

**CASE 4633: Appli. of EL PASO TO
SUSPEND GAS BALANCING PROVISIONS
IN LEA COUNTY, NEW MEXICO.**

Case Number

46 33

Application

Transcripts

Small Exhibits

ETC.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
209 SIMMS BLDG., P.O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

December 15, 1971

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas
Company for the suspension of
certain provisions of Rules 14(A)
and 15(A) of the General Rules and
Regulations for the prorated gas
pools of Southeastern New Mexico,
promulgated by Order No. R-1670,
as amended.

Case No. 4633

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Do you want to mark your exhibits?

2 MR. MORRIS: Yes, sir, I only have one exhibit.

3 (Whereupon, Exhibit Number 1
4 marked for identification.)

5 MR. UTZ: 4633.

6 MR. HATCH: Case 4633, Application of El Paso
7 Natural Gas Company for the suspension of certain provisions
8 of Rules 14(A) and 15(A) of the General Rules and Regulations
9 for the prorated gas pools of Southeastern New Mexico,
10 promulgated by Order No. R-1670, as amended.

11 MR. MORRIS: Mr. Examiner, I am Dick Morris of
12 Montgomery, Federici, Andrews, Hannahs, and Morris, Santa Fe.

13 I am appearing for the Applicants.

14 With me is Mr. Dave Burleson, attorney for El Paso
15 Natural Gas Company from El Paso, Texas.

16 We have one witness, Mr. Dave H. Rainey.

17 (Witness sworn.)

18 MR. UTZ: Any other appearances?

19 It looks like you are not going to have any contest
20 today.

21 Would you like to proceed?
22
23
24
25

DAVID H. RAINEY

called as a witness, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. BURLESON:

Q Mr. Rainey, have you testified previously before this Commission and have your qualifications been accepted by the Commission?

A Yes, sir, they have.

Q Would you please explain to the Commission what El Paso is seeking in this application?

A El Paso is asking by its application, Case 4633, to suspend for one year, from January 1st, 1972, until December 31st, 1972, the balancing provisions of Rule 14(A) and Rule 15(A) of Order R-1670, as amended, as applies to certain prorated gas pools in Lea County, New Mexico.

Those pools are the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis, Tubb, and Monument ~~McKee~~-Ellenburger.

Q Would you please explain Rule 14(A) and 15(A), which our request would affect, please, sir.

A Rule 14(A) Order R-1670 provides that underproduction which accrues in one proration period may be carried forward and made up in a subsequent proration.

Rule 15(A) provides that any overproduction accrued

1 in one proration period must be made up in the next
2 proration period, or be shut in again at the beginning
3 of the third proration period.

4 We are asking for suspension of those provisions
5 requiring the completion of balancing within one
6 proration period.

7 Q And for a period of how long?

8 A For one year, to December 31st, 1972.

9 Q Would you please explain some of the circumstances which
10 have made it reasonably necessary for El Paso to make
11 this request.

12 A Yes, sir. In December of 1969 El Paso filed application
13 with the Federal Power Commission to install 17,000
14 horsepower of additional compression at its existing
15 plant on its Lea County gathering system.

16 This application was certificated in the authority
17 given to El Paso to initiate this construction in June
18 of 1970.

19 El Paso already had on order certain of the
20 facilities, the equipment that was necessary to install
21 this compression.

22 Other portions of the compression had to be placed
23 on order after the certificate was granted.

24 We had delivery dates promised from manufacturers
25 running from August -- I mean from October, 1970, on

1 through about the first of 1971.

2 Most of these delivery dates -- and I am not intending
3 to blame the manufacturers -- but most of these delivery
4 dates would take anywhere from thirty days to four months.

5 As a consequence, facilities at El Paso had
6 anticipated being able to be placed in service in early
7 spring of 1971, and did not even begin to go into service
8 until about June of 1971 -- excuse me -- July of 1971.

9 Since the initiation of some of the first compression
10 installations, initiation of use of them we have had
11 mechanical problems with certain of these compression
12 installations.

13 As a consequence, much of the allowable that we
14 anticipated being able to produce by the use of this
15 compression installation has been unable to be produced,
16 and it is El Paso's feeling that the operator of these
17 wells should have the opportunity to produce this
18 allowable, because it has been through no fault of theirs
19 and no fault of El Paso's that these compression
20 installations have not operated satisfactorily.

