

CASE 5646: SOUTHERN UNION GAS CO. FOR
SUSPENSION OF RULES 14A & 15A OF THE GAS
PRORATION RULES, CATCLAW DRAW-MORROW GAS
POOL, EDDY COUNTY, NEW MEXICO

CASE NO.

5646

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Southern Union Gas Co.) CASE
for suspension of Rules 14A and 15A of) 5646
the gas proration rules, Eddy County,)
New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Sumner G. Buell, Esq.
MONTGOMERY, FEDERICI, ANDREWS,
HANNAHS & BUELL
Attorneys at Law
350 East Palace Avenue
Santa Fe, New Mexico

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Page

JAMES G. ELLIS

Direct Examination by Mr. Buell

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Cross Examination by Mr. Nutter

8

EXHIBIT INDEX

Page

Applicant's Exhibit No. One, Map

8

Applicant's Exhibit No. Two, Tabulation

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1 MR. NUTTER: We will call the next Case Number 5646.

2 MR. CARR: Case 5646, application of Southern Union
3 Gas Company for suspension of Rules 14A and 15A of the gas
4 proration rules, Catclaw Draw-Morrow Gas Pool, Eddy County,
5 New Mexico.

6 MR. BUELL: Mr. Examiner, I'm Sumner Buell of
7 Montgomery, Federici, Andrews, Hannahs and Buell appearing
8 on behalf of the applicant and we will have one witness.

9 (THEREUPON, the witness was duly sworn.)

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11 JAMES G. ELLIS

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

14
15 DIRECT EXAMINATION

16 BY MR. BUELL:

17 Q Would you state your name, please?

18 A My name is James G. Ellis.

19 Q Mr. Ellis, by whom are you employed and in what
20 capacity?

21 A Southern Union Gas Company in the Main Office in
22 Dallas as Chief Petroleum Engineer.

23 Q And it is my understanding that you have not
24 previously testified before this Commission?

25 A That is correct.

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1 Q Would you briefly give the Examiner your educational
2 background?

3 A I was employed for six-and-a-half years as a field
4 operations engineer for Goya Oil and Gas Company in South
5 Texas. I was employed by Northern Natural Gas Company for
6 seven-and-a-half years as a production evaluation engineer and
7 reservoir engineer. My duties at that time covered wells
8 connected to their system in Southeast New Mexico and West
9 Texas. I have been with Southern Union since November of 1972
10 in my present capacity.

11 Q And in your present capacity with Southern Union Gas
12 Company what is the nature of your duties?

13 A My responsibilities fall in two areas, as Chief
14 Petroleum Engineer in the Gas Supply Division I'm responsible
15 for our gas reserves inventory. I'm also responsible for all
16 of the exploration drilling and production of our new sub-
17 sidiary called Southern Union Supply Company.

18 Q Mr. Ellis, I believe you also received a formal
19 degree in petroleum engineering, is that correct?

20 A Yes, I received a degree in 1958 in petroleum and
21 natural gas engineering from Texas A & I College in Kingsville,
22 Texas.

23 Q And are you familiar with the application and the
24 circumstances surrounding the application in Case 5646?

25 A Yes, I am.

1 MR. BUELL: Are the witness's qualifications
2 acceptable?

3 MR. NUTTER: Yes, they are.

4 Q (Mr. Buell continuing.) Briefly would you outline
5 for the Examiner what is sought in this hearing?

6 A Southern Union Gas Company is asking for suspension
7 of Rules 14A and 15A which are essentially balancing require-
8 ments for one year for the Catclaw Draw-Morrow Field located
9 in Eddy County, New Mexico.

10 Q Referring you to what has been marked for identifica-
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12 what that exhibit shows?

13 A Exhibit One is a map of Southern Union's Southeast
14 New Mexico gathering system and specifically the area in
15 question is outlined. Within the area outlined is the
16 Catclaw Draw Field and what we call the Avalon area.

