

Case No.

1082

Application, Transcript,
Small Exhibits, Etc.

Case 1082: Oil Conservation Commission
Consider evidence pertaining to the ex-
cessive temporary suspension of rules
in the County.

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
June 14, 1956

IN THE MATTER OF:

CASE NO. 1082

TRANSCRIPT OF PROCEEDINGS

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Before the
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 14, 1956

IN THE MATTER OF:

Application of the Oil Conservation Commission upon its own motion to consider evidence pertaining to the exception to or the temporary suspension of the rules of over production and under production in all prorated gas pools in Lea County, New Mexico. Applicant, in the above-styled cause, as a result of applications from Permian Basin Pipeline Company and Southern Union Gas Company will receive evidence pertaining to the exception to or temporary suspension of Rules 9 and 10 of the Special Rules and Regulations for the Jalmat and Kumont Gas Pools as set forth in Order R--520 and Rules 9 and 10 of the Special Rules and Regulations for the Tubb, Byers-Queen and Justis Gas Pools as set forth in Order R-586 and Rules 13 and 14 of the Special Rules and Regulations for the Blinbry Gas Pool as set forth in Order R-610 so far as said rules pertain to over production and under production in all prorated gas pools in Lea County, New Mexico.

No. 1082

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. A. L. Porter

TRANSCRIPT OF HEARING

MR. PORTER: The meeting will come to order, please. The next case on the docket is 1082. Mr. Gurley, would you read the case?

MR. GURLEY: Application of the Oil Conservation Commission upon its own motion to consider evidence pertaining to the exception to or the temporary suspension of the rules of over production and under production in all prorated gas pools in Lea County, New

Mexico.

MR. PORTER: How many witnesses do we have in this case?

MR. KELLAHIN: If the Commission please, Jason Kellahin, representing Permian Basin Pipeline Company. We will have two witnesses.

MR. GREINER: We will have one on behalf of Southern Union Gas Company.

MR. PORTER: Mr. Kellahin, would you proceed?

MR. KELLAHIN: Before we proceed, I would like to make a brief statement if I may.

This is a hearing called upon the application of the Commission on its own motion to consider evidence in connection with temporary suspension of the rules pertaining to overproduction and underproduction in the various Lea County Gas Pools.

The Commission's action resulted from applications for temporary exceptions that had previously been filed by Permian Basin Pipeline Company and Southern Union Gas Company. While the call of the hearing is, we feel, sufficiently broad for the Commission to consider any matters pertaining to the granting of exceptions to or temporary suspension of the rules relating to over and under production in all of the various pools, Permian Basin's application applied only to the question of an exception to or temporary suspension of the cancellation of underproduction in the pools in which it has connections.

These pools, and the rule governing underproduction with which Permian is prepared to present testimony include Rule 9 of Orders Nos. R-520 and R-586, covering the Jalmat, Eumont, and Tubb pools, and Rule 13 of Order No. R-610 covering the Elinsbry

Gas Pool. Any testimony we have to offer will necessarily be limited to those pools, as they are the only ones in which Permian Basin Pipeline Company has connections. Further, our testimony will be limited to the question of suspension of the cancellation of underproduction, since that is the problem with which Permian Basin Pipeline Company is presently faced.

While it is true that gas prorationing has been in effect since January 1, 1954, the problem with which Permian Basin Pipeline Company is of recent origin. We are prepared to show that Permian has taken, and is taking all possible measures to correct the situation in which it now finds itself, and to protect those producers to whose wells Permian Basin Pipeline Company is connected. Steps are now being taken, which, we feel, will enable Permian to take the full allowable assigned to its connections and to make up the underproduction which has accumulated during recent months. Without an exception to suspension of the rules pertaining to the cancellation of this underproduction, however, these steps will only partly remedy the situation that has arisen.

The situation to which we are referring, briefly, is this: The wells to which Permian is connected currently have an accumulated underproduction of approximately 10 million MCF. The letter of the commission rules would require cancellation of a very large part of this accumulated underproduction, as of July 1, 1956.

The evidence will show just how this situation came about, what steps have been taken and what steps are now being taken to correct it, and that we have a need for this gas to fulfill market requirements.

Under the call of the hearing in this case, we feel that

the Commission can relieve the situation in either one of two ways: Either grant to Permian an exception to the rules involved, or grant a temporary suspension of the rules, which would apply to all operators within the pools covered by the notice in this case. It is clearly within the power of the Commission, in our opinion, to grant the relief requested.

The evidence to be offered, we feel, will show that some relief is necessary, and appropriate, and the granting of such relief will best serve the purposes of the conservation statutes of the State of New Mexico.

We will have two witnesses. I would like to call Mr. Rex Fowler, please.

R E X D . F O W L E R,

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

DIRECT EXAMINATION

By MR. KELLAHIN:

Q Will you state your name, please?

A Rex D. Fowler.

Q By whom are you employed, Mr. Fowler?

A Permian Basin Pipeline Company.

Q What is your position with the Permian Basin Pipeline Company?

A I am manager of gas purchase operations.

Q Mr. Fowler, in connection with your position, what are your duties and responsibilities?

A I'd say that my principal duties were the administration of our gas purchase contracts. Included within that, of course, is the supervision over making nominations to the Commission and

the allocation of gas to our sources of supply and to individual wells within those sources of supply.

Q What experience have you had in connection with that type of work?

A Well, I was employed by Northern Natural Gas Company on August 3, 1937, some 18 or 19 years ago. I have been continuously employed by Northern since that date. All of that time in the Gas Supply Department, and all of that time my work has been concerned with proration and allocation of gas requirements in accordance with contracts and in accordance with State rules, regulations, and orders.

Q Have you previously appeared before this Commission and qualified as an expert witness, Mr. Fowler?

A I have.

MR. KELLAHIN: Are the witness's qualifications acceptable to the Commission?

MR. PORTER: They are.

Q Mr. Fowler, are you familiar with the application which Permian Basin filed, which resulted in the Commission's calling of Case 1082?

A Yes, I am familiar with it.

Q You are familiar with the call of the hearing in Case 1082, are you?

A Yes, sir.

Q What are Permian Basin Pipeline Company's operations, Mr. Fowler? Could you describe them briefly?

A Permian Basin Pipeline Company is engaged in the purchase, gathering, compression, processing, transmission and sale of natural

gas. Our gas supply originates in West Texas and Southeast New Mexico. In West Texas we purchase gas from the Puckett Field in Pecos County, from the Smuberry Trend area and from one well in the Holman Field in Gaines County, Texas. In New Mexico, in Lea County, we purchase gas from Skelly Oil Company's Lovington Gasoline Plant in a relatively small volume, it runs around three and a half million a day currently. That gas is delivered into our system at a point downstream from or north of our Hobbs processing and compressor plant. The balance of the gas purchased by Permian in Lea County is necessarily processed through our Hobbs plant. That gas originates from several pools in Lea County; namely, the Eumont, Jalmat, Blinebry, and Tubb. The vast majority of our Hobbs plant gas is purchased from those four pools. In addition, we do purchase some relatively minor amounts from gas wells in oil pools from unprorated wells and from Skelly Oil Company again at their Eunice plant.

Q You have referred to your Hobbs plant and some other connections, Mr. Fowler. Could you describe briefly the pipeline operated by Permian Basin?

A Well, as one leg of the system originates in West Texas and Pecos County and terminates in Yoakum County, Texas, near El Paso Natural Gas Company's Plains station. The other leg of the system originates in Lea County and also terminates near El Paso's Plains station. All gas handled by Permian is delivered into El Paso's facilities at the Plains station.

Q In addition to the gas which you have described handled by Permian, do you purchase any residue gas in Lea County?

A Well, the small volume that I mentioned we purchased from

Skelly's Eunice plant is residue. Well, also the Lovington Plant gas is residue.

Q How is this Lea County gas handled by Permian?

A All Lea County gas, other than this Skelly Lovington Plant gas, is gathered by Permian in one common gathering system and delivered to Permian's Hobbs Plant where it is processed for gasoline extraction, dehydration, and desulphurization, and is also compressed at that point.

Q Where does it go from there?

A It is delivered on then to a point on El Paso's system near El Paso's Plains Compressor Station where it is delivered into El Paso's facilities.

Q Now what happens to the gas after it reaches the Plains?

A It is handled by El Paso; El Paso does, however, deliver to Northern Natural Gas Company an equivalent volume at a point in Moore County, Texas, near El Paso's Dumas Plant.

Q Then, in effect, am I correct that it results in an equal exchange of gas to two different points?

A That is right.

Q To what line does it go in Dumas?

A Into the system of Northern Natural Gas Company and Northern carries it on into its market area.

Q Are you familiar with the history of gas prorationing in New Mexico?

A Yes, sir, I believe I am.

Q To your knowledge, has there ever been any cancellation of overproduction or shut-in of wells on account of overproduction at the end of a balancing period?

A Well, there have been three dates passed, when, under the letter of the Commission's proration orders, cancellation of underages or shut-ins because of overproduction would have been called for. The end result has been that no cancellation has occurred and no wells have been shut-in for overproduction. However, I might point out that on the first of these balancing dates, which was January 1, 1955, some underages were actually cancelled but reinstated within the next month or so.

Q Do you know when prorationing started in southeastern New Mexico?

A It was made effective in January, 1954.

Q When did Permian Basin Pipeline Company start operations in southeastern New Mexico?

A Actually started taking gas very late in 1953.

Q As a result of prorationing in southeastern New Mexico, have any problems arisen affecting Permian Basin Pipeline Company?

A Yes, I'd say there had been.

Q Have you prepared an exhibit, Mr. Fowler, which will indicate to the Commission just what those problems are?

A Yes, sir, I have.

MR. KELLAHIN: I ask that a five-page document be marked as Permian's Exhibit No. 1.

(Permian Basin Pipeline Company's Exhibit No. 1 marked for identification).

Q Referring to the five-page document marked for identification as Permian's Exhibit No. 1, would you state, Mr. Fowler, what that is?

A Yes. Exhibit No. 1 is a tabulation of statistical informa-

tion regarding proration matters in the four prorated gas pools in Lea County, New Mexico. The data shown thereon is confined to wells connected to Permian's gathering system. These four pools are the Rumont, Jalmat, Blinbry, and Tubb. All gas purchased by Permian in Lea County which is subject to gas proration originates from gas wells located in these four pools.

The exhibit covers by months the period of time from the effective date of proration on January 1, 1954, through May, 1956, the most recent month for which information is available. The exhibit consists of five sheets. The first sheet is a summary of information for all four pools. The remaining four sheets cover each of the four pools separately. The figure shown opposite each month under each column on the summary sheet was determined by adding together similar information for each of the four pools. The data shown on this exhibit was taken from the monthly gas proration schedules issued by the New Mexico Oil Conservation Commission.

Q Was this exhibit prepared by you or under your direction and supervision?

A It was.

Q Does the exhibit reflect only information affecting Permian Basin Pipeline Company's connections?

A That is right. It is a summation of information for wells connected to Permian Basin Pipeline Company.

Q Referring to the first page of the exhibit, Mr. Fowler, the first column there shows number of connected wells. Does that reflect any change which would affect your situation at the present time?

A Yes. I would like to point out that in the first month of proration, which by the way almost coincided with the time that Permian started to run gas, we had 46 wells connected to our system. By the end of December of that year, the number had increased to 167, or an increase during the year of 121 wells. By the end of 1955, the number had accumulated to 248, an increase of 81 wells during 1955. At the end of May, Permian had 269 wells connected, 223 more than we had in January of 1954.

Q Referring to the second column, I notice the first item you had 46 wells connected and it showed thirty nine and a half 160-acre units. What does that indicate?

A Well, that indicates that at least a number of the wells held less than a 160-acre unit.

Q Is that fact significant in fixing the allowable?

A Yes, sir. Gas is prorated on straight acreage; therefore, allowables are directly proportional to the number of units.

Q In comparison with the number of wells connected, has there been any significant change in the number of 160-acre units connected?

