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A L PORTER, JR NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE NEW MEX =

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WARREN PETROLEUM CORPORATION HAS INSTALLED THE SIX
TEMPORARY COMPRESSORS IN THE BOUGH AREA AND THEY ARE
RUNNING. DELIVERIES TO NATURAL GAS PIPELINE SHOULD
START BY 4:00 PM TODAY AND ELIMINATE THE FLARING OF
CASINGHEAD GAS IN COMPLIANCE WITH THE NO FLARE ORDER
OF THE NEW MEXICO CONSERVATION COMMISSION. =

C W MILLER WARREN PET CORP =

file - Cont 4453

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MR A L PORTER JR =

141 SERENO DRIVE SANTA FE NEW MEX =

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Dec 31 1970

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Telegram

11-17-70

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: NEW MEXICO OIL CONVERSTATION COMM.

ATTN MR A L PORTER, JR? STATE LAND OFFICE BLDG
SANTA FE NMEX=

RSB

IN RE CASE 4453 CONCERNING NO FLARE ORDER HEARING OF
NOVEMBER 18. HUMBLE OIL AND REFINING COMPANY URGES THE
COMMISSION TO CONSIDER EXTENDING TIME OF THIRTY DAYS TO
NINETY DAYS ALLOWED FOR VENTING GAS FROM NEW WELLS
NOT UNDER GAS CONTRACT TO ALLOW FOR NORMAL DELAY FOR
CONTRACT NEGOTIATIONS AND CONNECTING UP OF WELLS. ALSO
SUGGEST OPERATORS BE ALLOWED TO FLARE GAS ~~MAE~~ NECESSARY

MADE

BY MECHANICAL DIFFICULTY OF A TEMPORARY NATURE. WE WILL
APPRECIATE YOUR CONSIDERATION OF THESE SUGGESTIONS.
YOURS VERY TRULY=
L H BYRD HUMBLE OIL AND REFINING CO.==

=4453 18

PUBCO

POST OFFICE BOX 869 • ALBUQUERQUE, NEW MEXICO 87103 • TELEPHONE (505) 842-1940

December 8, 1970

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

SM
file Cone
445-3

Re: Casinghead Gas Sales
Sulimar-Federal #1, NE NE Sec.
26 & Sulimar-Federal #2, NW NE
Sec. 26-15S-29E, Chaves County,
New Mexico - Sulimar Queen Field

Gentlemen:

In regard to your Order No. R-4070, prohibiting flaring of casinghead gas, this is to advise you that Pubco and Phillips Petroleum Corporation have entered into a contract for the sale of casinghead gas from the subject wells. We understand that Phillips has staked and obtained right-of-way for their pipeline into the Sulimar Field, and is currently obtaining bids for the installation of this pipeline. We expect that this pipeline and the well connection will be completed on or about January 1, 1971, and that flaring of casinghead gas from the subject wells will be eliminated as of the connection date.

Sincerely,

Charles E. Ramsey, Jr.

Charles E. Ramsey, Jr.
Manager, Engineering & Evaluation

CERJr:cm

cc: Mr. Joe Ramey
P. O. Box 1980
Hobbs, New Mexico 88240

JOEL M. CARSON

LAW OFFICES
A. J. LOSEE
CARPER BUILDING - P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

AREA CODE 505
746-3508

19 November 1970

NOV 20 1970



Mr. George M. Hatch, Attorney
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Proposed No-flare Order, Case No. 4453

Dear George:

In my statement to the Commission, Yates Petroleum Corporation recommended two changes in the proposed order, as follows:

1. The first sentence would be changed to read:

"Except as provided in this order, no casinghead gas produced from any well located in a pool having a casinghead gas gathering facility which has tendered to such well a purchase contract of substantially the same terms as it is purchasing casinghead gas from other wells in the pool, shall be flared or vented on or after December 31, 1970, or 90 days from the date such well is completed, whichever is later."