17 I must bring it to your attention that all of the
18 Catclaw Draw wells aren't posted on the map, just the ones
19 that are connected to Southern Union's system.

20 Q And I notice there are two wells here marked in red
21 on the exhibit?

22 A Yes, the two wells marked in red are the Hanagan
23 Nan-Bet No. 1 and the Texaco Levers Fed No. 1, both of which are
24 connected to our system.

25 Q Referring you to what has been marked as Exhibit

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1 Number Two, would you briefly explain what that shows?

2 A. Yes, Exhibit Number Two is a tabulation of the
3 estimated volumes subject to cancellation for the proration
4 period ending March 31st '76 and we have depicted on this
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8 The second column indicates the underage made up
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17 hundred and ninety-one thousand, three hundred and seventy-five
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19 Q. And Mr. Ellis, why are these two wells underproduced
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3 on the west side but we couldn't get them together due to
4 pipeline configuration problems. Since then we have laid a
5 twelve-inch line in the Carlsbad area looping what we call our
6 sour-gas line coming out of the Indian Basin and in effect we
7 switched all of the sweet gas into the new twelve-inch line
8 and we have all of the sour gas in the old line which is
9 processed through a couple of plants we have in the system.

10 We also laid a line diagonally from the present
11 facilities north of Carlsbad to the Lea County main line but
12 that was in the form of a ten-inch. So now we have in the
13 Carlsbad area specifically, we have a hundred percent more
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15 Q Mr. Ellis, can you market this gas in the area at
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18 this proration period our markets have increased dramatically
19 and coupled with our new pipeline capacity at this point in
20 time we are running virtually all of the gas we possibly have
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22 Q Do you feel that you can make up this underproduction
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24 A It will not be due to Southern Union's ability to
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4 no reason to believe that we can't run the gas that is available
5 to us.

6 Q In your opinion would the granting of this application
7 prevent waste and protect correlative rights?

8 A Yes.

9 Q Were Exhibits One and Two prepared either by you
10 or under your supervision?

11 A Yes, they were.

12 MR. BUELL: We move Exhibits One and Two into
13 evidence, Mr. Examiner.

14 MR. NUTTER: Exhibits One and Two will be admitted
15 into evidence.

16 (THEREUPON, Applicant's Exhibits One
17 and Two were admitted into evidence.)

18 MR. BUELL: We have nothing further.

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CROSS EXAMINATION

21 BY MR. NUTTER:

22 Q Mr. Ellis, at the time of the hearing a year ago
23 I believe that Southern Union had some major facilities either
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1 A. The same facilities.

2 Q. Now, what are those major facilities on this
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15 the Avalon gasoline plant site and this is mainly for moving
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18 Q. And is that compressor new?

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21 ago is over on the Lea County main line.

22 Q. But this Avalon compressor has been added since
23 a year ago?

24 A. Yes.

25 Q. And it can move gas either straight north through

1 the eight-inch or to the northeast on this Avalon to Amax line?

2 A. Yes, and it may provide for moving it southeast also
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5 Q And what else has been added to the overall system?

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7 has been a tremendous addition from the standpoint of Southern
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21 Q And then from Avalon on out it is sweet gas again?

22 A. Residue gas, right.

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1 A No, sir, I have not.

2 Q How many purchasers are in this pool, besides
 3 Southern Union?

4 A I know Llano is. To my knowledge I don't know of
 5 other purchasers other than Southern Union and Llano.

6 Q So there is no interstate purchasers in the Catclaw
 7 Draw then?

8 A No, sir, I don't believe so.

9 Q All intrastate?

10 A Yes, sir. All of the gas is committed to the
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12 MR. NUTTER: Without objection the Examiner will
 13 take administrative notice of the records in the Gas Proration
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15 Are there any further questions of Mr. Ellis? He
 16 may be excused.

17 (THEREUPON, the witness was excused.)