A Yes, there has been even a greater increase in the number of 160-acre units. You will note in January of 1954, the comparison is 46 against 39 and a half. That is the number of 160-acre units were less than the number of wells. Moving clear to the end of the period covered by the exhibit, the end of May, 1956, although we had 269 wells connected, the number of units was 301.9, some 31 or 2 units greater than the number of wells.

Q Referring to the column cited as "Nominations and Current Allowables", what does that indicate?

A Well, the nomination columns reflect the nominations actually made by Permian Basin Pipeline Company to this Commission. They are advance estimates of our, Permian's requirements from the four pools involved. The current allowable column represents the allowables actually assigned to wells connected to Permian in these same four pools.

Q What does the production figures show in relation to that?

A Well, the production figures are the actual production by all wells connected to our system. You will note that for the year 1954, current allowables and production were substantially equal, whereas in 1955, the current allowables greatly exceeded both our nominations and production. The same situation is true to a lesser degree in the five-month period in 1956. Grand totals, of course, indicate the same direction of difference.

Q Now referring to the last column on the exhibit, Mr. Fowler, what does that show?

A The final column represents the cumulative status of all wells connected to Permian taken as a single unit, and you will note that we, in the early days of proration, we overproduced; with the exception of two months in 1954, we were overproduced continuously. The overproduction continued through April of 1955, after which a modest amount of underproduction prevailed through July of 1955. In August of 1955, the underproduction increased substantially and rapidly thereafter, at least until the end of 1955, and by the end of May, 1956, had increased somewhat more.

Q During just what period of time would you say that Permian Basin's problem of underproduction became acute?

A During the last half of 1955, I would say, commencing in

August.

Q What is the present situation, Mr. Fowler, as compared to the increase you experienced from August to December of '55?

A Well, although it has increased from December of '55, from 8.4 billion to some 10.4 billion by the end of May of '56, the rate of increase has been arrested, I believe.

Q Does that indicate then that Permian has taken steps to handle the gas available through the allowables assigned to them?

A Well, we have operated our plant at its maximum capacity.

Q Now, referring to the sheets attached to the exhibit, what are they?

A The four sheets attached to the summary show the same type of information as is shown on the summary, except that it is separated by pools. The same general pattern is shown for each pool as is shown on the summary. By that I mean we were over-produced during the early part of proration and more recently have been underproduced in each of the pools.

Q Now, referring again to the first page of the exhibit, Mr. Fowler, why are the allowables substantially different from the nominations made by Permian?

A Well, when a pipeline company is taking gas from a prorated pool where other companies are also taking gas, it necessarily follows that each pipeline company's operation is influenced by the operations of the others. Now allowables are determined by this Commission by summing the nominations for all companies, and after adjusting those nominations for differences between previous months' nominations and runs and the remainder is spread to all wells in the field. If another pipeline company, or several

other pipeline companies other than Permian have a requirement for gas that is greater per unit than Permian's requirements, then Permian's allowables are naturally higher than its nominations.

Q You testified earlier, Mr. Fowler, that you were familiar with the application which Permian filed which resulted in this present case?

A Yes, sir.

Q What was the purpose of that application?

A The purpose of the application was to ask this Commission to grant Permian some additional time within which to make up the substantial underproduction now existing on our system. We have requested that the normal cancellation date of July 1, 1956 be suspended until July 1, 1957.

Q As an alternative to that, would you say that Permian's situation could be handled by an exception to the rule?

A Yes.

Q In the event the Commission saw fit to grant either an exception or a suspension of the rule, what assurance do you have that Permian Basin Pipeline Company would be able to handle the underproduction in addition to its current allowable?

A Permian has two or three things under consideration. First of all, Permian is now engaged in enlarging its facilities at its Hobbs Plant, the desulphurization, dehydration, and gasoline extraction plants are now being enlarged. Contracts have been let for the construction of those facilities. We expect them to be in operation about December 31, 1956. The increase we are building will be about a thirty-three and a third percent increase. The present processing capacity of that plant is 165 million cubic

feet per day. The proposed capacity is 220 million cubic feet per day.

Q Now, will this increased capacity in your opinion enable you to run the underages in addition to your current allowables by July, 1957?

A We hope that it will. In the event it appears that it will not, our company has under consideration the construction of additional facilities at Hobbs.

Also, representatives of Permian Basin Pipeline Company have had and expect to have more discussions with El Paso Natural Gas Company and Southern Union, the end result of which may be that some of Permian's gas will be delivered to those other companies, to the end that underproduction and overproduction may be brought more nearly into balance.

Q Are you physically equipped to handle an arrangement of that type with El Paso Natural Gas Company?

A I believe we are. We have a connection with El Paso near their Plains Station to which I previously referred. Perhaps other connections could be arranged.

Q In your opinion, will the granting of an exception to or suspension of the rule result in protection of correlative rights?

A Yes, I believe it will.

Q Serve the best interest of conservation?

A That is right.

Q Now, Mr. Fowler, this hearing has been called by the Commission to consider both overproduction and underproduction; how do you feel about the question of overproduction?

A If this Commission should see fit to grant Permian the

right to carry forward and produce its underproduction between July 1, 1956, and July 1, 1957, and if there are other companies who find themselves in an overproduced position and have need of an exception or a suspension of the shut-in provisions of the basic orders, and they do not have other gas available to them by means of which they could cut back their overproduction in Lea County, then it seems logical to me that an exception should be granted on the overproduction side comparable to the exception on the underproduction side.

Q Permian Basin at this time does not have that fault?

A We certainly do not.

MR. KELLAHIN: That is all the questions we have.

MR. PORTER: Anyone have a question of the witness?

MR. KELLAHIN: Before we go into that, I would like to offer in evidence Permian's Exhibit No. 1.

MR. PORTER: Any objection to the admission of the exhibit? It will be admitted. Any questions of the witness? Mr. Utz.

CROSS EXAMINATION

By MR. UTZ:

Q Mr. Fowler, you are not recommending a suspension of Rule 10, Order R-520, are you, or are you not? I kind of misunderstood your last bit of testimony there.

A Do I understand that Rule 10 applies to overproduction?

Q That is correct.

A I would say that I had no objection to it if it is needed, as I previously suggested, we don't have an overproduction problem.

Q But other people may have?

A They may have.

Q Do you think that there should be any ceiling on individual well overproduction? In other words, the present ceiling is six times the current allowable; do you feel that any wells should be allowed to overproduce in excess of that amount?

A Mr. Utz, I haven't given that problem any study.

Q Well, if you did, you could foreseeably have wells that would be so far overproduced that they would have to be shut in; is that a reasonable assumption?

A Yes, I presume that is a reasonable assumption, if the other companies have that large a requirement for gas. Now, I don't have any specific recommendation on the thing. It would seem logical that some sort of a ceiling might be put on.

MR. UTZ: That is all I have.

MR. PORTER: Anyone else have a question of Mr. Fowler?
The witness may be excused.

(Witness excused).

Call the next witness, please.

Q. E. STAHL,

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

DIRECT EXAMINATION

By MR. KELLANIN:

Q Will you state your name, please?

A G. E. Stahl.

Q By whom are you employed?

A Permian Basin Pipeline Company.

Q What is your address?

A Omaha, Nebraska.

Q What is your position with Permian Basin Pipeline Company?

A I am manager of new gas purchases for the company. I am manager of purchase operations.

Q In connection with that position, what are your duties and responsibilities?

A Well, as manager of gas purchases for Permian Basin Pipeline Company, my primary attention is devoted to solicitation and negotiations of gas purchasing contracts with the producing segment of the natural gas industry. In addition, I am chairman of the Gas Supply Coordinating Committee of our company, which coordinates the activities of our marketing operation, construction and supply efforts of the company.

Q How long have you been in this type of work?

A I have been with Northern and Permian, with Permian since its inception and Northern five years.

Q Do you have any educational background or experience in this line of work?

A Yes, sir. In 1944 I commenced my university education, which was interrupted by military service, and I served two years in the United States Navy. After discharge from the service, I returned to college, where in 1948 I received a Bachelor of Science degree in Civil Engineering. My engineering education was obtained at the University of Wisconsin and Nebraska, and my degree was granted by the University of Nebraska. In June of 1951 I obtained an L.L.B. degree from the University of Nebraska and was admitted to the practice of law before the Federal and Nebraska State Courts.

During the period of time prior to June, 1951, I held the

positions of field engineer and subsequently chief field engineer for Johnson Construction Company, Inc. I also practiced as a consulting engineer in structural design, civil engineer in related fields.

In July, 1951, I joined the legal department of Northern as an attorney and was assigned principally to Permian Basin Pipeline Company, with special emphasis on the gas supply and gas supply phases of the company's activities. Early in 1953 I joined Mr. John Hanley, vice-president of Permian in charge of gas supply, as a staff assistant assigned to gas contract matters.

I subsequently was named manager of gas matters for Northern and Permian, which position I now hold. I am a member of the Mid-Continent Gas Association, the New Mexico Oil and Gas Association, the Independent Natural Gas Association, the American Gas and American Institute of Mining and Metallurgical Engineering. I have previously testified before the Federal Power Commission and this State Commission.

MR. KELLAHIN: Are the witness's qualifications acceptable to the Commission?

MR. PORTER: Any objection to his qualification? They are.

Q Mr. Stahl, in connection with your work, have you had anything to do that is concerned with the prorationing of gas?

A Yes, sir. At the time that Permian Basin Pipeline Company became a reality, I was assigned to supervise, with respect to proration in Lea County, and actively participated from the inception of the Commission's hearings on proration as both counsel and witness.

Q Would you explain briefly the operation of Northern Natural Gas Company and Permian Basin Pipeline Company's system?

A Yes, sir. We consider that it is integrated operation; starting at the south end of the system, Permian gathers gas, as Mr. Fowler described in his testimony. That gas is then sold to Northern Natural Gas Company, who in turn through a lease arrangement with El Paso Natural Gas Company, which incidentally has 33 years left to run, trades out gas with El Paso so that the gas that Permian delivers to Northern is given to El Paso at the south end of the El Paso Dumas line, which is approximately 200 miles south of the point where El Paso returns the gas to Northern. Northern then takes the gas from Permian and other gas which Northern purchases in Texas, Oklahoma and Kansas, and moves it north into Northern's market areas.

Q Is Permian a natural gas company within the meaning of the terms of the natural gas act?

A I have been so advised by my counsel, yes, sir.

Q What type of market is Permian gas sold to and where is it consumed?

A Permian gas is sold in market territory known as the Northern Plains area, consisting of the State of North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin, Iowa, and a portion of Kansas. In the area that we serve we are the sole supplier of natural gas to the communities and industries that we service.

Q Has there been any increase in the past of Northern's sales capacity?

A Yes, sir, as it reflects Permian Basin Pipeline Company's operations in 1953, before we had Permian Basin Pipeline Company

in operation, the company was certified by the Federal Power Commission to sell 825,000 cubic feet of gas per day. At the time that the Permian gas became available to Northern, we increased that saleable capacity to 1,100,000,000 cubic feet per day. That is our current capacity. At the present time we have before the Federal Power Commission an application to increase that capacity to 1,220,000,000 cubic feet per day.

Q In regard to these prospective requirements of Northern, will any portion of them arise during the next twelve months?

A Yes, sir. We now have before the Power Commission an application to sell an additional 120,000,000 cubic feet per day. Last Friday we received temporary authority from the Federal Power Commission to construct facilities on the Northern system to take a portion of that 120,000,000 cubic feet of gas to market. We also received authority last Friday from the Federal Power Commission to operate a large-scale gas storage project in western Iowa, which will require the injection in the ground of volumes of gas in the neighborhood initially of 100,000,000 cubic feet per day over and above the gas we sell to our customers.

I might point out that Northern has a tremendous market area both house heating, space heating, industrial and industrial load. We feel we have a tremendous market at the present time and a tremendous potential for growth on our system.

Q Do you then anticipate that you will be taking increased amounts of gas from southeastern New Mexico?

A Yes, the reason that Northern went into the Permian Basin Pipeline Company project when it did was to get a pipeline system into this country, because we recognized that the potential

for discovery of additional gas reserves was tremendous in the Permian Basin. We particularly recognized that the Four Corner Area of southeastern New Mexico had barely been scratched and there would be tremendous gas reserves discovered in that area, and that, of course, has been proven out. We need additional gas and it is going to have to come from this part of the country.