21 We are requesting here the extension of time in
22 order to make up underproduction that accrued because
23 this compression installation was not in service.

24 Additionally, as a result of the underproduction in
25 certain areas, we have had to overproduce wells in other

1 areas in order to meet the market demands from the
2 Southeast New Mexico gas pools, and we are therefore
3 asking for an extension of time in which to make the
4 overproduction that was necessary because of the
5 production that was not capable of being achieved from
6 the well in which compression was installed.

7 Q Mr. Rainey, a document has been heretofore identified
8 as Exhibit Number 1, which is entitled "The Status of
9 Unbalanced Wells Connected to El Paso Natural Gas
10 Company in the Southeast New Mexico Prorated Pools as of
11 November 30th, 1971."

12 I would ask you to refer to a copy of that and
13 explain the significance of the figures contained on that,
14 give any additional explanation that you feel appropriate
15 in regard to those figures.

16 A Yes, sir. Exhibit Number 1 is merely a tabulation of the
17 number of wells in each of the pools for which El Paso
18 is asking exceptions for balancing provisions in this
19 application that are underproduced and overproduced in
20 each of those pools.

21 If you will note column two of the exhibit, it
22 indicates that in the Jalmat Pool, the last number before
23 the total, we have accrued underproduction of some
24 six hundred and sixty-six million cubic feet of gas that
25 would be subject to cancellation as of January 1st, 1972,

1 if this exception is not granted.

2 At the same time, the cumulative status of those
3 same wells is eight million three hundred and eighty
4 thousand cubic feet underproduced.

5 I will call your attention also to the fact that in
6 the Eumont Pool, which is the third pool listed, we have
7 a hundred and twenty-eight million of underproduction
8 that will be subject to cancellation of January 1st, 1972.

9 And then I call your attention to the last series
10 of numbers in the next to the last column, that because
11 of the underproduction that accrued in the Jalmat and in
12 certain areas of the Eumont Pool, it was necessary to
13 overproduce wells in the Blinebry, some other wells in
14 Eumont Pool, and a substantial number of wells in the
15 Jalmat, a substantial volume of gas in the Tubb Pools in
16 order to offset that underproduction.

17 If you will look at the totals, the total under-
18 production that would be subject to cancellation is very
19 close to the value of the overproduction that would be
20 subject to shut-in on January 1st, 1972, the under-
21 production being 865 million cubic feet and the over-
22 production being 948 million cubic feet.

23 So, we pretty well had to offset the underproduction.
24 We couldn't take it by overproduction from other sources.

25 Q Mr. Rainey, was Exhibit marked for identification Exhibit

1 Number 1 prepared under your direction or by you?

2 A It was prepared under my supervision, yes.

3 Q You previously indicated that there were certain
4 difficulties with the compression facilities which will
5 be installed.

6 Are those facilities installed at this point, and
7 are they operating?

8 A The facilities are all installed.

9 As of the first of last week, they seemed to be
10 working fine, and I understand that as of the first of
11 the week, they were having some more problems with them.

12 The manufacturers have been more or less living in
13 Southeast New Mexico the last few months, and it is my
14 understanding that, based on analyses they are making
15 this week, they think hopefully they have got the problem
16 licked, and we will have them in full operation by the
17 first of 1972.

18 As of this date, we never yet have been able to put
19 a full load on certain of the compression installations
20 that we installed at our station number three in Lea
21 County.

22 Q Do you feel that the installation and operation of these
23 compression facilities will materially assist in bringing
24 the wells in the pools mentioned into balance within the
25 period of suspension requested here?

1 A It is our hope that this will do so. Until we get these
2 compressors in full operation, it is difficult, because
3 of capacity limitations and the manner in which this
4 compression will have to work, to be able to ascertain
5 with any real certainty that we will be able to make up
6 every bit of this underproduction, but it is our feeling
7 we will be able to make up a substantial portion of it.

8 MR. BURLESON: I would like to request the
9 Exhibit marked 1 for identification be received into evidence
10 at this time.