18 MR. NUTTER: Anything further, Mr. Buell?

19 MR. BUELL: No, sir.

20 MR. NUTTER: Does anyone have anything they wish
 21 to offer in Case 5646? We will take the case under advisement.

22


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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5646
heard by me on 3/17, 1976

, Examiner
New Mexico Oil Conservation Commission

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Page

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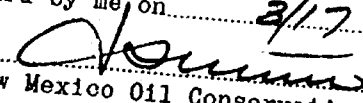
REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3646
heard by me on 3/17, 1976.
 Examiner
New Mexico Oil Conservation Commission

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. 5646
Order No. R-5188

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR SUSPENSION OF RULES 14(A)
AND 15(A) OF THE GAS PRORATION RULES,
CATCLAW DRAW-MORROW GAS POOL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of March, 1976, 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, Southern Union Gas Company, seeks
suspension for a period of one year from April 1, 1976, 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 No. R-1670, as amended, that
provide for cancellation of unproduced allowable and shutting
in of overproduced gas wells, Catclaw Draw-Morrow Gas Pool,
Eddy County, New Mexico.

(3) That Southern Union Gas Company is the owner and
operator of one of the pipelines connected to gas wells in
said Catclaw Draw-Morrow Gas Pool.

(4) That several non-marginal wells connected to applicant's
pipeline in said Catclaw Draw-Morrow Gas Pool have accumulated
substantial quantities of underproduction which is subject to
cancellation April 1, 1976.

(5) That the applicant has made diligent efforts to bring
said underproduced wells into balance but will be unable to do
so by April 1, 1976.

-2-

Case No. 5646
Order No. R-5188

(6) That applicant has recently completed the installation of additional pipeline and gas compression facilities in the Catclaw Draw-Avalon-Indian Basin Area which enable it to move considerably more gas from the producing area to market facilities than was previously possible.

(7) That the newly installed facilities should enable the applicant to take sufficient gas from the underproduced wells to which it is connected to be able to bring said wells back into balance by April 1, 1977.

(8) That the suspension of Rule 14(A) of the prorated gas pool rules, which relates to the cancellation of unproduced allowable, would be inequitable without the concomitant suspension of Rule 15(A) of said rules, which relates to the shutting-in of overproduced wells.

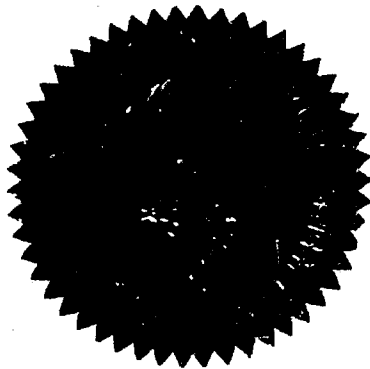
(9) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the Catclaw Draw-Morrow Gas Pool the opportunity to produce his just and equitable share of the gas in said pool, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That 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, are hereby suspended in the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, for a period of one year from April 1, 1976, through March 31, 1977.

(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

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

CATCLAW DRAW MORROW

ESTIMATED SUBJECT TO CANCELLATION

PRORATION PERIOD ENDING MARCH 31, 1976

15.025 Pressure Base

<u>OPERATOR AND WELL NAME</u>	<u>AMOUNT SUBJECT TO CANC. AS OF 4-1-75</u>	<u>UNDERAGE MADE UP AS OF 2-28-76</u>	<u>AMOUNT SUBJECT TO CANC. AS OF 2-28-76</u>	<u>ESTIMATED UNDERAGE MADE UP MARCH, 1976</u>	<u>ESTIMATED SUBJECT TO CANC. 3-31-76</u>
<u>HANAGAN PETROLEUM CORPORATION</u>					
Nan Bet	779,206	332,289	446,917	15,000	431,917
<u>TEXACO, INC.</u>					
E. J. Levers	725,750	114,375	611,375	20,000	591,375
TOTAL	1,504,956	446,664	1,058,292	35,000	1,023,292

