

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. 3834
Order No. R-3479

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR THE SUSPENSION OF CERTAIN PROVISIONS OF
RULES 14(A), 15(A), AND 15(E) OF ORDER NO.
R-1670, AS AMENDED, OF THE GENERAL RULES AND
REGULATIONS FOR THE PRORATED GAS POOLS OF
NORTHWESTERN NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 14, 1968, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of August, 1968, 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 suspension, for a period of one year from August 1, 1968, of certain provisions of Rules 14(A), 15(A), and 15(E) of the General Rules and Regulations for the Prorated Gas Pools of Northwestern New Mexico promulgated by Order No. R-1670, as amended.

(3) That the applicant seeks suspension of that provision of Rule 14(A) that provides that any allowable carried forward into a gas proration period and remaining unproduced at the end of such gas proration period shall be cancelled; that provision

-2-

CASE No. 3834

Order No. R-3479

of Rule 15(A) that provides that any well which has not made up the overproduction carried into a gas proration period by the end of said gas proration period shall be shut in until such overproduction is made up; and that provision of Rule 15(E) that provides that any allowable accrued to a well at the end of a proration period due to the cancellation of underage and the redistribution thereof shall be applied against the overproduction carried into said proration period.

(4) That El Paso Natural Gas Company is the owner and operator of a pipeline connected to many gas wells in the aforesaid prorated gas pools.

(5) That the aforesaid company is connected to many non-marginal wells in said prorated gas pools that have accumulated underproduction which is subject to cancellation August 1, 1968.

(6) That the aforesaid company is connected to many non-marginal wells in said prorated pools that have accumulated underproduction which, if not produced during the proration period beginning August 1, 1968, will be subject to cancellation February 1, 1969.

(7) That the aforesaid company is connected to many wells in said prorated gas pools which are currently overproduced and were not brought in balance during the proration period beginning February 1, 1968, and that such wells are subject to being shut in and their current monthly allowable credited against said overproduction until they are in balance.

(8) That the aforesaid company is connected to many wells in said prorated gas pools which are currently overproduced and if not brought in balance during the proration period beginning August 1, 1968, will be subject to being shut in February 1, 1969, and their monthly allowable credited against said overproduction until they are in balance.

(9) That there has been and will continue to be, for a period of time, an extremely heavy demand for gas from said prorated gas pools due to a delay in the planned expansion in the capacity of the applicant's Southern Division Mainline System facilities and the sale of gas to Transwestern Pipeline Company during an emergency situation.

(10) That planned expansion in the capacity of the applicant's Southern Division Mainline System facilities should lessen the

-3-

CASE No. 3834

Order No. R-3479

heavy demand on the overproduced wells and enable the applicant to bring said wells into balance during the next two proration periods beginning August 1, 1968.

(11) That the applicant has a present and continued need for gas which cannot be satisfactorily met if the aforesaid overproduced wells referred to in Findings Nos. 7 and 8 are not allowed to continue producing.

(12) That studies are being conducted by the applicant to determine the necessary compression facilities for the orderly depletion of reserves in said prorated pools, in order to better enable the applicant to produce the aforesaid underproduction referred to in Findings Nos. 5 and 6 in addition to the normal allowables.

(13) That the applicant has a present and continued need for gas which should enable the applicant to produce the aforesaid underproduction in addition to the normal allowables during the next two ensuing proration periods beginning August 1, 1968.

(14) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools of Northwest New Mexico the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the provisions of the aforesaid Rules 14(A) and 15(A) that provide, respectively, for the cancellation of unproduced allowables and the shutting in of overproduced wells should be suspended for a period of one year from August 1, 1968.

(15) That in order that the Commission and all interested parties may be kept informed as to the progress being made to bring the subject wells in balance, this case should be reopened in February, 1969, at which time all interested parties should appear and show why this order should or should not be rescinded.

(16) That suspension of said Rule 15(E) is unnecessary to accomplish the aforesaid and the request therefor should be dismissed.

IT IS THEREFORE ORDERED:

(1) That Rule 14(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico, promulgated by Order No. R-1670, as amended, is hereby suspended for a period of one year beginning August 1, 1968, insofar and only insofar

-4-

CASE No. 3234
Order No. R-3479

as said rule requires the cancellation of gas allowables remaining unproduced and carried forward into the gas proration periods beginning February 1, 1968, and August 1, 1968, and subject to cancellation August 1, 1968, and February 1, 1969, respectively.

(2) That Rule 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Northwest New Mexico, promulgated by Order No. R-1670, as amended, is hereby suspended for a period of one year beginning August 1, 1968, insofar and only insofar as said rule requires that overproduced wells shall be shut in until such overproduction is made up.

(3) That the request to suspend that provision of Rule 15(E) that provides for the redistribution of cancelled allowable is hereby dismissed.

(4) That this case shall be reopened in February, 1969, at which time all interested parties may appear and show why this order should or should not be rescinded.

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

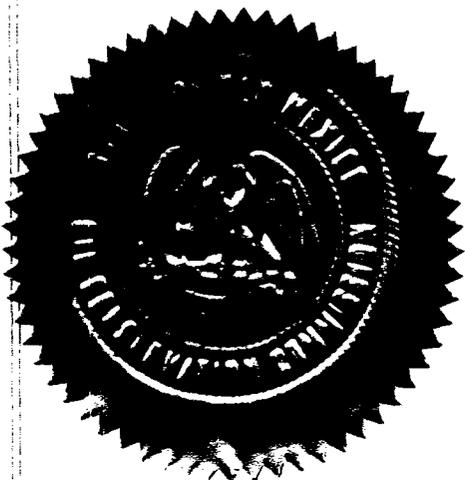
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

GUYTON B. HAYS, Member

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



esr/