11 MR. UTZ: Without objection, Exhibit 1 will be
12 received into the record.

13 (Whereupon, Exhibit Number 1
14 admitted into evidence.)

15 MR. UTZ: Any questions of Mr. Rainey?
16 I have a couple.

17 EXAMINATION

18 BY MR. UTZ:

19 Q Mr. Rainey, I think this exhibit, as you stated, just
20 does consider wells connected to the El Paso system?

21 A Yes, sir.

22 Q I have noticed here -- and you called our attention to it --
23 that taking all pools as a whole, that the underage and
24 overage is pretty close to the same.

25 A Yes.

1 Q But going back to -- and I think I called your attention
2 to this Jalmat, we have a lot more underproduction than
3 overproduction.

4 A Yes, sir.

5 Q Can you explain?

6 A Yes, sir, because we couldn't produce the gas.. In Jalmat,
7 these compressors substantially affect the gathering
8 system that serves the Jalmat Pool, and portions of the
9 Eumont Pool, because we could not produce this under-
10 production or this allowable from the well in the Jalmat
11 Pool, it was necessary to go elsewhere.

12 We have no underproduction in Blinebry, but we are
13 a hundred and twenty-two million cubic feet overproduced
14 because we had to go to Blinebry.

15 To a lesser degree, we have the same situation in
16 Eumont.

17 We do have a substantial portion of underproduction
18 in other portions of pools in Eumont.

19 We were able to make up overproduction there, so it
20 was not a question of balancing wells in a given pool, but
21 having to balance over the whole Lea County area.

22 Q In other words, Jalmat suffered because they didn't have
23 the facilities in there?

24 A Yes, sir.

25 Q You don't have any figures at all on the Monument (McKee)?

1 A Well, at the time we filed the application it looked
2 like we might be in trouble there.

3 However, we managed to balance all of the wells in
4 Monument.

5 Q They do have accumulated status, don't they?

6 A They should have. We were trying to reflect the status
7 of wells currently that are still underbalanced. Since
8 there are no unbalanced wells -- these are just
9 unbalanced wells shown here. These are not the total
10 number of wells in the pools we are showing.

11 Q I understand, but the cumulative status shown on
12 Exhibit 1, is that the true cumulative status or is that
13 the balanced status?

14 A No, that is the cumulative status as of November 30, 1971.
15 It has no unbalanced wells. Therefore, we did not show
16 anything.

17 Q Okay. Now, by being able to take the underproduction of
18 these pools, will that also assist you in balancing the
19 overproduced well?

20 A Yes, sir. If these wells are capable of making up the
21 underproduction, then we can curtail other wells in order
22 to make the overproduced wells-- in order to bring them
23 back into balance.

24 Q Now, I think we should clarify this point in the record
25 since we seem to have a little problem as to just how

1 to handle this type of a suspension the last time we
2 had this type of order.

3 You have asked here for an exception to the Rule 14
4 and Rule 15, which is under- and overproduction
5 balancing rules?

6 A Yes, sir.

7 Q From 1-1-72 through 12-31 -- or 1-1-73?

8 A Yes, sir.

9 Q Now, by that do you mean that as of 1-1-72 that
10 there would be no cancellation, no curtailment?

11 A That is correct.

12 Q Likewise, the proration period beginning July 1,
13 there would be no curtailment and no cancellation?

14 A That is correct.

15 Q July '72?

16 A Yes, sir.

17 Q And then 1-1-73, on that date the Rule would again go
18 into effect?

19 A Yes, sir.

20 Q And then the way you understand your request, what would
21 happen as far as cancellation and curtailment is
22 concerned?

23 A Any of the numbers shown in column two or column five,
24 the balance status underproduced and overproduced that
25 is not made up either underproduction or overproduction

1 by January, by December 31, 1972, would at that time be
2 cancelled or shut in.

3 As of January 1st, 1973, a new balanced status would
4 be established or determined for each of the wells in the
5 pools, and they would go back into a normal period,
6 in other words that which had accrued, either under-
7 production or overproduction from now until January 1st,
8 1973 must be made up by July 1st, 1973.

9 In effect, what we are saying, ordinarily you have
10 a six-month balancing period.

11 What we are applying for here is an eighteen-month
12 balancing period, the six months just elapsed, plus
13 another year. And at the end of that time, the ordinary
14 balancing sequence would take place.