Q You heard Mr. Fowler's testimony as to the increased capacity which was being constructed at the Hobbs Plant. Mr. Stahl, does Permian and Northern have sufficient capacity beyond that point to handle the increased amounts of gas about which you have testified?

A Yes, sir. The bottleneck in our system in this particular problem has been the capacity at the Hobbs Plant, as testified to by Mr. Fowler. Once we circumvent that bottleneck, then we have adequate capacity or we have plans to construct adequate capacity to move all of that gas to market.

Q Does Permian have a need for the gas allowables which are presently subject to cancellation?

A Yes, sir, we definitely need the gas which is subject to cancellation, and if the Commission does not grant us the application, then it will put a severe strain on our other gas supply sources.

Q Would, in your opinion, the granting of an exception to or suspension of the rule concerning cancellation of underage serve the interest of conservation and serve to protect correlative rights?

A Yes, sir, it would. I would like to point out this: We feel, Northern and Permian feel that we have a demand foreseeable

at the present time, over the next five years, of a minimum of an additional 500,000,000 cubic feet. We definitely need this gas plus additional gas.

MR. KELLAHIN: That is all.

MR. PORTER: Does anyone have a question of Mr. Stahl?

Mr. Utz.

CROSS EXAMINATION

By MR. UTZ:

Q Do you believe that the Commission can or should suspend underage and the cancellation of underage without also suspending the balancing of overproduction?

A No, sir. I believe it's a two-edged sword that has to go both ways.

Q If we suspend cancellation, we should also suspend the balancing of overage?

A That is my personal opinion, yes, sir.

Q Do you answer that from an engineering standpoint or legal standpoint?

A I'll let you make that decision, Mr. Utz.

MR. UTZ: That is all.

MR. PORTER: Anyone else? Mr. Montgomery.

By MR. MONTGOMERY:

Q Did I understand that you say within the next five years you anticipate you will be taking some 500,000,000 cubic feet a day from the southeast area?

A No, sir. As I testified, our present capacity is a billion one hundred million. We have before the Federal Power Commission an application to increase that to a billion two hundred

twenty million cubic feet per day. Our marketing department has advised us that we have a demand for an additional 500,000,000 which would run that up to approximately a billion seven hundred million for the total of both companies. A substantial portion of that, in my judgment, has got to come from the Permian system, and one of the most attractive areas that Permian is in is in Lea County.

MR. MONTGOMERY: That is all.

MR. PORTER: Anyone else have a question of Mr. Stahl?

MR. WALKER: With your rather limited qualifications, couldn't we find a better term to use to circumvent around the Hobbs area; that is a term that is usually used by professional politicians rather than one of your organization, of your kind, can't we change that some way? I would hate for that word to appear in the record.

A Yes, sir, I think we ought to maybe change that to "break" the bottleneck which Permian is in the process of breaking at the present time.

MR. WALKER: Thank you.

MR. PORTER: I have one question. You may have mentioned this; when did you anticipate the completion of the expansion of your Hobbs Plant?

A Our current best estimate and which we have gotten from the contractors that we have hired for the job is that we will have the plant in operation late in December or the latest, about the first of the year.

MR. PORTER: I see. Any other questions?

A Incidentally, I might point out that the construction work has started on the plant now.

MR. KELLAHIN: In that connection, if I may say so, that the application filed by Permian asked for a year, rather than merely a six-month period for that reason.

MR. PORTER: Yes, sir. The witness may be excused.

(Witness excused).

The next witness, please.

MR. GREINER: A. S. Greiner for Southern Union Gas Company.

MR. PORTER: Mr. Greiner.

MR. GREINER: If the Commission please, Southern Union Gas Company, in its participation in this case, is in some respects here in the same fashion as has been mentioned with regard to Permian Basin Pipeline Company; that is to say, we filed two applications of our own which have apparently been consolidated for hearing or converted for hearing into this proceeding on the Commission's own motion in Case No. 1082.

One of these applications related to the Eumont Gas Pool wherein Southern Union has some 15 wells which are currently in an overproduced status, and based on May allowables, each of these wells was overproduced by more than six times the May allowable. That was filed in Case No. 1078.

The other application which we filed relates to one well in the Jalmat Gas Pool, and that was assigned Case No. 1079, we thought. But today's docket bore on there Case No. 1079, application of Stanolind Oil and Gas Company; so I am frankly at a loss to know what number, if any, applies to that second application of ours, and we would at this time like to have incorporated by reference into the record in this case these two applications, the one in Case No. 1078 and also the one which was originally numbered

Case 1079, but which now may bear some different number.

1078 was heard yesterday, Mr. Seelinger tells me, and that docket number was assigned to one of the others, which were docket numbers which were given to me by the clerk.

MR. GURLEY: If it please the Commission, I would like to explain the apparent foul-up in docket numbers here. At the time we received the application of Southern Union along with the Permian Pipeline Company's application, we had decided to hear them as separate cases, and later decided, because of the overall problems, to combine both the applications into one case along with the entire problem that faces those fields at this time, and called the case on the motion of the Commission; and that is why it now bears the docket number of 1082. All of these cases are under this docket call of 1082.

MR. GREINER: Can you advise me as to how these applications are now identified in the Commission's files, to the end that I may properly request the Commission to incorporate them by reference?

MR. GURLEY: They are identified as part of this particular case and under your own application. They are still your applications, if that is what you mean. We can so identify them as applications "A" and "B" in Case 1082, yours will be "A" and "B".

MR. GREINER: I see. Application 1, that will be "A", and the one that relates to the 15 wells in the Eumont Gas Pool, that is 1082-A, and the one that relates to the one well in the Jalmat Pool is 1082-B. We request the Commission to incorporate them by reference into Case 1082.

MR. GURLEY: Does that meet with the Permian Basin approval?

MR. KELLAHIN: They are all part of the record, as I understand it.

MR. PORTER: That is right.

MR. GREINER: One further point: In speaking of the wells just now, I spoke of them as Southern Union wells. Actually these are not wells in which we are the operator; we are the pipeline purchaser from the wells in question. I filed these applications in that capacity.

MR. WALKER: How long have you known these dockets were fouled up?

MR. GREINER: When I got here this morning and the sudden coincidence of numbers hit me.

MR. WALKER: It might have served a good purpose if we had straightened this out before we came here.

MR. GREINER: I am sorry I didn't. I am sure there was a ready explanation. I didn't know, as Mr. Seelinger tells me, there was confusion in another one. I didn't mean to embarrass the Commission. We have as our witness Mr. Walker.

H. R. WALKER,

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

DIRECT EXAMINATION

By MR. GREINER:

Q Will you state your full name, please?

A H. R. Walker.

Q What is your position with Southern Union Gas Company, Mr. Walker?

A I am district transmission superintendent of the Carlsbad

District.

Q How long have you held this position, Mr. Walker?

A Since October of 1952.

Q What is the general scope of your duties, please?

A Generally, the supervision of gathering and transmission, production of natural gas--

Q Is it --

A -- in the southeast New Mexico area, the Carlsbad District.

Q Do your duties include the regulation of takes from the wells connected to Southern Union system in this area?

A They do.

Q In the light of the proration orders and schedules issued by this Commission?

A Yes, sir.

Q Now, you have mentioned the Carlsbad District, Mr. Walker, could you describe generally the characteristics of activities carried on by Southern Union in its Carlsbad District?

A Yes, we serve as a natural gas utility serving the towns of Carlsbad, Artesia, Lake Arthur, Dexter, Hagerman, bi-city gate sales to Roswell, bi-city gate sales to Hobbs. Also we serve Lovington under our own name. We serve several large industrial customers, including five potash mines at the present date, some electric generating plants, and some oil refineries.

Q Is the City of Eunice, New Mexico, also served?

A Eunice is also served by us.

Q Are all the sales made by Southern Union Gas Company in its Carlsbad District purely an intra-state commerce?

A That is right.

Q None of the gas taken by Southern Union, then, in this Lea County area goes outside the State of New Mexico?

A That is right. It is all intra-state.

Q What are the approximate current annual gas requirements of Southern Union's Carlsbad District?

A Approximately 18.6 billion cubic feet.

Q Is this Carlsbad District separate from the remaining area served by Southern Union Gas Company; that is to say, Southern Union buys a considerable amount of gas in the San Juan Basin?

A This is physically separate. There is no connection by pipeline between the two or any other districts that Southern Union operates within the State, that is the Clovis or West Texas District, there is no connection.

Q What are the sources of gas at the present time which Southern Union employs to satisfy these annual requirements which I believe you said were approximately 18.6 billion per year?

A That is right. We have several sources. The Lea County wells connections are one, the Eddy County well connections, we have connections with two residue plants in Eddy County, we have a connection with El Paso Natural Gas Company near Carlsbad.

Q Are these other sources of supply, exclusive of Lea County area, sufficient to satisfy in full these gas requirements of which you have spoken?

A No, sir, they are not.

Q Approximately what volume of gas is required by Southern Union at the present time from the prorated pools in the Lea County area, taken in the aggregate?

A That is on an annual basis?

Q Yes, sir.

A I believe about 4.4 or 5 billion, somewhere in there.

Q Is that volume of gas taken evenly every day throughout the year?

A No, it can't be taken evenly. We have space heating load, which, of course, varies on demand. In the winter we have to have larger volumes than we do in the summer.

Q Could you give us some indication as to how much larger the requirements are in the winter than in the summer months?

A From this field or total?

Q I am talking now, generally, from the Lea County area, narrowing it down to that. What, for instance, did you budget as being the total take?

A Okay, let's see, yes, here it is. For instance, in January we budget about 1.8 billion per month and in June about 1.4 billion, in round figures, per month.

(Southern Union's Exhibit No. 1
marked for identification.)

Q Now, referring to this map which has been marked for identification as Southern Union Exhibit No. 1, what is this map, Mr. Walker?

A This map, it is just a general operations map; it shows our gathering and transmission lines into this area with certain of the pools surrounded to indicate the pool and the sour gas facilities and the sweet gas facilities. This is the Jalmat pool down here. This is the Eumont sweet gas field. Here is the Eumont sour gas field, and this is the Blinebry gas field.

Q Was this map prepared by you or under your supervision, Mr.

Walker?

A No, sir, it was prepared in the Dallas office, but I am familiar with the map and it is --

Q (Interrupting) You have checked it against the facts as you know them from personal observation and experience there, and it correctly portrays them?

A That is right, it does.

Q These dark solid lines are Southern Union Gas Company's gathering or transmission pipelines in the area?

A That is right.

Q They indicate service to the town of Eunice?

A That is right.

Q To Oil Center?

A Yes.

Q How about the lines running up here to Hobbs; now is that a Southern Union line to Hobbs?

A No, that belongs to Basin Gas Company, and we deliver to them through our own line at this point.

Q Is that all of the supply of gas for Hobbs?

A That is the only supply they have, yes, sir.

Q Now then, going on north from Hobbs to the portion of the map which got lapped over the top here, are any other counties served on north of Hobbs?

A Lovington is served by transmission line of our own from Hobbs to Lovington.

Q We have to deliver to Hobbs before we can get it back for delivery to Lovington, is that correct?

A That is correct.

Q You mentioned sweet and sour gas wells in this area. Can you describe that situation in a little bit more detail?

A Yes, the wells within this area --

Q (Interrupting) That is the area marked as Eumont sour wells?

A That is right. They have hydrogen sulphide and CO2, with the gas, as it is produced from the wells, is not suitable for delivery to our customers and must go through a processing plant here at Oil Center. The sweet gas or the portion we have marked as sweet gas field, the gas from those wells does not contain hydrogen sulphide and is suitable for delivery to our customers simply by dehydration, which is accomplished at the wellheads.

Q Referring to the applications "A" and "B" in these cases, you have read those applications and are familiar with them?

A I have.

Q In them, they refer to some 15 wells, I believe, that are overproduced in the Eumont Area and to one well which is overproduced in the Jalmat Area. Have those particular wells been indicated on this map in any fashion so as to be identifiable?