2. The second sentence of the third paragraph would be changed to read:

"The district supervisors are hereby authorized to grant such exceptions where there is no casinghead gas gathering facility in the pool or where a casinghead gas gathering facility in the pool has not tendered a purchase contract to the well on substantially the same terms as it is purchasing casinghead gas from the other wells in the pool and/or whenever the granting of the exception is reasonably

Mr. George M. Hatch, Attorney
Oil Conservation Commission

19 November 1970

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necessary to protect correlative rights, prevent
waste or prevent undue hardship on the applicant."

Very truly yours,

A handwritten signature in cursive script, appearing to read "A. J. Losee". The signature is written in black ink and is positioned above the printed name.

A. J. Losee

AJL:jw

cc: Mr. B. W. Harper,
Yates Petroleum Corporation

TEXACO STATEMENT
CASE NO. 4453
NOVEMBER 18, 1970
NEW MEXICO OIL CONSERVATION COMMISSION

Texaco Inc. fully agrees with the New Mexico Oil Conservation Commission's desires and intent in Case No. 4453 to restrict the flaring of gas to a minimum.

Texaco Inc. recommends two (2) changes to the proposed order; both being designed to alleviate the administrative burden of the New Mexico Oil Conservation Commission in complying with the proposed rule. These proposed changes are:

(1) That the thirty day clause in paragraphs one and two be changed to ninety days. It is the opinion of Texaco that the connection of a well on a new lease (one not under a prior contract) cannot reasonably be expected to occur within thirty days after the well is completed. The time involved in the development of a market, contractual negotiations and other regulatory requirements precludes the connection of a well to sales within thirty (30) days. Existing pool "no-flare" orders allow a ninety day period before a gas connection is required and this time period has proved satisfactory.

(2) That the following addition be made at the end of paragraph one: "unless such flaring or venting is made necessary by mechanical difficulty of a temporary nature." This addition will allow the flaring of gas at a field site in case of mechanical problems that occur which would preclude the gas processing plant from temporarily flaring or venting the incoming casinghead gas, such as field compressor downtime, line blow-down, etc.

Statement Before New Mexico Oil Conservation Commission

by W. C. Rodgers - Representing

Phillips Petroleum Co.

November 18, 1970

In the matter of Case 4453 Phillips Petroleum Company wishes to state that both as a producer of crude oil and a processor of natural gas it is in accord with the objective that the New Mexico Oil Conservation is seeking to accomplish by considering possible regulations to prohibit the flaring or venting of casinghead gas. We, however, would like to bring to the attention of the Commission certain factors that in our opinion have a bearing on actual operations.

As a gas processor it is our desire to gather gas that is authorized for sale to our plants as rapidly as connections can be practically achieved. In cases where contracts with producers already exist for other gas in the pool, it may be possible to meet the 30 day period of venting proposed by the Commission. Problems in securing rights of way and materials frequently extend the time required for this work beyond 30 days from date of completion of a new well on a previously unconnected lease. In our opinion most new connections have required time in excess of this amount. Recognizing that the Commission proposes to authorize to its district directors discretionary powers to grant exceptions to this time period, we believe that the administrative burden will be reduced without undue losses in gas or the administrative control of the gas if the Commission sets this time period at 90 days.

We are cognizant of the fact that the proposed order as drafted prohibits the flaring of commercial gas at a processing plant except as made necessary

by mechanical difficulty of a temporary nature. It would be helpful if the Commission will recognize that gas processing plants are actually affected by the problems of the residue gas purchasers almost as directly as by the problems of the plants themselves. Requirements of other agencies are also factors. Specifically, two of our plants in New Mexico are required to be down one period of approximately 24 hours during each calendar year for state boiler inspections. Other repairs and safety inspections are made at such times, and the shutdowns have been extended beyond 24 hours in some instances where major repairs or changes in equipment were found to be necessary.

Periodically plants are shut off from residue sales because of problems related only to the gas purchaser. In these instances plants do flare gas in accordance with the instructions of the gas purchaser. If major down time is expected by the gas purchaser, it is anticipated that the plants will be informed well in advance of the shutdown period. Occasionally small volumes of residue gas are flared without advance notice for short periods of time because high pressures have developed in the transmission system.