BEFORE EXAMINED NUMBER
OIL CONSERVATION COMMISSION
<i>Appl</i> EXHIBIT NO. <u>2</u>
CASE NO. <u>5646</u>

CATCHAW DRAM MORROW

ESTIMATED SUBJECT TO CANCELLATION

PRORATON PERIOD ENDING MARCH 31, 1976

15.025 Pressure Base

OPERATOR AND
WELL NAME

AMOUNT SUBJECT
TO CANC. AS OF
4-1-75

UNDERAGE
MADE UP AS OF
2-28-76

AMOUNT SUBJECT
TO CANC. AS OF
2-28-76

ESTIMATED UNDERAGE
MADE UP
MARCH, 1976

ESTIMATED
SUBJECT TO CANC.
3-31-76

HANAGAN PETROLEUM CORPORATION

Nan 3et

779,206

332,289

446,917

15,000

431,917

TEXACO, INC.

E. J. Levers

725,750

114,375

611,375

20,000

591,375

TOTAL

1,504,956

446,664

1,058,292

35,000

1,023,292

Exhibit 2

Case 5646

Dockets Nos. 11-76 and 12-76 are tentatively set for hearing on March 31, 1976 and April 14, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 17, 1976

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

The following cases will be heard before Daniel S. Winter, Examiner, or Richard L. Starovits, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1976, from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5636: (Continued & Readvertised)

Application of Julian Ard for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled in the center of the NW/4 SE/4 of Section 32, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico, in exception to the provisions of Rule 4, Order No. R-3850.

CASE 5641: (Continued from March 3, 1976, Examiner Hearing)

Application of John Yuronka for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water by injection to the Queen formation through the open-hole interval from approximately 3800 to 3875 feet in his State "T" Well No. 1 located in Unit B of Section 16, Township 23 South, Range 36 East, Langlie-Martix Pool, Lea County, New Mexico.

CASE 5645: Application of Amoco Production Company for suspension of Rules 14A and 15A of the gas proration rules, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1976, of those provisions of Rule 14A and 15A of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 5646: Application of Southern Union Gas Company for suspension of Rules 14A and 15A of the gas proration rules, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1976, of those provisions of Rules 14A and 15A of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

CASE 5647: Application of Griffin & Burnett, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hagedorn Unit Area comprising 3,147 acres, more or less, of State and Federal lands in Township 26 South, Range 35 East, Lea County, New Mexico.

CASE 5648: Application of Depco, Inc. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its DNY Stat Well No. 1, located in Unit F of Section 27, Township 19 South, Range 28 East, Eddy County, New Mexico, to produce gas from the Wolfcamp and Morrow formations.

CASE 5649: Application of Harrington Transportation, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Llano, Inc. Leavitt Well No. 1, to be drilled 1980 feet from the North line and 1650 feet from the West line of Section 13, Township 16 South, Range 26 East, Eddy County, New Mexico, the W/2 of said Section 13 to be dedicated to the well.

CASE 5650: Application of Robinson Resource Development Company, Inc. for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the formations of Pennsylvanian age or older underlying the N/2 of Section 18, Township 21 South, Range 25 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a previously approved unorthodox location in Unit E of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the well and a charge for the risk involved in drilling said well.

Case 5646

J. C. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
SUMNER G. BUELL
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND

GARY R. KILPATRICK
THOMAS W. OLSON

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & BUELL

ATTORNEYS AND COUNSELORS AT LAW

350 EAST PALACE AVENUE

SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3875

FEB 15 1976

NEW MEXICO OIL CONSERVATION COMMISSION

February 12, 1976 Santa Fe

Mr. William F. Carr
Legal Counsel
New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Southern Union Gas Company for
Suspension of the balancing requirements for
the period of one year beginning April 1, 1976,
in the Catclaw-Draw Morrow Gas Pool, Eddy County, N. M.
Case # _____

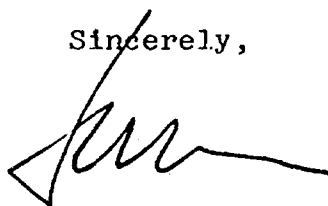
Dear Bill:

I am enclosing the Application of Southern Union Gas Company
in the above-referenced matter. I would appreciate it if
you could put this on the docket for March 17, 1976.