A The overproduced wells in both areas are those encircled in red.

Q Are there any wells connected to this gathering system which are now in a state of underproduction and which have also been so since the beginning of the last balancing period?

A There are two, the ones encircled in blue, one in the Blinbry and one in the Jalmat.

Q Now, as indicated in these applications, how many months overproduced in terms of May allowables are these wells which have

been circled in red; that is to say, give us the longest and shortest month of overproduction, if you would.

A The longest one is the Atlantic Coleman No. 1, 25.8 months overproduced on the basis of the May allocation; the one with the shortest period of overproduction is the Me-tex Wallace State No. 2 with 7.2 months overproduction, based on the May allocation.

Q The other of these wells fall generally between those figures, but in the range of from 16.6 months on down, is that correct?

A That is right.

Q What is the total number of wells which are connected to Southern Union's lines in this Lea County area as shown on the map at the present time?

A 26.

Q That means, then, that there are some 10 wells only which are not now circled in red, and thus not subject to shut-in if the normal regulations of the Commission were to be applied, is that correct?

A That is right.

Q Would these 10 wells be capable by themselves of satisfying the gas requirements of Southern Union customers who are dependent for their gas supply on this area?

A No, they would not for any considerable period of time; a few days, possibly, something like that, not during the winter weather at all.

Q Do you say that because the total delivery capacity of these wells is less than the total gas requirements, or because of the way that they and the physical facilities are situated?

A No, the delivery capacity of the wells is probably sufficient, but the physical hookup of the wells and their locations to the line and their markets, they could not deliver it.

Q The sizes of gathering lines would just be inappropriate?

A That is right.

Q Are you familiar generally, Mr. Walker, with the volumes of gas which Southern Union has had allowed to it under the proration orders of this Commission in this area commencing in 1954, as well as the volumes of gas which Southern Union has taken from the area?

A Yes, sir.

Q Going back to 1954, which was, I believe, the first year of effective proration orders there, is that correct?

A That is right, started the 1st of January.

Q What was the total allowable for Southern Union from the wells to which it was connected in the Lea County prorated fields at that time, that was total allowable?

A In 1954, the total allowable was five billion, seven hundred fifty-one million, eight hundred eighty-six.

Q What was the unit, is that cubic feet?

A That is cubic feet.

Q That is. What was the actual take of Southern Union from these prorated pools during that same period?

A Five billion, four hundred sixty-seven million, eight hundred seventeen cubic feet.

Q So that at the end of that first balancing period, Southern Union's system, taken as a whole, was substantially underproduced, is that correct?

A That is true, it was.

Q What happened in that regard in 1955, what was the allowable for that year for the wells connected to Southern Union lines in this area?

A The allowable was three billion, nine hundred seventeen million, three hundred forty cubic feet.

Q What was the production from these wells?

A Four billion, five hundred forty million, eight hundred fifty-seven cubic feet.

Q In other words, Southern Union lowered its takes but the allowable dropped off even more?

A That is right.

Q And at that time, at the end of 1955, the situation was one of net overproduction?

A It was.

Q Now, in '56, what has the trend been?

A The first four months, I believe is all we have on here, through April. The allowable has been one billion seven hundred thirty thousand six hundred fourteen, and the production has been one billion, six hundred seventy-five million, seven hundred ninety-eight.

Q So that those have been approximately in balance, but with a slight trend toward overproduction in this year, also, is that correct?

A No. Our trend has been to reverse. We have reduced our overproduction so far this year with one billion seven hundred thirty million six hundred fourteen thousand allocated, and one billion, six hundred seventy-five million, seven hundred ninety-

eight produced, so therefore we have reduced our overproduction so far this year.

Q In addition to the problems of trying to match up production against these varying allowables, has there been any difficulty experienced by Southern Union during this period with respect to the division of its takes between sweet and sour gas wells?

A Well, yes, there has been. We have a little treater plant over there which during 1954 had a certain nominal capacity, which was not sufficient to take all of the sour gas allocated from these fields; so beginning about the end of 1954, we started an expansion of this treater plant and looking to an allocation approximately equal to 1954, we built additional facilities to increase our capacity to treat this sour gas, and therefore end up this situation as brought out before we were underproduced in '54; and we took steps immediately to correct it by increasing our facilities.

Q And since these new facilities have been installed, have they been useful to the company?

A No, sir. We found that in '55 we generally had more facilities than we needed.

Q So that, based on what actually did happen in '55, and from then on, these would not have been needed at all?

A That is right.

Q What has been the cause, Mr. Walker, in your opinion, of this fluctuation in allowables which has shifted Southern Union so radically from an underproduced into an overproduced position? Has that been a matter which is the consequence of any action on

the part of Southern Union?

A No, it hasn't. We are a comparatively small taker in these fields and our nominations for gas have really little effect upon the final field allocation, because we are just simply too small in these fields.

Q Speaking of these three fields which are involved here, what is, well, for 1955, what would have been Southern Union's production from those three fields expressed as a percentage of the total production?

A In 1955, we had a total percentage from these fields of about, that is '54, I'll get over here -- in 1955, 3.663% of the total production.

Q What was Southern Union's percentage of the total allowable for these fields for that same period of 1955?

A 3.005%.

Q Coming down to this four-month period in 1956, what would Southern Union's percentage be there?

A Mr. Greiner, I don't have a percentage figure on that.

Q That is on the production?

A On the production.

Q Do you have one on the allowable?

A I have one on the allowable.

Q What was it on the allowable?

A 2.932%.

Q Has Southern Union during this period when it has been materially overproduced in this group of 16 wells been nominating the volumes of gas which it has actually required for the meeting of its market requirements?

A Yes, sir, we have.

Q So that it has not been the consequence of not nominating enough that we have not been getting the allowables?

A No, sir.

Q What, in your opinion, would be the effect on these 16 wells if they were now to be shut-in for periods ranging, based on these May allowables, from not quite seven months up to slightly over two years; would that be good for the well?

A Well, it is generally considered that such a protracted shut-in would not be good; however, I have not made any study of the particular wells involved and it is just general practice that a long shut-in such as that could possibly be harmful to the productive capacity of the well.

Q What effect would it or might it have upon the arrangements between the owners of these wells and their lessors?

A There can be a detrimental effect there, as sometimes there is within the contract requirements for production within specified periods. That is, no prolonged shut-ins, and again I do not have access to their individual lease contracts, but it is reasonable to expect that there are some which could be adversely affected.

Q Now, faced with this situation, is there any hope of remedy for it? Is the company doing anything in an effort to remedy it?

A Yes, we are. We are, in the first place, we have recently made some additional connections in Eddy County for residue gas. It is my understanding that the management of Southern Union and El Paso has generally agreed upon an interchange of gas by which El Paso would deliver us a certain volume, the figure, I believe,

is about two billion a year in Lea County. I know --

Q (Interrupting) That would be a change for gas where?

A For gas in the San Juan area.

Q So you would be delivering gas in the San Juan area to El Paso, for exchange approximately equal volumes delivered to Southern Union Gas by El Paso in the Lea County area?

A That is right. That is my understanding.

Q You did not personally participate in those negotiations?

A No, sir, I didn't.

Q How does that two billion figure compare with the approximate total Lea County requirement which you estimate for the coming year?

A It is a little less than half of it.

Q Have the final contracts been signed on this exchange arrangement with El Paso Natural Gas?

A Not to my knowledge. However, they could have been signed within the last day since I heard of it. It is my understanding that the verbal agreement has been reached and that the exchange is definitely, will be worked out.

Q When do you anticipate that actual deliveries of exchange volumes of gas might begin in this area, so as to give Southern Union relief?

A There would be certain facilities to construct which would take some time, but if the contract is consummated and signed up shortly, we should be getting some gas from them within the next, oh, three months.

Q Before the close of the --

A (Interrupting) Yes, before the close of the next proration

period.

Q In addition to those volumes, will Southern Union be getting any further relief towards a workoff of this overproduced position by reason of the additional takes mentioned by the Permian witnesses in their prior testimony in this case?

A Yes, that will have its effect, an increase in the allocation, the current allocation will definitely reduce our overproduction and so therefore we do expect some relief there, as Permian is able to increase their nominations and production, then it will help us to overcome our overproduction.

Q There will be a larger allowable for each of your wells, is that correct?

A That is right.

Q So that by taking the same volume of gas below that allowable, more will be worked off each month than is being worked off now?

A That is right.

Q In addition to that, will there be any effect in this increase in the size of the monthly allowables upon the apparent number of months overproduction involved in these wells?

A Well, yes, there will be; as the allocation per month is increased, that will, of course, reduce the overproduction based upon the monthly, the current allocation.

Q To state an extreme example, if the allowable per well per month were doubled, the number of months of overproduction would be approximately half?

A That is the answer, yes.

Q Do you feel that in the light of those other arrangements

and circumstances which you have just mentioned, it would be appropriate for Southern Union at this time to be going out and seeking additional well connections as sort of a self-help remedy in an effort to work off this overproduction, or do you think that its activities to date have been reasonably sufficient for that purpose?

A No, sir, Mr. Greiner, I do not think it would be wise for us to seek further connections. We have seen the allocations fluctuate up and down; as I said, in 1954 we were quite seriously underproduced. The next year we found ourselves overproduced. To contract additional wells and then have the allocation per unit or per well increase substantially would put us in a position where we could not produce the allocated or minimum figures.

Q Now, there are also two wells which are shown on the map circled in blue which I believe you said were underproduced wells, is that correct?

A That is right.

Q What are those wells, Mr. Walker?

A The one here in the Jalmat is the Gackle Sinclair State No. 4, the one in the Blinbry is the Aztec Dauron No. 2 and those two particular wells, they have, the underproduction is a little bit of a special situation on the Gacklewell; it was due to a rededication of acreage and transfer of gas from another well to this particular well fairly late in the current proration period. Though we are reducing this underage at a very good rate, there is still some underproduction charged against this well.

Q What currently are we making up on this Gacklewell per month?

A Well, the exact makeup depends, of course, on the current allocation, but for May we produced 88 million in round figures from it, and I believe our allocation on that was 28 million; therefore we actually made up about 60 million feet of that underproduction in one month.

Q How much underproduction is there still left?

A As of May, there is 220 million.

Q So that there is 220 million there of underproduction which will also be available to assist in the workoff of the overproductions, is that right?

A That is correct.

Q As to this Aztec Dauron well which you mentioned --

A That again is a special situation. We wanted the gas from the well, but the operator was in the process of some negotiations on communitizing the acreage with another company and he requested us to produce it only on a 40-acre basis until such time as he had completed his negotiations. The Commission did continue to allocate it a 160-acre unit, and the operator asked us not to produce it except on a 40-acre, so therefore we wound up with an underproduction there.

Q What is your understanding about that situation in the future?

A I understand that the operator did communitize the acreage and the well definitely will be on 160-acre unit as of just a few days ago, and therefore we will have that underage available to us for production.

Q How much is that underage, Mr. Walker?

A 128 million.

Q Taking the aggregate net overproduction at this time of Southern Union in this area, what is that, as of the latest date that you have it?

A The net, aggregate net is 870,250,000 cubic feet.

Q As of what date was that?

A As of May 31st.

Q That is on the basis of the Commission's records?

A Yes, sir.

Q One other minor point: Are all of the wells which were listed in Southern Union's application in 1082-A carried on the Commission's proration schedule as being Southern Union wells, or are there any of them which are carried as being connected to other pipeline companies?

A Yes, there are a couple of them. Let's see if they're on here. Restate your question, Mr. Greiner; maybe I didn't get it right.

Q I was simply asking if, out of the list of 15 wells here, all of them are shown on the Commission's current proration schedules as being Southern Union connected wells.

A Of these 15 wells, all are Southern Union connected.

Q Well, that is part of the story, but are they all shown as being Southern Union on the Commission schedules? Although there are some wells which are shown on the Commission schedule as being connected to other pipelines, although Southern Union is actually taking from them under individual arrangements, none of those wells are involved here, is that correct?