15 Q In other words, 1-1-72 you would have an underproduction
16 status that would be subject to cancellation?

17 A Yes, sir.

18 Q Now, what you want, all of the 1972, in order to make
19 up this subject to cancellation and subject to curtail-
20 ment figure?

21 A Yes.

22 Q That portion that is not made up during that one entire
23 period which should be 1-1-73, that would be cancelled
24 or curtailed?

25 A Yes.

1 Q The accrued underage or overage during the one-year
2 period would then be subject to the same balancing in
3 July, 1973?

4 A Yes, which could be a portion of that volume that is
5 shown in column three and column six.

6 Q In other words, I think more simply, you are requesting
7 here a one-year balancing period rather than a six-month
8 balancing period?

9 A No. I think, Mr. Utz, we are asking for an eighteen-
10 month balancing period because the status that is shown in
11 column two -- and I know column five started on
12 January 1st -- I mean on July 1st, 1971.

13 Q Yes.

14 A We are asking until January 1st, 1973, to bring that into
15 balance.

16 The numbers shown as of November 30th, 1971, in
17 column two and column five of Exhibit 1, that is what is
18 left of a balanced status that began on July 1st, 1971.

19 We are asking until January 1st, 1973, to make
20 that up. At that point a new balanced status will be
21 established based on the cumulative status as of that date
22 which should be made up by July 1st, 1973.

23 Q Then your statement that you are requesting a one-year
24 extension --

25 A That is correct.

1 Q -- is a correct statement?

2 A Yes, sir.

3 MR. UTZ: Are there any other questions of the
4 witness?

5 Mr. Rainey, I am not sure this is the place to
6 take this up, but we have this type of situation plaguing us
7 almost consistently anymore. We seem to have more exceptions
8 to Rule 14(A) and 15 than we have nonexceptions.

9 In your opinion, is there any way that we could
10 change the Rules 14 and 15 in order to alleviate this
11 situation?

12 MR. RAINEY: Mr. Utz, quite candidly, I haven't
13 given any great deal of thought to that. Each time this has
14 happened, there have been extenuating circumstances, either
15 for El Paso or, in one case where Northern Natural Gas
16 asked for same extension in Lea County area.

17 They have been extenuating circumstances. I don't
18 think I am prepared at this time to suggest to any commission
19 in basing proration order.

20 It is possible that some study is -- study should be
21 given to it, so to speak, if this is going to be a
22 continuing or continuous thing and possibly amend rules, but
23 at this time, to say because it has been extenuating circumstances
24 every time that has caused this, it seems to me like
25 ordinarily the rules are operating fairly reasonably.

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
200 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 ALBUQUERQUE, NEW MEXICO 87103
FIRST NATIONAL BANK BLDG. EAST ALBUQUERQUE, NEW MEXICO 87108

PAGE 16

1 MR. UTZ: Any other question?

2 Witness may be excused.

3 Is that all in the case? Case will be taken under
4 advisement.
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS

PAGE

DAVID H. RAINEY

Examination by Mr. Burleson

3

Examination by Mr. Utz

9

E X H I B I T S

Marked

Admitted

Exhibit Number 1

2

9

1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF BERNALILLO)

4 I, RICHARD STURGES, Court Reporter in and for the
5 County of Bernalillo, State of New Mexico, do hereby certify
6 that the foregoing and attached Transcript of Hearing before
7 the New Mexico Oil Conservation Commission was reported by
8 me and that the same is a true and correct record of the said
9 proceedings, to the best of my knowledge, skill, and ability.

10 Richard Sturges
11 Court Reporter

12
13
14
15
16
17
18
19
20
21
22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Bernalillo hearing of Case No. 46-33
25 heard by me on 1-7-65, 1965.
_____, Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
BRUCE KING
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

January 12, 1972

Mr. Richard S. Morris
Montgomery, Federici, Andrews,
Hannahs & Morris
Attorneys at Law
Post Office Box 2307
Santa Fe, New Mexico

Re: Case No. 4633
Order No. R-4237
Applicant:
El Paso Natural Gas Co.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Mr. Dave Rainey, El Paso Natural Gas Co., El Paso

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. 4633
Order No. R-4237

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15, 1971, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 12th day of January, 1972, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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, is the owner and operator of pipelines connected to gas wells in the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis, and Tubb Gas Pools, Lea County, New Mexico.

