

Hondo Oil & Gas Company

Box 660
Roswell, New Mexico
June 21, 1960

Case 9027

Oil Conservation Commission
State of New Mexico
Box 871
Santa Fe, New Mexico

Re: Application for an Order Amending Order R-1643 in Case No. 1926 to provide an alternative to Automatic Shut-in Provisions relating to LACT System for Abo Production on Hondo-Western-Yates State 647 Lease in Section 6-18S-28E and Sections 31 and 32-17S-28E, Eddy County, New Mexico.

Gentlemen:

Hondo Oil & Gas Company, Operator for Hondo Oil & Gas Company, a corporation, Western Development Company of Delaware, a corporation, and Yates Brothers, a partnership, doing business as Hondo-Western-Yates, hereby makes application for an order amending Order No. R-1643 in Case No. 1926, to authorize use of high pressure tubing tested to at least 1500 psi for flow-line as an alternative to the requirement that the LACT System be equipped so as to shut-in flowing wells at the wellhead in the event of a flow-line break.

In support of this application Hondo Oil & Gas Company states the following:

1. By Order No. R-1643 dated April 4, 1960, applicant was authorized to install automatic custody transfer system to handle the Empire Abo Pool production from the subject lease insofar as it covers the following described lands in Eddy County, New Mexico:

Township 17 South, Range 28 East, N.M.P.M.
Section 31: $E\frac{1}{2}E\frac{1}{2}$
Section 32: $SW\frac{1}{4}$ and $NE\frac{1}{4}$

Township 18 South, Range 28 East, N.M.P.M.
Section 6: $NE\frac{1}{4}SE\frac{1}{4}$, $S\frac{1}{2}NE\frac{1}{4}$ and $NE\frac{1}{4}NE\frac{1}{4}$

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subject to the requirement that such system "shall be so equipped as to shut-in the flowing wells at the wellhead in the event of a flow-line break".

2. The commission by letter dated April 26, 1960, granted applicant 90 days to test equipment to satisfy the above requirement of Order No. 1643.
3. Tests have not been concluded but we are far enough advanced to show that workable equipment would cost approximately \$300.00 per well installed and this cost on the basis of the number of wells to be served would make the use of the LACT System uneconomical.
4. The use of high pressure tubing tested to at least 1500 psi for flow-line would adequately protect against loss of oil through flow-line breakage and will not create the danger of waste.
5. The granting of applicant's request in this case is in the interest of conservation, and will protect correlative rights.

It is respectfully requested that this matter be set for hearing at an early date.

Respectfully submitted,

HONDO-WESTERN-YATES
BY HONDO OIL & GAS COMPANY, OPERATOR

By



S. H. Cavin, Resident Attorney