A That is right, none of them are shown on this application.

Q Thank you. Mr. Walker, if the relief requested by Southern

Union in this case were to be granted, that is to say, these wells not to be shut-in at the present time but be permitted to continue producing at reduced levels, gradually working off their accumulated overproduction, do you feel that would result in any waste of gas?

A No, I do not. If the relief were granted it would not result in any waste.

Q Would it result in any abuse of correlative rights? Do you understand that term?

A I don't believe it would.

Q Over a period of years with the wells balanced out, in your opinion, they would still be delivering their fair share of the gas from the pools?

A Yes, sir, they would.

MR. GREINER: Thank you very much. That is all we have.

MR. PORTER: We will take a five-minute recess, please.
(Recess).

MR. PORTER: The meeting will please come to order. Mr. Greiner, you may proceed.

MR. GREINER: I have a couple of questions more I would like to ask the witness.

Q Just before the recess, we were talking about wells connected to Southern Union lines but shown on the Commission's proration schedules as being connected to another company. Have you identified those wells now as being in the Jalmat, rather than being in the Eumont Pool?

A That is right. We do have two wells in the Jalmat Pool which are shown on the Commission's schedule as connected to another company, but we are taking the gas from them by wellhead

pressure.

Q Those two wells are which?

A The Gulf Christmas No. 1 and Gulf Christmas No. 2.

Q The Gulf Christmas No. 2 is the one that is overproduced by several months, is that correct? It is one of those circled in red, the Gulf Christmas No. 1?

A It is the No. 1.

Q It is overproduced?

A That is right.

Q But the No. 2 is not the subject of the application, is that right?

A That is right.

Q One more question. Is Southern Union making any effort at this time to your knowledge to connect additional wells in this Lea County area?

A Well, yes, we are. We have recently connected some additional wells, only a short time ago we connected two wells which proved to be non-productive. That interfered with our schedule a little bit, but we have since then connected an Atlantic well, we have connected one for Morris R. Antwell, and we are negotiating for a couple of others that I know of. That is in Lea County. We have also made another connection in Eddy County just recently for some residue gas, and are negotiating for another well connection over there and expecting another wildcat which we will be able to connect, so we are definitely not through connecting wells. We are continuing and by percentage, with 26 wells connected in Lea County, our recent connection of four over there is approximately a 20% increase in connections just recently.

Q Thank you, Mr. Walker.

MR. GREINER: I would like to make one brief statement at this time as to our company's position before cross examination. We thought that perhaps it will serve to clarify a little bit the position of our company.

MR. PORTER: Certainly.

MR. GREINER: In the two applications which have now been referred to as 1082-A and B, Southern Union Gas asked for an exception to the wells listed therein for a period of six months. It was our thought in making the application for a six-month period that any exception either on the overproduced or underproduced side should be for a fairly limited period of time; and that probably at the beginning or just before the beginning of each balancing period, the Commission ought to take another look at each one of these exceptional situations to see if the parties affected were making a bona fide effort to get themselves back into line and were being at all successful in their efforts. If they were just beating their heads against a stone wall, the thing ought to be looked at in that light. As the matter has now been presented by Permian, they are now asking for a year's suspension or exception. We would be agreeable to that, because as has been apparent from the testimony already, many of the things that have been talked about here as relieving both their underproduced situation and our overproduced situation cannot become very effective until just about the end of this next six-months balancing period.

Under those circumstances, it would seem appropriate to run for a year before taking another look. We do, however,

definitely feel that this thing shouldn't be allowed to go on indefinitely without being looked at at periodic intervals and being reappraised.

MR. PORTER: Does anyone have a question of Mr. Walker?
Mr. Mankin.

CROSS EXAMINATION

By MR. MANKIN:

Q Mr. Walker, referring again to these Gulf Christmas wells, you indicated that you are hooked onto those wells. Is the Commission schedule in error in carrying those as Permian Basin?

A No, sir, I don't believe that is so. The exact arrangements there between Permian Basin and Southern Union I am not familiar with. The gas is dedicated to Permian, I believe, and by trade-out of some other wells, why, we are purchasing that gas, we are taking that gas and Permian is taking some that we did have at one time.

Q Permian is reporting it?

MR. GREINER: Yes, sir. For your information, we pay Permian for that gas and they pay the operator, so that the proration schedule is correct and it was not meant to be implied it was incorrect. It was simply so you might understand why we are applying to a well which showed as a Permian well on the proration schedule.

MR. MANKIN: That is all I have.

MR. PORTER: Any other questions of Mr. Walker? The witness may be excused.

(Witness excused).

Any other witnesses in this case? Anybody have any state-

ments to make?

MR. GURLEY: If it please the Commission, I would like to make two statements at this time that we were asked to make and read into the record, one coming from Aztec Oil and Gas Company by letter of June 12, 1956, in which they stated that they concur with Southern Union's request for additional time to make up the present underproduction of the wells.

The Texas Company, by Mr. H. N. Wade, asked to have the following statement read into the record, Case 1082, dated June 14, 1956:

"The Texas Company, as an operator in some of the fields involved in Case No. 1082, will be affected by the Commission's decision in this case. The Texas Company believes that, because of the extenuating circumstances encountered by the applicants in gathering and processing gas from the fields covered in this case, an exception to the rules of under production and over production is in order. The Texas Company would, therefore, suggest that the Commission enter an order granting the exceptions as applied for."

MR. PORTER: Mr. Smith.

MR. SMITH: J. K. Smith on behalf of Stanolind Oil and Gas Company. We would like to go on record as supporting the application of both Permian and of Southern Union. I think that the matter could be taken care of either by extending the period, balancing period for a minimum of one year, from July 1, 1956, or suspension of the balancing rules for a like period. Either method would be proper, I think, and would have application on the statutes. Of course, we feel that the matter should work both ways, both

for underproduction and overproduction.

MR. GURLEY: I would like to ask Mr. Smith a question. Did you say for a minimum of one year?

MR. SMITH: As I understand, the application is for one year; it may well be that at the end of the year's time it may be necessary to look at it again to see if it should be extended another six months. I think the key to it is the rapidity of development in the area, plus the ability of Permian to get their additional facilities for processing the gas in operation.

MR. GURLEY: You would be in favor of reviewing the situation again at the end of a year's time?

MR. SMITH: I think that is a matter that could be considered.

MR. MALONE: Ross Malone for Gulf Oil Corporation. Gulf is the operator of a number of wells connected into the Permian Basin Pipeline system. It's the feeling of Gulf that inasmuch as this underproduction did not result from any inability of the wells to produce, but rather because of the fact that development had progressed at a more rapid rate than the facilities have been made available, that it would be unfortunate and an abuse of correlative rights insofar as the operators, the royalty owners, including the State, if this allowable were cancelled and forever lost to those owners. Under those circumstances, we feel that it would be both equitable and appropriate for the Commission to exercise its discretion, and we support the application of Permian. We feel that the rule which is applicable in one case should be equally applicable in the other, and therefore support the application of Southern Union as well.

MR. HINKLE: If the Commission please, Clarence Hinkle, Roswell, representing the Atlantic Refining Company.

The Atlantic would like to go on record as not being opposed to this application or request made here by the Permian and the Southern Union. In fact, they would like to join in the request that the exceptions be granted; however, they would not favor a suspension longer than July 1st, 1957, without the matter again being taken up and being reviewed by the Commission.

MR. PORTER: Mr. Seaforth.

MR. SEAFORTH: Ray Seaforth with the Amerada Petroleum Corporation. We wish to concur in this case insofar as it would protect correlative rights.

MR. PORTER: Mr. Johnson.

MR. JOHNSON: Paul Johnson, representing Albert Gackle operator. This may be rather anti-climatic after the rest of the statements concurring in this. I do have a particular instance that I want to cite in the matter of the overproduction and underproduction in the Jalmat Gas Pool. In particular, I refer to the north half of Section 3, Township 23, South, Range 36 East, N.M.P.M., Lea County, New Mexico. This acreage is owned by Albert Gackle et al, and Sinclair Oil and Gas Company. The acreage is operated by Albert Gackle, operator. The referred-to acreage is under contract to the Southern Union. Due to mechanical conditions, for a period of time it was not possible to produce the allowable assigned to this acreage. However, mechanical conditions have been corrected and it is now possible to make up the underproduction from this acreage. In the present, gas production status of the acreage is as follows: The May current allowable was 28,890 MCF;

the May net allowable was 323,467 MCF. There was a credit from April that did not show on the proration schedule of 14,857 MCF, which makes a corrected May net allowable of 308,608 MCF. The May production from the acreage was 88,580 MCF. Now, then, the June current allowable is 26,430 MCF, and the June net allowable is 246,458 MCF. That means that during the month of May 59,688 MCF gas of the underproduction assigned to the acreage was made up. It can be expected that the underproduction will be made up in a reasonable length of time. Therefore, it is our position that gas underproduction should not be cancelled wherever it is possible, with the underproduction to be produced in a reasonable length of time.

Further, under such conditions, unless an extension of time is granted, the operator or operators will be deprived of the opportunity to produce their just and equitable share of the hydrocarbons in the Jalmat Gas Pool. The granting of an extension of time will protect correlative rights and will not cause, but will prevent waste.

Further, I would like to cite an instance that pertains to the northeast quarter of Section 33, Township 22 South, Range 36 East, on which we presently have an underproduction, but we are in the process of negotiations with the El Paso Natural Gas Company and the United Carbon Company to obtain a lower pressure connection, and when that is done we will be able to make up the back allowable from that acreage and we will be able to produce our just and equitable share of gas from that portion of the Jalmat Gas Pool. Thank you.

MR. PORTER: Anyone else have a statement? Mr. Woodward.

MR. WOODWARD: El Paso is a purchaser in the fields in question and is, of course, affected by the decision of the Commission in this case.

El Paso concurs in the recommendations of Permian and Southern Union in this case, upon the condition that the period for making up all underages and overages which have heretofore accrued in the field be limited to one year, commencing July 1, 1956, and that such year be treated as one proration period.

Under the Commissions rules, cancelled underages are re-distributed to all wells in the field, thereby increasing the allowable of wells that must make up over production during the current proration period. Without a redistribution of underages during the next six months, some overproduced wells will be shut in for a time, although it is ultimately determined that they were entitled to produce a share of the underages not made up by July 1, 1957. In the interest of fairness, we therefore feel that the Commission should not require producers to make up over production so long as underages are continued. As a practical matter, such action is necessary to give the field its fair share of the market. If over produced wells are cut back during the next six months and underages are not made up until July 1, 1957, it is obvious that the pool will not produce its current market demand, as required by law.

MR. PORTER: Any more statements? The case will be taken under advisement.

We'll move on to the next case.

* * * * *

STATE OF NEW MEXICO)
 : ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the Oil Conservation Commission for the State of New Mexico was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 27th day of June, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.



My Commission Expires:
June 19, 1959.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 13, 1956

C
O
P
Y

Mr. A. S. Grenier
Southern Union Gas Company
1104 Burt Building
Dallas, Texas

Dear Sir:

We enclose a copy of Order R-836 issued July 9, 1956, by the Oil Conservation Commission in Case 1082, which was heard on June 14th.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

brp
Encl.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

July 11, 1956

C
O
P
Y

Mr. Jason W. Kellahin
P.O. Box 597
Santa Fe, New Mexico

Dear Sir:

In behalf of your client, Permian Basin Pipeline Company,
we enclose two copies of Order R-836 issued July 9, 1956, by the
Oil Conservation Commission in Case 1082, which was heard on
June 14th.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

brp
Encls.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Copy mailed to
El Paso Nat. Gas Co., El Paso
So. Union, Dallas
Permian, Omaha
July 11, 1956

Memo No. 23-56

MEMORANDUM

TO: All gas producers and purchasers in the prerated pools of Lea County, New Mexico

FROM: A. L. Porter, Jr., Secretary - Director

SUBJECT: Temporary suspension of overproduction and underproduction rules in prerated gas pools of Lea County

Commission Order R-836 suspends, for one year, the provisions of Orders R-520, R-586 and R-610 which require the cancellation of underproduction and the shutting in of wells for overproduction.