If you have any questions, please let me know.

Best regards.

Sincerely,



SGB/vt
Enclosure
#5086-76-4

cc: Mr. Robert Mc Crary
Southern Union Gas Company
Fidelity Union Tower
Dallas, Texas 75201
(w/enc.)

FEB 13 1976
CONSERVATION COMMISSION

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR SUSPENSION OF
THE BALANCING REQUIREMENTS FOR
THE PERIOD OF ONE YEAR BEGINNING
APRIL 1, 1976, IN THE CATCLAW-DRAW
MORROW GAS POOL, EDDY COUNTY, NEW
MEXICO.

CASE NO. 5646

A P P L I C A T I O N

COMES NOW the Applicant, SOUTHERN UNION GAS COMPANY, by and through its attorneys, MONTGOMERY, FEDERICI, ANDREWS, HANNAHS & BUELL, and applies to the Commission for suspension of the balancing requirements in the Catclaw-Draw Morrow Gas Pool in Eddy County, New Mexico, and in support of this Application, states:

1. By Order No. R-4157, dated June 21, 1971, this Commission designated the Catclaw-Draw Morrow Gas Pool, then located within Township 21 South, Range 25 East, N.M.P.M., Eddy County, New Mexico and by subsequent orders has since expanded the limits of the said pool.

2. By Order No. R-4704, dated January 15, 1974, prorationing was instituted in the Catclaw-Draw Morrow Gas Pool.

3. Applicant is the purchaser from two gas wells in the Catclaw-Draw Morrow Gas Pool, to-wit: the Nan Bet Com #1 Well, located in Unit E, Section 19, Township 21 South, Range 26 East, N.M.P.M. in the Texaco-E.J. Lever Fed #1 Well, located in Unit N, Section 12, Township 21 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

4. The wells from which the Applicant purchases gas are presently in an underproduced status and pursuant to Rules 13 and 14A of the General Rules and Regulations Governing Prorated Gas Pools in Southeastern New Mexico, as reflected in Order R-1670, as amended, are in jeopardy of having the allowable attributable to the wells cancelled.

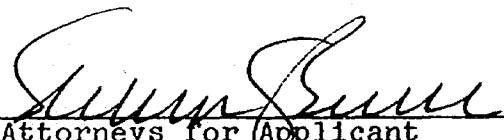
5. Applicant asks that the balancing period in the Catclaw-Draw Morrow Gas Pool be extended for one year, beginning April 1, 1976, to allow the applicant and other operators or purchasers to make up the underproduced allowable attributable to the various wells in the pool.

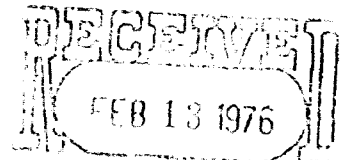
6. The granting of this Application will prevent waste and protect correlative rights.

This matter may be set for hearing before the Commission or one of its designated examiners as may be convenient.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& BUELL

By 
Attorneys for Applicant
Post Office Box 2307
Santa Fe, New Mexico 87501
(505) 982-3875



BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR SUSPENSION OF
THE BALANCING REQUIREMENTS FOR
THE PERIOD OF ONE YEAR BEGINNING
APRIL 1, 1976, IN THE CATCLAW-DRAW
MORROW GAS POOL, EDDY COUNTY, NEW
MEXICO.