An extreme case of residue gas flaring occurred recently when one plant flared all residue gas for a seven day period. This was caused by the testing of lines owned by the gas purchaser and transporter. A more difficult and more frequent case happens when the purchaser restricts gas takes to a fraction of the gas available.

If the Commission can accept instances such as those mentioned as falling within the concept of mechanical difficulty, then no insurmountable problems should result. If, however, these do not fall within this category, then it is believed that the proposed order should be expanded slightly.

If required for this condition, it is suggested that the Commission direct that in those instances where it is known that a plant will be down in excess of 24 hours that notice be given promptly to the district director of the Commission and that he issue such instructions to producers as he may deem necessary. If planned shutdowns are made and not completed within 24 hours, the district director should be notified as soon as practicable.

In our opinion plants do not have the capability to totally control the flow of gas that they receive. In most cases we cannot shut out at the plant produced gas, but for safety reasons must flare it if it enters our systems. Plants do not have the means to exercise ratable takes where oil production also is involved. Our Company recently conducted the shut down of a major plant during which it was expected that the producers would shut down their wells for a 24 hour period in order to prevent flaring. This was to be in accordance with the directive of a state agency. The results appeared to be most unsatisfactory with only a portion of the producers actually shutting down all of their wells. This resulted in the flaring of gas in the field.

Because of these conditions that have been experienced we recommend that the Commission also grant to its district directors discretionary authority to act to maintain field operations of both wells and plants in a practical manner consistent with both prudent and practical conservation practices.

Union Oil and Gas Division: Central Region

Union Oil Company of California
300 North Carrizo Street, Midland, Texas 79701
Telephone (915) 684-8231

P. O. Box 3100



W. M. Petmecky
Regional Attorney

November 16, 1970

Oil Conservation Commission of
the State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Case No. 4453
Proposed Order to Prohibit the
Flaring or Venting of Casinghead
Gas When Certain Conditions Exist

Union Oil Company of California supports the action of the Oil Conservation Commission in promulgating the no-flare order proposed in Case No. 4453. Recognizing the necessity of regulating the handling and conservation of casinghead gas, the oil industry is well served with orders of this nature which establish guidelines for conducting operations so as to comply with the objectives of the Commission's policy.

In reviewing the proposed order, we have been confronted with two questions that we feel are of significance. The first relates to mechanical problems that may cause temporary flaring at a well. As provided for plant operations, it would seem appropriate to also exclude well flares which are of a temporary nature and which result from mechanical problems at the well, on the gathering system, or at the plant processing gas from the well. Unless a strong overriding reason exists for restricting all such flaring, even though such flaring is of a minor nature, it appears that a great deal of Commission and industry inconvenience could be avoided by excluding such temporary flaring from the prohibition of this order. Therefore, we suggest that the clause "unless such flaring or venting is made necessary by mechanical difficulty of a temporary nature" be added to the end of each of the first two paragraphs of the proposed order.

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Oil Conservation Commission
of the State of New Mexico
November 16, 1970

The second question relates to the allowable suspension provision of the proposed order. We note that the period for such suspension and the method for reinstating the allowable is not spelled out in this provision. We feel that this period and the method of reinstatement should be clarified in the order.

We appreciate having had the opportunity of reviewing the proposed order in advance, and request your favorable consideration of the points discussed herein. While these questions may not be of major significance, we feel that consideration thereof at this time may contribute to the full understanding of the order and may assist in avoiding problems of handling once the order becomes effective.

Very truly yours,

UNION OIL COMPANY OF CALIFORNIA

By W M Petmecky
W. M. Petmecky
Regional Attorney

WMP/am

AMERADA DIVISION
AMERADA HESS CORPORATION

November 16, 1970

Box 591
MIDLAND, TEXAS 79701
915-684-5331

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

Attn: Mr. A. L. Porter, Jr.
Secretary-Director

Re: Case 4453

Dear Sir:

Amerada Division, Amerada Hess Corporation has reviewed the proposed order to prohibit the flaring or venting of casinghead gas when certain conditions exist and supports the adoption of the rule as proposed.

Very truly yours,



D. G. Griffin
Technical Services Manager

DGG/kw