The purpose of this Order is to afford the producers of underproduced wells an opportunity to make up the underproduction and to allow the purchasers connected to wells that are overproduced sufficient time to bring these wells into balance without having to shut them in for long periods of time.

The order is entered in good faith on the premise that purchasers will make every effort to regulate gas takes in such a manner as to assure a balance of production on each well prior to June 30, 1957, at which time the Order will expire and it will be necessary to revoke the cancellation and shut-in provisions of the various orders referred to above.

/sp

July 11, 1956

C
O
P
Y

Case 1082

MAIN OFFICE OCC
1956 JUN 13 1:17
QUILMAN B. DAVIS
SECRETARY AND GENERAL ATTORNEY

AZTEC OIL & GAS COMPANY
920 MERCANTILE SECURITIES BUILDING
DALLAS 1, TEXAS

June 12, 1956

AIR MAIL

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

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

Gentlemen:

I had initially planned to be present at the June 14 hearing for the purpose of presenting testimony in Case 1082 with respect to underproduction of our wells in the Eumont and Blinebry gas pools; however, obligations here will prevent me from attending the hearing.

It is my understanding that Permian Basin Pipeline Company has filed an application with the Commission asking for an extension of time within which to make up underproduction of certain wells, including Aztec's Burk Wells 1 and 2 and State Unit E Wells, connected to their transportation system. Aztec would like to go on record as concurring in the application of Permian Basin.

It is also our understanding that Southern Union Gas Company will present testimony relative to overproduction and underproduction of certain wells, including Aztec's Dauron No. 2-B Blinebry Gas Well, and it is the purpose of this letter to concur in Southern Union's application and submit to the Commission certain additional information concerning negotiations with Continental Oil Company with respect to the formation of a 160-acre unit for the Dauron No. 2-B Well.

The underproduction charged to our Dauron 2-B Well is due to a voluntary cut back in December, 1955, and at approximately the date on which Aztec filed its application for a 40-acre non-standard gas proration unit for the well. Following the hearing of our application, several meetings were held with representatives of Continental in an effort to settle our differences.

Last Thursday, June 7, Aztec signed and delivered to Continental communitization agreements covering the Blinebry and Tubb formations

June 12, 1956

of the NE $\frac{1}{4}$ of Section 10, Township 21 South, Range 37 East, and I have been advised by Continental today that such agreements have been signed by them and have been submitted to the other NMFU partners for final approval and signature. It is very doubtful that the other three companies involved will have an opportunity to review and execute the agreements prior to the hearing; therefore, we are not in a position at this time to definitely state that communitization of the NE $\frac{1}{4}$ has been effected. I would like to point out, however, that there has been no indication to date that the transaction will not be consummated.

In view of the foregoing and our efforts to resolve the questions involved in the communitization of the NE $\frac{1}{4}$ of Section 10 for the Blinbry gas formation, we respectfully urge the Commission to grant Southern Union additional time to make up the present underproduction of the well, some of which accrued during the last month or two of the year 1955.

In the event testimony in connection with the Dauron 2-B Well is desired from Aztec or Continental, we ask that the case be held open to permit us to present such testimony after the above mentioned agreements have been fully executed by all parties.

Yours very truly,

AZTEC OIL & GAS COMPANY



Quilman B. Davis,
General Attorney

QED:NL

cc - Mr. Hugh Johnston
Continental Oil Company

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1082
Order No. R-836

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION TO CONSIDER AN
EXCEPTION TO OR TEMPORARY
SUSPENSION OF THE RULES
PERTAINING TO OVER PRODUCTION
AND UNDER PRODUCTION IN ALL
PRORATED GAS POOLS IN LEA
COUNTY, NEW MEXICO, AS PROVIDED
BY RULES 9 AND 10 OF ORDER NO.
R-520, RULES 9 AND 10 OF ORDER
NO. R-586, AND RULES 13 AND 14
OF ORDER NO. R-610, INsofar AS
SAID RULES PERTAIN TO OVER
PRODUCTION AND UNDER PRODUCTION
IN ALL PRORATED GAS POOLS IN LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
June 14, 1956, before the Oil Conservation Commission, herein-
after referred to as the "Commission".

NOW, on this 9th day of July, 1956, the Com-
mission, a quorum being present, having considered all the
evidence and testimony submitted, and being fully advised in the
premises,

FINDS:

1. That due notice of the time and place of hearing
and the purpose thereof having been given as required by law,
the Commission has jurisdiction of this case and the subject
matter thereof.

2. That under the provisions of Rule 9 and Rule 10
of the Special Pool Rules for the Jalmat and Eumont Gas Pools,
as set forth in Order R-520, and Rule 9 and Rule 10 of the Special
Pool Rules for the Tubb, Byers-Queen, and Justis Gas Pools, as
set forth in Order No. R-586, and Rule 13 and Rule 14 of the
Special Pool Rules for the Blinebry Gas Pool, as set forth in

Order No. R-610, accumulated underproduction of allowables assigned to the wells in the respective pools which has been carried forward, and not made up during the next succeeding proration period, shall be cancelled; and wells overproduced during one proration period and still overproduced and never brought in balance during the next succeeding proration period shall be shut in and their current monthly allowable charged against said overproduction until the wells are in balance.

3. That wells to which Permian Basin Pipeline Company is connected in the Eumont, Jalmat, Blinebry and Tubb Gas Pools have accumulated large volumes of gas allowables which have remained unproduced, and are subject to cancellation July 1, 1956.

4. That the accumulation of underproduction has been due to a rapid increase in the number of gas wells on acreage under contract to Permian Basin Pipeline Company, and resultant lack of facilities for the processing of gas from the additional wells, which lack of facilities is now being remedied.

5. That Permian Basin Pipeline Company has a need for this unproduced gas, allowables for which are subject to cancellation July 1, 1956, and it appears will be able to produce such gas in addition to normal current allowables during the next two ensuing proration periods commencing July 1, 1956.

6. That unless the cancellation of underproduction is suspended for a period of one year from July 1, 1956, producers to whose wells Permian Basin Pipeline Company is connected will be denied the opportunity of producing their fair share of the gas reserves underlying the Eumont, Jalmat, Blinebry and Tubb Gas Pools.

7. That all other operators in the prorated gas pools of Lea County, New Mexico, should have the same opportunity to produce gas for which allowables have heretofore been granted, and which remains unproduced and subject to cancellation July 1, 1956.

8. That Southern Union Gas Company is connected to wells in the Eumont and Jalmat Gas Pools, Lea County, New Mexico, which are currently overproduced, and have not been brought in balance during the proration period commencing January 1, 1956, and that such wells are subject to being shut in and their current monthly allowable charged against said wells until they are in balance.

9. That there are wells overproduced in an amount equal to or exceeding six times the current monthly allowable assigned to such wells and are subject to being immediately shut in until in balance.

10. That Southern Union Gas Company has a present and continued need for gas which need cannot be met if such wells are not allowed to continue producing, and that a prolonged shut-in of said wells could affect their productive capacity adversely, resulting in waste.

11. That Southern Union Gas Company will apparently have available increased supply of gas by interchange with other pipelines, which should enable them to bring wells to which they are presently connected into balance during the next two proration periods commencing July 1, 1956.

12. That in order to protect correlative rights, prevent waste, promote conservation, and allow each producer in the prorated gas pools of Lea County, New Mexico, the opportunity to produce his just and equitable share of the reserves underlying said gas pools, the provisions of Rules 9 and 10 of Order No. R-520, Rules 9 and 10 of Order No. R-586, and Rules 13 and 14 of Order No. R-610 should be suspended, in part, for a period of one year commencing July 1, 1956, and ending June 30, 1957.

IT IS THEREFORE ORDERED:

1. That Rules 9 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 9 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 13 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require the cancellation of gas allowables remaining unproduced and carried forward which are subject to cancellation July 1, 1956, and January 1, 1957.

2. That Rule 10 of the Special Rules and Regulations for the Eumont and Jalmat Gas Pools as contained in Order No. R-520, Rule 10 of the Special Rules and Regulations for the Tubb, Byers-Queen, and Justis Gas Pools as contained in Order No. R-586, and Rule 14 of the Special Rules and Regulations for the Blinebry Gas Pool as contained in Order No. R-610, be and the same hereby are suspended until June 30, 1957, insofar and only insofar as said rules require that over-produced wells be shut in until said wells are in balance.

IT IS FURTHER ORDERED:

1. That the suspension granted herein shall be for a period terminating June 30, 1957. All gas allowables remaining unproduced at that date which would be subject to cancellation July 1, 1957, shall be subject to cancellation under the appropriate rules and regulations. All wells overproduced on June 30, 1957, which would be subject to being shut-in in the absence of this

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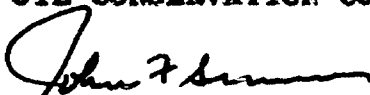
Order No. R-836

suspension on July 1, 1957, shall be subject to the shut-in provisions of the applicable rules and regulations.

2. That in order to prevent the accumulation of excessive overproduction, and to assure that every effort is being made to bring underproduced wells in balance, the Commission hereby retains jurisdiction of this case for the purpose of modifying or rescinding this order.

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

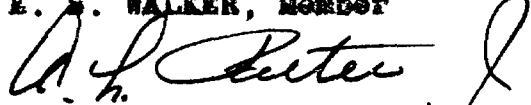
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



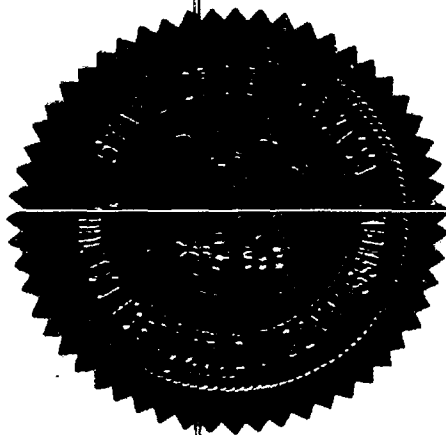
JOHN F. SIMMS, Chairman



E. S. WALKER, Member



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



1r/

Before the
OIL CONSERVATION COMMISSION
of
THE STATE OF NEW MEXICO

RECEIVED
JUL 11 1956
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In the matter of the application)
of Permian Basin Pipeline Company)
for a ^{Suspension of or} Temporary Exception to the)
Provisions of Rule 9, Order No. R-586)
pertaining to cancellation of un-)
produced gas allowables in the Tubb)
Gas Pool, Lea County, New Mexico)

1878 C

COMES NOW Permian Basin Pipeline Company and petitions the Commission for a temporary ^{Suspension of or} exception to the provisions of Rule 9, Order No. R-586, as amended, for a period of one year from July 1, 1956, insofar as said rule requires that unproduced gas allowable not made up shall be cancelled, and in support thereof would show:

1. That during the past year, Permian Basin Pipeline Company has been unable to produce the full allowable assigned to the gas wells to which it is connected for the reason that development of acreage under contract to Petitioner during the past year has proceeded at a more rapid rate than had been anticipated, and for the reason that its facilities for processing gas have not been adequate to handle the volumes allowed, resulting in an accumulation of gas allowable subject to cancellation July 1, 1956.

2. That expansion of processing facilities is under way, which will enable Petitioner to handle current allowables at present levels, and make up the accumulated under production during the next two production periods.

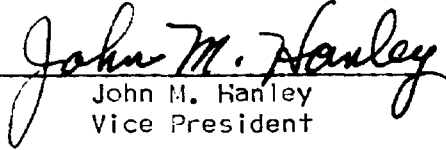
3. That Applicant has need of this unproduced gas.

4. That unless the Commission grants this extension, Petitioner will be deprived of its proportionate share of the reserves underlying the Tubb Gas Pool, and correlative rights will be impaired.

5. That the granting of such exception will not result in waste, but will protect correlative rights, in accordance with law and the rules and regulations of the Commission.