(3) That the applicant seeks suspension for a period of one year from January 1, 1972, of those provisions of Rule 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico, promulgated by Order No. R-1670, as amended, as to the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis, and Tubb Gas Pools, Lea County, New Mexico, that provide

-2-

CASE NO. 4633

Order No. R-4237

for the cancellation of unproduced allowable and the shutting-in of overproduced wells.

(4) That there are numerous non-marginal wells in said gas pools that have accumulated underproduction which is subject to cancellation as of January 1, 1972.

(5) That there are numerous non-marginal wells in said prorated gas pools which are currently overproduced and were not brought in balance during the proration period beginning July 1, 1971, and that such wells are subject to being shut-in and their current monthly allowable credited against said overproduction until they are in balance.

(6) That there are numerous non-marginal wells in said prorated gas pools which are overproduced an amount equalling six times their current monthly allowable and that such wells are subject to being shut in until the wells are overproduced less than six times their current monthly allowable.

(7) That there is a present and continued need for gas which cannot be satisfactorily met if the aforesaid overproduced wells referred to in Findings Nos. 5 and 6 are not allowed to continue producing.

(8) That there is such a present and continued need for gas that the wells that have accrued the aforesaid underproduction should be able to produce the aforesaid underproduction in addition to the normal allowables by January 1, 1973.

(9) That completed and planned installation of compression facilities should lessen the heavy demand on the overproduced wells referred to in Findings Nos. 5 and 6 and enable said wells to be brought into balance by January 1, 1973.

(10) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools described above the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the aforesaid Rules 14(A) and 15(A) should be suspended for a period of one year from January 1, 1972.

IT IS THEREFORE ORDERED:

(1) That Rules 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico,

-3-

CASE NO. 4633

Order No. R-4237

promulgated by Order No. R-1670, as amended, are hereby suspended for a period of one year beginning January 1, 1972, for the Blinabry, Crosby (Devonian), Eumont, Jalmat, Justis, and Tubb Gas Pools, Lea County, New Mexico.

(2) 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



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILJO, Member

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

S E A L

dr/

Case 4633

Heard 12-15-71

Rec: 12-16-71

Grant El Paso ~~an exception~~
request for a suspension
to Rules 14(A) + 15(A) of the
General Rules & regulations of
R-1670 for the following pools:

1. Blinby,
2. Crosby
3. Emont,
4. Jalmat,
5. Jester
6. Monument McKee
7. Subb.

Classification in these pools
~~should~~ should not be done so that
the equidistance on these wells
can be made up also.

— E. B. McKee

Docket No. 28-71

DOCKET: REGULAR HEARING - WEDNESDAY - DECEMBER 15, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE
BUILDING, SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for January and February, 1972;
- (2) Consideration of the allowable production of gas for January, 1972, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico for January, 1972; consideration of purchaser's nominations for the six-month period beginning February 1, 1972 for that area.

CASE 4575: (De Novo) (This case, previously continued from its October 13, 1971, hearing, will be continued to the February 16, 1972, regular hearing)

Application of Anadarko Production Company for the amendment of the special pool rules for an existing pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the special rules and regulations governing the South Eunice-San Andres Pool to provide for the classification of oil and gas wells, spacing and well location requirements, and an allocation formula for withdrawals by oil and gas wells.

Upon application of Anadarko Production Company, this case will be heard De Novo under the provisions of Rule 1220.

CASE 4557: (De Novo) (This case, previously continued from its October 13, 1971, hearing, will be continued to the February 16, 1972, regular hearing)

Application of Continental Oil Company for transfer of allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to transfer allowable across boundaries of the participating area and the leases outside said area, but within the Maljamar Co-operative Area, MCA Unit Area, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.

Upon application of Continental Oil Company, this case will be heard De Novo under the provisions of Rule 1220.