CASE NO. 5646

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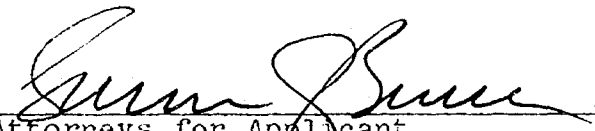
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& BUELL

By

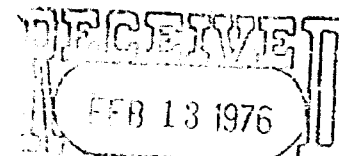


Attorneys for Applicant

Post Office Box 2307

Santa Fe, New Mexico 87501

(505) 982-3875



CONSERVATION COMM.

Santa Fe

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF SOUTHERN UNION
GAS COMPANY FOR SUSPENSION OF
THE BALANCING REQUIREMENTS FOR
THE PERIOD OF ONE YEAR BEGINNING
APRIL 1, 1976, IN THE CATCLAW-DRAW
MORROW GAS POOL, EDDY COUNTY, NEW
MEXICO.

CASE NO. 5646

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4. The wells from which the Applicant purchases gas are presently in an underproduced status and pursuant to Rules 13 and 14A of the General Rules and Regulations Governing Prorated Gas Pools in Southeastern New Mexico, as reflected in Order R-1670, as amended, are in jeopardy of having the allowable attributable to the wells cancelled.

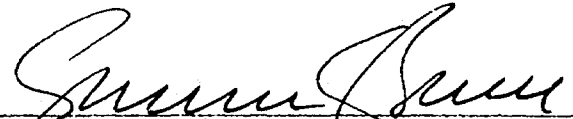
5. Applicant asks that the balancing period in the Catelaw-Draw Morrow Gas Pool be extended for one year, beginning April 1, 1976, to allow the applicant and other operators or purchasers to make up the underproduced allowable attributable to the various wells in the pool.

6. The granting of this Application will prevent waste and protect correlative rights.

This matter may be set for hearing before the Commission or one of its designated examiners as may be convenient.

Respectfully submitted,

MONTGOMERY, FEDERICI, ANDREWS, HANNAHS
& BUELL

By 

Attorneys for Applicant
Post Office Box 2307
Santa Fe, New Mexico 87501
(505) 982-3875

DRAFT

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. 5646

Order No. R- 5188

APPLICATION OF SOUTHERN UNION GAS
COMPANY FOR SUSPENSION OF RULES 14(A) AND
15(A) OF THE GAS PRORATION RULES, CATCLAW DRAW-
MORROW GAS POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 17,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of March, 19 76, 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, Southern Union Gas Company, seeks
suspension for a period of one year from April 1, 1976, 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 No. R-1670, as amended, that provide for
cancellation of unproduced allowable and shutting in of overproduced
gas wells, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.

(3) That Southern Union Gas Company is the owner and operator of one of the pipe^{lines} connected to gas wells in said Catclaw Draw-Morrow Gas Pool.

(4) That several non-marginal wells connected to applicant's pipeline in said Catclaw Draw-Morrow Gas Pool have accumulated substantial quantities of underproduction which is subject to cancellation April 1, 1976.

(5) That the applicant has made diligent efforts to bring said underproduced wells into balance but will be unable to do so by April 1, 1976.

(6) That applicant has recently completed the installation of additional pipeline and gas compression facilities in the Catclaw Draw-Avalon^{Indian Basin} Area which enable it to move considerably more gas from the producing area to market facilities than was previously possible.

(7) That the newly installed facilities should enable the applicant to take sufficient gas from the underproduced wells to which it is connected to be able to bring said wells back into balance by April 1, 1977.

(8) That the suspension of Rule 14(A) of the prorated gas pool rules, which relates to the cancellation of unproduced allowable, would be inequitable without the concomitant suspension of Rule 15(A) of said rules, which relates to the shutting-in of over-produced wells.

(9) That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the Catclaw Draw-Morrow Gas Pool the opportunity to produce his just and equitable share of the gas in said pool, the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That 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, are hereby suspended in the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico,

-3-

Case No. 5646

Order No. R-

for a period of one year from *April 1, 1976, through March 31, 1977.*

(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.