Respectfully submitted,

PERMIAN BASIN PIPELINE COMPANY

By 
John M. Hanley
Vice President

Lawrence I. Shaw
Jack C. Osborne

2223 Dodge Street
Omaha, Nebraska

Jason W. Kellahin

Santa Fe, New Mexico

Counsel for
Permian Basin Pipeline Company

REPLY TO:
P. O. BOX 2076
HOBBS, NEW MEXICO

ALBERT GACKLE, OPERATOR
419 FORT WORTH NATIONAL BANK BUILDING
FORT WORTH 2, TEXAS

June 14, 1936

MAIN OFFICE OCC
REC JUN 14 1936 1:15

New Mexico Oil Conservation Commission
P. O. Box 271
Santa Fe, New Mexico

Gentlemen:

Albert Gackle, Operator wishes to make the following statement for record in the matter pertaining to over production and under production from gas wells located in the Jalant Gas Pool, Lea County, New Mexico.

In particular we refer to the N 1/2 of Section 3, T 23S, R 36E, N. M. P. M., Lea County, New Mexico.

This acreage is owned by Albert Gackle et al and the Sinclair Oil & Gas Company.

The acreage is operated by Albert Gackle, Operator.

The referred to acreage is under contract to Southern Union Gas Company.

Due to mechanical conditions for a period of time it was not possible to produce the allowable assigned to this acreage. However, the mechanical conditions have been corrected and it is now possible to make up the under production from this acreage.

The present production status of the acreage is as follows:

May current allowable	28,892 MCF
May net allowable	323,467 MCF
Credit from April	14,859 MCF
Corrected May net allowable	308,608 MCF
May Production	83,580 MCF
June current allowable	26,430 MCF
June net allowable	246,458 MCF

During the month of May 59,688 MCF of gas, of the under production assigned to the acreage, was made up.

It can be expected that the under production will be made up in a reasonable length of time.

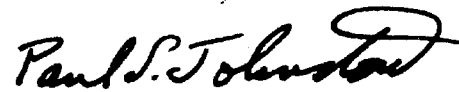
It is our position that gas under production should not be cancelled where ever it is possible for the under production to be produced in a reasonable length of time.

Further, under such conditions, unless an extension of time is granted, the operator or operators will be deprived of the opportunity to produce their just and equitable share of the hydrocarbons in the Jalnat Gas Pool. The granting of an extension of time will protect correlative rights and will not cause, but will prevent waste.

Further, I refer specifically to our leased lands in the NE 1/4 of Section 34, T 23S, R 34E. Presently this acreage has an under production of some 200,000 MCF. The acreage is under contract to El Paso Natural Gas Company. We are currently negotiating with El Paso Natural Gas Company and with United Carbon Company to obtain a lower pressure connection for the gas. Unless an extension of time is granted we will here again be deprived of the opportunity to produce our just and equitable share of the hydrocarbons in the Joliet Gas Pool.

Respectfully submitted

ALBERT GACKER, OPERATOR



Paul S. Johnston
Superintendent of Production

PSJ:fl

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
SOUTHERN UNION GAS COMPANY FOR AN
ORDER GRANTING AN EXCEPTION TO
RULE 10 OF ORDER NO. R-520,
PERMITTING CONTINUATION OF GAS
PRODUCTION FROM 15 WELLS, CURRENTLY
IN AN OVERPRODUCED STATUS, IN THE
EUMONT GAS POOL, LEA COUNTY, NEW
MEXICO

CASE NO. 1078 1079 (a)

APPLICATION

Southern Union Gas Company (herein referred to as "Applicant"), a Delaware corporation with its principal business office in the Burt Building, Dallas 1, Texas, hereby makes application to the Commission for an order granting an exception to Rule 10 of the special rules and regulations for the Eumont Gas Pool, Lea County, New Mexico, promulgated by the Commission under date of August 12, 1954 in its Order No. R-520, so as to permit the continued production of natural gas from 15 wells in said Pool more fully hereinafter described, each of which wells is currently in an overproduced status. In support of such application, Applicant respectfully states and shows as follows:

Applicant is the owner and operator of certain natural gas gathering facilities by means of which it purchases natural gas at the well head from 20 wells in the Eumont Gas Pool and 6 wells in other nearby Lea County gas pools. After purchase such gas is processed by Applicant whenever necessary for the removal of sulphur and other impurities, and then is transported by Applicant through its transmission pipe lines for distribution and sale by Applicant as a public utility in the southeastern New Mexico communities of Artesia, Carlsbad, Dexter, Eunice, Hagerman, Lake Arthur, Loving and Lovington, for sale to several large potash mines and refineries in Eddy County and for sale to other utility companies for distribution and resale by them in the cities of Hobbs and Roswell. In the area served by said transmission system, generally referred to herein as Applicant's Carlsbad District, natural gas service was rendered by Applicant as of December 31, 1955 to 17,044 residential, commercial and industrial consumers, and an additional 15,887 consumers were served indirectly through city gate sales to other utilities.

Including such city gate sales, Applicant's total sales of gas during 1955 in its Carlsbad District amounted to approximately 18,675,000 MCF.

Set forth below is a table indicating the wells to which this application relates (referred to herein as the "Subject Wells"), the respective volumes of gas by which such wells were overproduced as of December 31, 1955 and as of April 30, 1956, and the respective allowables granted to such wells for the month of May, 1956 by the Commission's gas proration schedule, Order No. AG-5-5.

<u>Well Name</u>	(a)	(b)	(c)	(d)
	<u>Overproduction in MCF</u> <u>As of</u> <u>12/31/55</u>	<u>As of</u> <u>4/30/56</u>	<u>Allowable</u> <u>in MCF for</u> <u>May, 1956</u>	<u>Ratio of</u> <u>Column (b) to</u> <u>Column (c)</u>
<u>Sour Gas Wells</u>				
Mapenza-Crawford #1	82,305	98,479	10,246	9.6
Mapenza-Hooper #1	67,799	96,711	10,246	9.4
Bert Field-Turner State #2	87,735	119,226	10,246	11.6
Clark Christie- Cooper #2C	81,238	98,570	10,246	9.6
Continental-State #D-11	35,364	70,129	10,246	6.8
Great Western-Bordages #1	15,600	59,352	7,685	7.7
Me-Tex Wallace #2	50,107	73,493	10,246	7.2
Me-Tex Wallace #3	75,748	84,889	5,123	16.6
Nolen et al - Williams #1	46,165	68,304	5,123	13.3
Pacific Western- State #D-1	55,499	66,815	5,123	13.0
Skelly-State #G-1	45,807	33,772	2,562	13.2
Skelly-Van Etten #9	85,450	109,425	10,246	10.7
Skelly-Van Etten #10	110,298	125,830	10,246	12.3
<u>Sweet Gas Wells</u>				
Atlantic-Coleman #1	78,141	66,106	2,562	25.8
Skelly State #B-7	<u>7,058</u>	<u>93,194</u>	<u>10,246</u>	<u>9.1</u>
<u>TOTAL</u>	924,314	1,264,295	120,392	10.5

In addition to Applicant, two other pipe line companies and four other local gatherers also are taking gas from various wells in the Eumont Pool, Applicant's purchases currently representing approximately 7% of the total volume of gas being produced therefrom. Thus, the monthly allowables for the 15 Subject Wells are determined almost exclusively by the volumes of gas being taken from the pool

by others, and only in very minor degree by the volumes of gas being taken by Applicant. This inability on the part of Applicant to exert any significant effect on the pool's allowables has continued to exist since proration was first instituted in this area. Based on the total May, 1956 nominations for the pool of 4,228,530 M.C.F., as reflected in the Commission's Order No. AG-5-5, the 1,264,295 M.C.F. of overproduction at the beginning of that month for the 15 Subject Wells represented approximately 9 days of total production from the pool. Based on May 1956 allowables fixed in the same order, such overproduction would amount to approximately 12 days of production for the pool as a whole.

Despite the inability of Applicant effectively to control the volumes of gas which it is permitted to produce from the Eumont Pool, Applicant nevertheless has been and continues to be faced with the necessity of supplying a substantial portion of its Carlsbad District customers' gas requirements from the prorated Lea County wells connected to its lines. Thus, in 1956, Applicant anticipates that its total Carlsbad District requirements will be 18.6 billion cubic feet of gas. Of this total, approximately 14.2 billion cubic feet are expected to be available from the other currently connected sources, leaving approximately 4.4 billion cubic feet to be supplied from the 26 wells to which Applicant is connected in Lea County. If the 15 Subject Wells were to be shut in until all the present overproduction of each has been eliminated, such heavy productive demands would necessarily have to be made on the remaining 11 wells that most of them would soon be in an even more seriously overproduced position than the Subject Wells are in already. Moreover, any such protracted shut-in of the 15 Subject Wells as might seem to be called for by the tabulation set forth above (an average of 10-1/2 months based on May, 1956 allowables) could scarcely fail to have a harmful effect on many of such wells, resulting in an impairment of their productive capacity which could be restored, if at all, only by costly reworking operations.

Mindful of the many unsatisfactory aspects of the situation outlined above, and in an effort to provide them with a long-term solution, Applicant's officials since the turn of the year have had several conversations with representatives of El Paso Natural Gas Company, one of the other pipe line companies taking gas from

the Eumont Pool. Both companies not only operate pipe lines out of the Lea County area, but also market substantial volumes of gas produced from the prorated fields of northwestern New Mexico. Accordingly, although no definitive form of contract has yet been prepared, arrangements have already been agreed to in principal by the two companies looking toward the delivery of substantial but as yet undetermined volumes of gas by Applicant or its subsidiary, Southern Union Gathering Company, to El Paso in northwestern New Mexico, in exchange for delivery by El Paso to Applicant of matching volumes in Lea County. Upon consummation of these proposed arrangements, Applicant believes that it will be able to begin making rapid progress toward complete elimination of the overproduction currently charged against the Subject Wells. Even following the effectiveness of such exchange arrangements, however, Applicant does not believe that the Subject Wells should be uninterruptedly shut-in until all accumulated overproduction therefrom has been eliminated, since, as mentioned above, any unrelieved shut-in of such a duration would necessarily involve considerable risk of damage to the wells.

WHEREFORE, Applicant requests that the Commission, by order entered after such hearing and upon such notice as it may prescribe, issue its order granting an exception to Rule 10 of Order No. R-520, so as to permit the continued production of natural gas from the 15 Subject Wells referred to hereinabove until a date not earlier than the end of the next full 6-month balancing period on December 31, 1956.

Because of the fact that each of the major natural gas pipe lines in the area is taking gas from several different prorated Lea County gas pools, it is submitted that the prorationing problems of any producer or pipe line company in any particular one of such gas pools cannot properly be resolved on the basis of evidence confined in its scope to that pool alone. Furthermore, in the interests of saving time for all concerned and of assisting the Commission in its efforts to arrive at solutions to Lea County prorationing problems which will be sound and workable on an area-wide basis, Applicant submits that all applications of producers or pipe line companies relating to the treatment to be accorded accumulated overproduction or underproduction of gas in Lea County during the six-month balancing period commencing July 1, 1956, should be consolidated for hearing

and considered simultaneously by the Commission; and Applicant hereby requests that a single consolidated hearing be held with respect to this and all said other applications.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

By

Scott Hughes
Vice President

ATTEST:

A. P. Cramer
Asst. Secretary

STATE OF TEXAS)
COUNTY OF DALLAS)

On this day personally appeared before me Scott Hughes, Vice President of Southern Union Gas Company, wellknown to me to be such person and officer and, being by me duly sworn, stated that as such officer he executed the foregoing application on behalf of said corporation, that he has read said application and that, to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office this 14th day of May, 1956.

Jaye Griffin
Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1957

MAIN OFFICE 000
APR 19 1956 4:32
JASON W. KELLAHIN
ATTORNEY AT LAW
54 1/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 597
SANTA FE, NEW MEXICO
TELEPHONE 3-9396

April 25, 1956

Mr. A. L. Porter, Director
New Mexico Oil Conservation Commission
State Capitol
Santa Fe, New Mexico

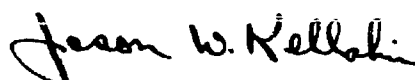
Dear Mr. Porter:

Attached are three applications seeking exceptions to the appropriate orders pertaining to cancellation of unproduced gas allowables in the Tubb, Eumont, Jalmat and Blinbry Gas Pools, Lea County, New Mexico, filed in behalf of Permian Basin Pipeline Company.

