: If there is nothing further, we will release Mr. Rainey. Does anyone have anything further?

(Witness excused)

MR. HATCH: I have had communication from Mo-Tex,

Continental Oil Company, Atlantic, Richfield, Skelly Oil Company and also telegram from Skelly Oil Company requesting favorable consideration of the suspension of cancellation.

MR. NUTTER: Thank you, Mr. Hatch.

MR. PORTER: What is that communication from Skelly? Was that the request for merciful equity?

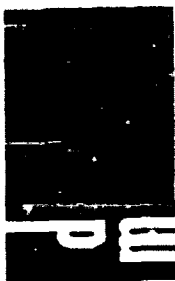
MR. HATCH: Yes, I believe his words were, "merciful handling in extending the time to make this accumulated underproduction."

MR. NUTTER: Thank you. If there is nothing further in this case, we will take the case under advisement and the hearing is adjourned.

dearnley-meier reporting service, inc.

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

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87101
1205 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO 87108



PAGE 19

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

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.

Kay Embree
Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3514, heard by me on 1-4, 1967.

[Signature]
New Mexico Oil Conservation Commission

Case 3514
 Payment for exemption to ...
 ... 14(b)

	With name	June 22, 1946	Station	
		18.00	11-25-54	
1	Atlantic - State 2-D	-14.25	-25.54	1
2				2
3	W. T. - Williams 1-E	11.00		3
4	" " 2-E	"		4
5	Chas. Phillips - Rogers 2-B	"		5
6				6
7	Continental - Phillips 1-D	-20.20	-52.54	7
8	" " 1-E	-20.54	-54.04	8
9			-40.00	9
10	Bank of India - Thomas 2-E	-10.50		10
11				11
12	H. B. T. - B. ... 1-D	-10.00	-50.04	12
13				13
14	W. T. - Williams 2-E	-10.00	-40.04	14
15	" " 2-E	-22.54	-24.00	15
16				16
17	Phillips - Phillips 1-A	3.15	-1.26	17
18				18
19	Shaw - 18 G 2-E	-20.54	-11.54	19
20	" - ... 2-E	-22.54	-34.04	20
21	" - " " 1-D	-10.00	-44.04	21
22				22
23	W. T. - Williams 1-E	-10.00	-24.04	23
24				24
25				25
26				26
27	Williams 2-E - 11-00	24.00		27
28	W. T. - Williams 1-E	22.54		28
29	W. T. - Williams 1-E	22.54		29
30				30
31				31
32				32
33				33
34				34
35				35
36				36
37				37
38				38
39	Case 3514			39
40	Exhibit A			40
41	11/20/46			41
42				42
43				43
44				44
45				45

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 OCC EXHIBIT NO. A
 CASE NO. 3514

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.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
OCC EXHIBIT NO. B
CASE NO. 3514

Case 3514
Exhibit B
VMCC

-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

S E A L

esr/