Regular Hearing - December 15, 1971

Docket No. 28-71

-2-

* * * * *

THE FOLLOWING CASES WILL BE HEARD BEFORE ELVIS A. UTZ, EXAMINER,
OR DANIEL S. NUTTER, ALTERNATE EXAMINER, IN THE OIL CONSERVATION
COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF THE LAND OFFICE
BUILDING AT 10 O'CLOCK A.M.

* * * * *

CASE 4625: (Continued from the November 17, 1971, Examiner Hearing)
Application of Texaco Inc. for downhole commingling,
Eddy County, New Mexico. Applicant, in the above-styled
cause, seeks authority to commingle production from the
Paduca-Morrow and Paduca-Wolfcamp Gas Pools in the well-
bore of its Cotton Draw Unit Well No. 65 located in Unit
G of Section 2, Township 25 South, Range 31 East, Eddy
County, New Mexico.

CASE 4633: Application of El Paso Natural Gas Company for the suspension
of certain provisions of Rules 14 (A) and 15 (A) of the
General Rules and Regulations for the prorated gas pools
of Southeastern New Mexico, promulgated by Order No. R-1670,
as amended. Applicant, in the above-styled cause, seeks
suspension for a period of one year from January 1, 1972,
of those provisions of Rules 14 (A) and 15 (A) of the
General Rules and Regulations for the prorated gas pools
of Southeastern New Mexico that provide, respectively,
for the cancellation of unproduced allowable and the shutting-
in of overproduced wells. Applicant seeks said suspension
for the Blinbry, Crosby (Devonian), Eumont, Jalmat, Justis,
Monument (McKee), and Tubb Gas Pools, all in Lea County,

CASE 4634: Application of Texaco Inc. for a waterflood expansion,
Lea County, New Mexico. Applicant, in the above-styled
cause, seeks authority to expand its West Vacuum Unit Water-
flood Project, Vacuum Pool, by the conversion to water
injection of eleven wells located in Sections 28, 33, and
34 of Township 17 South, Range 34 East, and Sections 3 and
4 of Township 18 South, Range 34 East, Lea County, New
Mexico.

CASE 4635: Application of Continental Oil Company for multiple comple-
tion and down-hole commingling, Lea County, New Mexico.
Applicant, in the above-styled cause, seeks authority to
complete its Lockhart A-17 Well No. 4, located in the NE/4
NE/4 of Section 17, Township 21 South, Range 37 East, Lea
County, New Mexico, in such a manner as to produce oil
from the Tubb and Drinkard Pools through a single string
of tubing and oil from the Penrose Skelly (Grayburg) Pool
through a parallel string of tubing.

CASE 4637: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Luttrell Oil Company and all other interested persons to appear and show cause why the following-described wells in New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Luttrell Oil Company State Well No. 1 - Unit M,
Section 28, Township 2 South, Range 26 East,
De Baca County;

Luttrell Oil Company Corn Well No. 1 - Unit A,
Section 5, Township 8 South, Range 24 East,
Chaves County.

CASE 4636: Southeastern nomenclature case calling for an order for the creation and extension of certain pools in Lea, Eddy and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the West Sand Dunes-Atoka Gas Pool. The discovery well is the El Paso Natural Gas Company Arco State No. 1 located in Unit K of Section 16, Township 23 South, Range 31 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
SECTION 16: S/2

(b) Extend the North Allison-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
SECTION 18: SE/4
SECTION 19: NE/4

(c) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
SECTION 9: SE/4

(d) Extend the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
SECTION 19: S/2

(Case 4636 continued)

(e) Extend the South Carlsbad-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
SECTION 30: S/2

(f) Extend the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
SECTION 23: All

(g) Extend the Cerca-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 2: SW/4
SECTION 3: S/2

(h) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
SECTION 15: S/2 S/2
SECTION 21: S/2 NE/4 and SW/4
SECTION 27: S/2 NW/4
SECTION 28: S/2 NE/4 and NW/4

(i) Extend the Grayburg Jackson Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
SECTION 10: S/2 SW/4

(j) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
SECTION 21: S/2
SECTION 22: NW/4 NE/4, N/2 SW/4, and SW/4 SW/4

(k) Extend the Justis-Blinbry Pool in Lea County, New Mexico, therein:

(Case 4636 continued)

