

LEGAL DEPARTMENT

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SOUTHERN UNION GAS COMPANY
BURT BUILDING
DALLAS 1, TEXAS

August 22, 1955

A. ST. GRENIER
MILLARD F. CARR
EDWARD G. TAYLOR
JACK HERTZ

Case
941

Charles

Mr. W. B. Macey, Secretary
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Case No. 941

Dear Mr. Macey:

You will recall that last Wednesday, when the above case was being heard by the Commission, some question arose as to what would happen in case an operator failed to file an initial deliverability and shut-in pressure test within the 45-day period contemplated by Section B I(A)1 of proposed Order No. R-333-C. In the latter stages of the hearing the writer suggested, after the matter was clarified by the witness, Mr. Utz, that clarifying language also be incorporated into the Commission's rules. Our Company's suggestion in this regard is set forth below.

No change is suggested in proposed Order No. R-333-C. We would recommend, however, that the first three paragraphs of Rule 14 of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs, Aztec-Pictured Cliffs and South Blanco-Pictured Cliffs Gas Pools, as promulgated in Order No. R-565, and the first three paragraphs of Rule 9 of the Special Rules and Regulations for the Blanco-Mesaverde Gas Pool, promulgated in Order No. R-128-C, be stricken and the following paragraph substituted therefor in each instance:

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Rule 9 Allowables to newly completed gas wells shall commence (a) on the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser, (b) the filing date of Form C-104, C-110 and the above described plat, or (c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122 in conformance with the provisions of R-333-C, whichever date is the later.

No doubt there are many other ways in which the desired result could be obtained, but the foregoing recommendation seems to us the simplest of those which have occurred to us so far.

Several additional copies of this letter are enclosed for your convenience in case you wish to distribute them to members of the Commission's staff for comment.

Very truly yours,

ASG:FG
Encl.
cc: Mr. A. M. Wiederkehr

A. St. Grenier