



1791

EL PASO NATURAL GAS PRODUCTS COMPANY

POST OFFICE BOX 1161, EL PASO, TEXAS

September 25, 1959

New Mexico Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.

Gentlemen:

In accordance with Rule 503 (f) of the Commissions General Rules, you are hereby notified that El Paso Natural Gas Products Company, as purchaser of crude oil in the Verde Gallup-Horseshoe Gallup Oil Pools of New Mexico, proposes to institute pipeline proration in its purchases of crude oil tendered to it during the month of September, 1959.

Our records indicate that we will purchase approximately seventeen thousand five hundred (17,500) barrels of crude oil per day. The total allowable and supplements issued during the month, show the daily allowable of Chimney Rock, Four Corners Paradox, Horseshoe Gallup and Verde Gallup Oil Pools of being approximately nineteen thousand nine hundred and nine (19,909) barrels per day, which will result in pipeline proration of approximately 12%.

John Miller

We plan to prorate all productive wells on a ratable basis and under our proration schedule all wells which are producing at the rate of ten (10) barrels or less per day will not be prorated.

Pipeline prorationing was caused by operational difficulties during the month by our Verde Gallup Gathering System. A pipeline break which occurred September 10, 1959, resulted in the system being out of operation for approximately two (2) days, however, at that time our pipeline department contemplated no difficulties in moving all oil tendered to it for the balance of the month. During the past week we have been in the process of looping the six (6") inch line from the pump station to our connection to Four Corners Pipeline and adding additional pumping facilities, which has caused an interruption in the movement of oil from the area.

At our Show Cause hearing September 16, 1959 we requested the Commission to grant back allowables to all producers who may have been prorated during the months of July and September, 1959, provided such deficiencies could be made up during November, 1959. Since our construction on the gathering system will not be completed until November, 1959, there is a possibility prorationing may continue during the month of October, 1959. We anticipate we will be able to receive all allowable oil during November, plus any back allowables so requested.

Yours very truly,

J. M. McNutt

J. M. McNutt
Manager
Crude Oil Purchasing

copy of E-22 sent Sept 30
JMMcN:zc