(k) TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM
SECTION 12: SE/4

(l) Extend the North Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
SECTION 17: SW/4
SECTION 20: NW/4

(m) Extend the Malaga-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
SECTION 24: NW/4 SW/4

(n) Extend the Power Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM
SECTION 1: SE/4 NE/4

(o) Extend the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
SECTION 23: W/2 SW/4

(p) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 28: SW/4
SECTION 29: S/2

(q) Extend the Weir-Blinbry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
SECTION 15: SE/4

El Paso Natural Gas Company

El Paso, Texas 79978

November 17, 1971

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

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

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing at the time of the scheduled statewide hearing on Wednesday, December 15, 1971, for the purpose of temporarily suspending certain provisions of Rules 14(A) and 15(A) of Order R-1670, as amended, being the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico.

Specifically, El Paso requests suspension, for a period of one year from January 1, 1972, of those provisions of Rules 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeastern New Mexico promulgated by Order R-1670, as amended, that provide respectively for the cancellation of unproduced allowable and the shutting-in of overproduced wells. El Paso seeks said suspension for the Blinbry, Crosby(Devonian), Eumont, Jalmat, Justis, Monument (McKee) and Tubb Gas Pools.

In order to lower the line pressures on its gathering systems, El Paso requested and received a certificate from the Federal Power Commission enabling it to purchase and install a number of large compressors in Southeast New Mexico. El Paso began installation of this compression in the Summer of 1970 and began to utilize it in the late Summer of 1971; however, installation of the last compressor will not take place until late November of 1971. Since installation, these compressors have experienced substantial mechanical difficulties and as a result of unavoidable down time of these new compressors, El Paso has been unable to take portions of assigned allowables from some of the wells connected to its gathering system.

Substantial volumes of underproduction have accumulated to wells in the pools indicated above; all of which we believe should be given the opportunity to be produced once these compressors go into full operation. Extension of the balancing period, as requested, will not only result in making up underproduction from wells whose capability to produce is increased as a result of compression, but will also permit the balancing of overproduction which was necessary on other wells in order to meet market demand from these pools during compressor down time.

RECEIVED

NOV 18 1971

OIL CONSERVATION COMM.

KMT

Santa Fe &
Hobbs

Case 4633

DOCKET MARKED

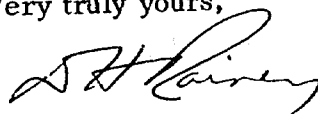
Date 12-3-71

New Mexico Oil Conservation Commission
November 17, 1971
Page Two

With assistance from the manufacturer of the compressors, it is believed that most of the operating problems are being solved. However, in order to prevent any cancellation of producible underproduction that has resulted from the faulty operation of this equipment, El Paso believes that the granting of its request would be in the best interest of all parties concerned and would protect each operator's correlative rights.

If you need further information or have any questions, please contact me.

Very truly yours,



D. H. RAINEY
Assistant Manager
Gas Proration Department

DHR:ps

cc: Conservation Committee
Mr. Richard Morris - Santa Fe

STATUS OF UNBALANCED WELLS CONNECTED TO EL PASO NATURAL GAS COMPANY
IN SOUTHEAST NEW MEXICO PRORATED POOLS AS OF NOVEMBER 30, 1971

(All Volumes in MCF at 15.025 p.b.)

Pool	Underproduced			Overproduced		
	Number of Wells	Balance Status	Cumulative Status	Number of Wells	Balance Status	Cumulative Status
Blinberry	--	--	--	10	122,424	245,349
Crosby Devonian	1	- 26,077	- 70,990	1	23,474	55,513
Eumout	24	- 128,675	- 390,424	34	623,967	915,118
Justis	3	- 39,510	- 193,176	3	16,779	83,555
Tubb	2	- 6,774	- 44,246	7	153,273	230,434
Jalmat	30	- 666,248	-1,380,765	2	8,395	75,000
Monument McKee Ellen.	--	--	--	--	--	--
Total	60	- 867,284	-2,079,601	57	948,312	1,604,969

