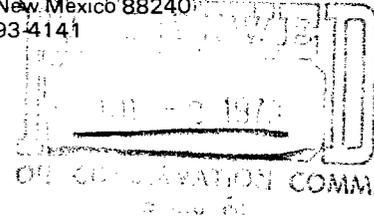




Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141



June 29, 1973

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

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

Gentlemen:

Case No. 4991, June 20, 1973 Regular Hearing

During the hearing on the subject case the Commission inquired as to whether I had some suggested wording for the rules which would provide the relief to marginal wells I was requesting. After reviewing the present rules and those proposed by El Paso I would suggest the following addition to Rule 17. "A well which is reclassified non-marginal within one year following its classification as marginal, whether under the provisions of Rules 18, 19, or otherwise, shall have restored to it all unproduced allowable which the well carried immediately prior to its reclassification to marginal, less that amount which would have been cancelled due to the balancing procedures described in Rule 14a."

It would appear that the rules proposed by El Paso will result in large numbers of reclassifications from marginal to non-marginal and back or will require a considerable correspondence between operator and the Commission explaining why wells should not be reclassified to marginal, or both.

I have serious questions that the proposed rules will result in better proration of gas or any noticeable improvement in El Paso's ability to meet the market demand. I should point out, however, that this opinion is based on my experience in southeastern New Mexico and not to any experience in northwest New Mexico.

Yours very truly,

V. T. Lyon
Conservation Coordinator

br
Copy to:

New Mexico Oil Conservation Commission

Page 2

June 29, 1973

El Paso Natural Gas Company

P. O. Box 1492

El Paso, Texas 79978

Attention: Mr. Bob Manning

J. W. Kellahin

P. O. Box 1769

Santa Fe, New Mexico 87501

LPT:

R. L. Adams, G. A. Donaldson, Houston

W. C. Blackburn, Casper

SOUTHERN UNION GAS COMPANY

FIDELITY UNION TOWER • DALLAS, TEXAS • 75201

June 19, 1973

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

Attention: Mr. A. L. Porter, Secretary-Director

Dear Mr. Porter:

Southern Union Gas Company wishes to advise the Commission that they support El Paso Natural Gas Company in their application (Case #4991) for the amendment of the prorated gas pool rules promulgated by Order #R-1670, as amended.

Very truly yours,



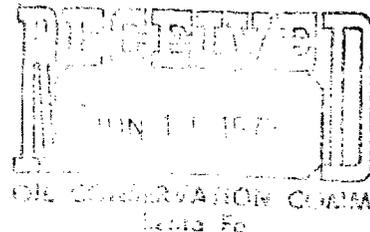
R. J. McCrary, Manager
Purchases & Prorations Dept.

RJM:sbr

cc: Mr. Oran Haseltine



Chevron Oil Company
Western Division
1700 Broadway, P.O. Box 599, Denver, CO 80201



June 7, 1973

Case No. 4991
Proposed Amendments of
General Rules and Regulations For
Prorated Gas Pools in New Mexico

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Attention Mr. E. R. Manning

Gentlemen:

We are in receipt of your letter dated May 25, 1973 and the attached application to amend certain rules of the General Rules and Regulations for the Prorated Gas Pools in the State of New Mexico. We have studied the proposed rule changes and the effect on Chevron Oil Company operations in Southeastern New Mexico, particularly in the Indian Basin Field.

As you know, Chevron's wells in the Indian Basin Field are non-marginal wells with a capacity to produce in excess of allowable. The problem of possible erroneous classification of these wells has been discussed in previous hearings on this same matter. As the rules now apply we are able to cumulate underage during months of low demand and then we are able to produce this cumulative underage during months of high demand thereby keeping our wells in balance and maintaining the maximum production and allowable as prescribed by the applicable rules.

If the proposed rules for prorated gas pools are adopted some of our wells in Southeastern New Mexico could be erroneously reclassified to marginal status. As marginal, these wells would be unable to cumulate underage and over a period of time this inability would cause an ultimate loss of allowable and also loss in production.

Chevron must take the position of being in opposition to the proposed rule changes as they would affect Southeastern New Mexico. If the proposed rules are adopted for Southeastern New Mexico, the provision for notification of the operator by the Commission prior to reclassification of a well from non-marginal to marginal status is a necessity. This would permit the operator, 15 days after notice by the Commission, to submit notice and proof of erroneous classification of a well to marginal status.

El Paso Natural Gas Company

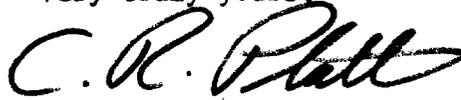
-2-

June 7, 1973

Chevron will make its position on this matter known to the Commission prior to the hearing by copy of this letter.

Should you have any questions concerning Chevron's position please feel free to call me at 303-292-1400 Denver, Colorado.

Very truly yours,



C. R. Platt

Staff Engineer - Proration

JDZ:jl

Attachment

cc: New Mexico Oil Conservation Commission
| Attention Mr. A. L. Porter, Jr.