BEFORE EXAMINER UTZ
CIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 4633

December 13, 1971

NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2088
SANTA FE, NEW MEXICO

GAS NOMINATIONS FOR SEPTEMBER, 1971

SOUTHEAST POOLS

Atoka-Pennsylvanian	730,800 Mcf
Bagley-Lower Pennsylvanian	5,000 Mcf
Bagley-Upper Pennsylvanian	40,000 Mcf
- Blinebry	1,244,947 Mcf
Bluitt-San Andres	37,000 Mcf
Buffalo Valley-Pennsylvanian	541,600 Mcf
- Crosby-Devonian	213,000 Mcf
- Eumont	3,968,653 Mcf
Indian Basin-Morrow	424,364 Mcf
Indian Basin-Upper Pennsylvanian	4,984,100 Mcf
- Jalmat	2,463,540 Mcf
- Justis	220,900 Mcf
* Monument McKee-Ellenburger	229,700 Mcf
Todd-Lower San Andres	52,000 Mcf
- Tubb	1,455,560 Mcf

TOTAL

16,611,164 Mcf

NORTHWEST POOLS

Basin-Dakota	18,748,600 Mcf
Blanco-Mesaverde	19,386,100 Mcf
Aztec-Pictured Cliffs	966,500 Mcf
Ballard-Pictured Cliffs	1,180,900 Mcf
Blanco-Pictured Cliffs, South	3,022,200 Mcf
Fulcher Kutz-Pictured Cliffs	644,200 Mcf
Kutz-Pictured Cliffs, West	353,700 Mcf
Tapacito-Pictured Cliffs	862,500 Mcf
Devils Fork-Gallup	89,500 Mcf

TOTAL

45,254,200 Mcf

TOTAL NOMINATIONS - BOTH AREAS

61,865,364 Mcf

EXHIBIT A
Gas Allowable Hearing
August 18, 1971

Warren could use to, to
- what kind of plants -

DRAFT

GMH/dr

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. 4633

Order No. R-4237

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

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on December 15, 1971,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this _____ day of _____, 19__, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, 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, is
the owner and operator of ~~3~~ pipelines connected to ~~many~~ gas wells
in the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis,
~~Monument (McKee)~~, and Tubb Gas Pools, Lea County, New Mexico.

(3) That the applicant seeks suspension for a period of one year from ~~February~~ ^{January} 1, 1972, of those provisions of Rule 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico, promulgated by Order No. R-1670, as amended, as to the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis, and Tubb Gas Pools, Lea County, New Mexico, that provide for the cancellation of unproduced allowable and the shutting-in of overproduced wells.

(4) That ~~these~~ ^{there} are numerous non-marginal wells in said gas pools that have accumulated underproduction which is subject to cancellation as of January 1, 1972.

(5) That ~~these~~ ^{there} are numerous non-marginal wells in said prorated gas pools which are currently overproduced and were not brought in balance during the proration period beginning July 1, 1971, and that such wells are subject to being shut-in and their current monthly allowable credited against said overproduction until they are in balance.

(6) That there are numerous non-marginal wells in said prorated gas pools which are overproduced an amount equalling six times their current monthly allowable and that such wells are subject to being shut in until the wells are overproduced less than six times their current monthly allowable.

~~(7) 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.~~

(7) ~~(6)~~ That there is a present and continued need for gas which cannot be satisfactorily met if the aforesaid overproduced wells referred to in Findings Nos. 5 and 6 are not allowed to continue producing.

(8) ~~(7)~~ That there is such a present and continued need for gas that the wells that have accrued the aforesaid underproduction should be able to produce the aforesaid underproduction in addition to the normal allowables by January 1, 1973.

(9) ~~(8)~~ That completed and planned installation of compression facilities should lessen the heavy demand on the overproduced wells referred to in Findings Nos. 5 and 6 and enable said wells to be brought into balance by January 1, 1973.

(10) ~~(9)~~ That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools described above the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the aforesaid Rules 14(A) and 15(A) should be suspended for a period of one year from January 1, 1972.

IT IS THEREFORE ORDERED:

(1) That Rules 14(A) and 15(A) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico, promulgated by Order No. R-1670, as amended, are hereby ^{suspended} for a period of one year beginning January 1, 1972, for the Blinebry, Crosby (Devonian), Eumont, Jalmat, Justis, and Tubb Gas Pools, Lea County, New Mexico.

(2) 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.