Due to the fact that the unproduced gas allowables involved in these applications will be subject to cancellation July 1, 1956, it is requested that the applications be set for hearing at the May 16th meeting of the New Mexico Oil Conservation Commission or as soon thereafter as possible.

Your consideration of this request will be greatly appreciated.

Yours very truly,


Jason W. Kellahin

JWK:lm

Encl. (3)

cc: Mr. Lawrence I. Shaw

MAIN OFFICE OCC
1956 MAY 14 AM 8:52

ROWAN OIL COMPANY
FAIR BUILDING
FORT WORTH 2, TEXAS

May 11, 1956

Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

We have reviewed the applications of Permian Basin Pipeline Company for exceptions to the cancellation provisions of certain proration orders in Lea County. Specifically, the applications refer to Rule 9, Order No. R-520; Rule 13, Order No. R-610; Rule 9, Order No. R-586.

Periodically, we have discussed with Permian representatives reasons why they were unable to accept minimum take deliveries. It is apparent the accelerated completion rate of gas wells resulted in gas deliveries in excess of Permian's plant capacity. It is also apparent Permian is making a diligent effort to increase their capacity by enlarging their present facilities.

Since waste will not result and correlative rights will be protected by granting Permian's application for exception to the above mentioned orders, it is respectively requested their applications be approved.

Yours very truly,

ROWAN OIL COMPANY

Leroy Gideon

Leroy Gideon
Production Superintendent

LG:dg

PERMIAN BASIN PIPELINE COMPANY

SUMMARY

Eumont (Including Arrow), Jalmat (Including Jalco
and Langmat), Blinbry and Tubb Gas Pools

MCF-15.025 psia

BEFORE THE
OH CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 1082

Month and Year	Number Connected Wells	Number 160-Acre Units	Nominations	Current Allowables	Production	Cumulative Status / Underage - Overage
January, 1954	46	39.50	1 956 100	1 124 105	1 591 797	- 467 692
February	53	46.25	1 766 800	1 584 996	1 438 467	- 332 751
March	70	62.25	1 860 000	2 255 334	1 356 543	/ 556 290
April	84	74.75	1 462 500	1 141 423	1 223 178	/ 462 256
May	95	88.70	2 945 250	1 231 144	1 921 546	- 238 914
June	110	104.45	1 800 000	1 353 814	1 911 674	- 807 591
July	123	116.20	2 170 000	874 789	2 232 908	- 2 167 780
August	136	126.70	2 170 000	3 738 529	2 380 073	- 810 508
September	144	133.70	2 400 000	2 306 255	2 371 406	- 870 733
October	151	142.45	2 790 000	2 639 671	2 044 938	- 647 131
November	159	153.95	4 500 000	3 509 331	4 093 933	- 1 195 955
December	167	160.95	4 650 000	5 663 539	4 660 750	- 251 242
Total 1954			30 470 650	27 422 930	27 227 213	
January, 1955	176	177.36	4 650 000	3 766 077	5 052 466	- 1 669 245
February	183	184.36	4 200 000	4 287 413	4 238 481	- 1 702 063
March	187	192.11	4 650 000	5 134 823	4 511 531	- 1 079 970
April	193	198.86	4 500 000	4 111 719	3 157 585	- 126 847
May	199	205.86	3 224 000	3 699 643	2 940 337	/ 499 434
June	208	215.35	1 650 000	2 886 213	1 477 244	/ 208 690
July	214	224.60	1 860 000	1 884 207	1 520 364	/ 540 134
August	219	233.35	1 860 000	3 473 836	1 604 851	/ 2 311 119
September	231	246.56	1 800 000	4 915 079	1 570 003	/ 5 619 546
October	234	251.06	3 410 000	4 533 704	3 150 330	/ 7 208 583
November	241	258.56	4 800 000	4 608 706	5 132 566	/ 6 640 774
December	248	270.48	4 833 000	5 703 542	3 889 497	/ 8 412 925
Total 1955			41 437 000	49 004 962	38 305 255	
January, 1956	255	282.25	4 805 000	5 012 261	4 474 442	/ 8 835 809
February	260	288.56	4 495 000	3 333 533	3 965 284	/ 8 186 218
March	266	296.23	4 805 000	5 562 245	4 402 915	/ 9 275 793
April	264	291.22	4 392 000	5 705 457	4 021 000*	/ 10 932 250
May	269	301.86	4 500 000	3 801 323	4 306 000*	/ 10 400 573
5-Month Total			22 997 000	23 414 819	21 169 641	
Grand Total			94 904 650	99 842 711	86 702 109	

*Estimated

PERMIAN BASIN PIPELINE COMPANY
Eumont (Including Arrow) Gas Pool

MCF-15.025 psia

<u>Month and Year</u>	<u>Number Connected Wells</u>	<u>Number 160-Acre Units</u>	<u>Nominations</u>	<u>Current Allowables</u>	<u>Production</u>	<u>Cumulative Status / Underage - Overage</u>
January, 1954	30	25.25	899 000	759 436	918 875	- 159 439
February	34	29.00	812 000	1 064 788	1 072 192	- 170 185
March	44	38.00	1 060 510	1 351 818	867 216	/ 314 417
April	49	42.50	870 000	807 486	706 350	/ 413 065
May	54	47.70	1 734 000	951 189	1 293 164	/ 69 361
June	58	52.20	1 140 000	1 074 089	1 174 652	- 31 498
July	61	54.70	1 229 000	371 200	1 339 199	- 99 497
August	69	61.45	1 229 000	1 887 535	1 313 865	- 425 827
September	72	63.45	1 344 000	1 387 355	1 250 759	- 288 261
October	76	69.20	1 562 000	1 526 627	976 470	- 112 570
November	84	80.20	2 520 000	1 771 116	2 297 197	- 602 873
December	89	84.95	2 610 000	2 556 394	2 638 780	- 743 335
Total 1954			17 009 510	15 509 033	15 848 719	
January, 1955	94	93.36	2 285 000	1 026 168	2 460 504	- 2 308 248
February	99	98.36	2 065 000	2 533 973	1 908 010	- 1 764 035
March	101	102.61	2 000 000	2 429 980	2 546 764	- 1 880 823
April	103	105.36	2 195 000	2 154 718	1 657 818	- 1 383 923
May	104	106.86	1 733 000	2 002 419	1 133 077	- 559 016
June	111	114.64	887 000	1 423 451	529 063	/ 219 932
July	114	121.39	950 000	947 190	883 588	/ 275 731
August	119	130.14	950 000	1 478 108	1 021 517	/ 713 988
September	124	136.64	920 000	2 736 984	511 257	/ 2 870 694
October	126	139.64	1 740 000	2 017 951	1 751 941	/ 3 341 045
November	129	143.89	2 450 000	2 932 010	2 880 633	/ 3 385 652
December	134	153.31	2 733 000	2 990 690	1 851 526	/ 1 425 935
Total 1955			20 908 000	24 673 642	19 135 698	
January, 1956	138	162.08	2 328 000	2 188 629	2 054 243	/ 4 625 719
February	144	170.31	2 179 000	1 068 239	1 829 344	/ 3 860 252
March	148	175.98	2 328 000	2 335 465	1 961 412	/ 4 205 977
April	146	170.97	2 002 000	2 391 342	1 618 000*	/ 4 973 319
May	149	178.86	1 700 000	1 736 380	1 589 000*	/ 5 115 699
5-Month Total			10 537 000	9 720 055	9 051 999	
Grand Total			48 454 510	49 902 730	44 036 416	

*Estimated

PERMIAN BASIN PIPELINE COMPANY

Jalnat (Including Jalco and Langmat) Gas Pool

MCF-15.025 psia

<u>Month and Year</u>	<u>Number Connected Wells</u>	<u>Number 160-Acre Units</u>	<u>Nominations</u>	<u>Current Allowables</u>	<u>Production</u>	<u>Cumulative Status / Underage - Overage</u>
January, 1954	4	3.00	421 600	98 126	231 835	- 133 709
February	4	3.00	380 800	111 072	66 249	- 88 886
March	5	4.00	152 520	102 597	50 832	- 37 121
April	5	4.00	90 000	13 524	68 690	- 92 287
May	6	8.00	204 000	202 378	86 758	/ 23 333
June	6	8.00	45 000	36 320	95 792	- 36 139
July	8	9.75	86 000	43 297	156 359	- 149 201
August	8	10.00	86 000	190 814	221 705	- 180 092
September	10	12.00	96 000	161 909	166 348	- 184 531
October	11	13.00	112 000	148 308	269 869	- 306 092
November	11	13.00	180 000	192 884	348 760	- 461 968
December	11	13.00	180 000	452 882	266 778	- 275 864
Total 1954			2 033 920	1 754 111	2 029 975	
January, 1955	12	18.00	415 000	623 699	648 336	- 300 501
February	12	18.00	375 000	455 580	413 244	- 258 165
March	12	18.00	535 000	380 071	639 291	- 517 385
April	13	19.00	405 000	240 859	278 000	- 554 526
May	16	23.00	314 000	942 152	741 681	- 440 280
June	16	23.00	160 000	391 944	186 249	- 234 585
July	17	24.00	230 000	336 715	162 273	- 60 143
August	17	24.00	230 000	404 569	204 241	/ 140 185
September	17	24.00	220 000	643 920	148 490	/ 635 615
October	17	24.00	420 000	485 497	444 132	/ 752 447
November	18	24.25	590 000	533 460	288 212	/ 997 695
December	20	26.25	475 000	433 825	469 762	/ 961 758
Total 1955			4 369 000	5 872 291	4 623 911	
January, 1956	20	26.25	400 000	497 463	505 182	/ 954 039
February	21	27.25	373 000	496 306	398 328	/ 1 052 017
March	21	27.25	400 000	604 161	621 220	/ 1 034 958
April	21	27.25	615 000	1 261 208	412 000*	/ 1 884 166
May	23	30.00	500 000	522 430	786 000*	/ 1 620 596
5-Month Total			2 288 000	3 381 568	2 722 730	
Grand Total			8 690 920	11 007 970	9 376 616	

*Estimated

PERMIAN BASIN PIPELINE COMPANY

Blinebry Gas Pool

MCF-15.025 psia

<u>Month and Year</u>	<u>Number Connected Wells</u>	<u>Number 160-Acre Units</u>	<u>Nominations</u>	<u>Current Allowables</u>	<u>Production</u>	<u>Cumulative Status / Underage - Overage</u>
January, 1954	7	6.25	344 100	151 480	235 971	- 84 491
February	9	8.25	310 800	226 914	170 223	- 27 800
March	11	10.25	296 670	377 818	246 950	/ 103 068
April	14	13.00	262 500	109 462	208 058	/ 4 472
May	17	15.75	497 250	31 848	180 625	- 144 305
June	23	21.50	295 000	48 699	309 824	- 405 430
July	28	26.00	400 000	209 480	378 428	- 574 378
August	28	26.00	400 000	612 275	362 886	- 324 989
September	30	28.00	456 000	294 860	460 424	- 490 553
October	32	30.00	530 000	453 998	238 027	- 274 582
November	32	30.00	855 000	768 211	676 188	- 182 559
December	34	32.00	885 000	1 653 181	945 867	/ 524 755
Total 1954			5 532 320	4 938 226	4 413 471	
January, 1955	36	33.50	975 000	1 110 319	1 148 904	/ 485 568
February	37	34.50	880 000	557 008	1 060 337	- 17 761
March	38	36.25	1 200 000	1 390 087	704 233	/ 668 093
April	39	37.25	950 000	889 162	696 203	/ 861 052
May	41	38.75	602 000	346 140	648 078	/ 559 114
June	42	39.50	308 000	599 078	506 766	/ 176 550
July	42	39.50	345 000	421 729	233 422	/ 358 380
August	42	39.50	345 000	686 534	286 537	/ 751 443
September	45	41.75	335 000	751 892	379 163	/ 1 115 630
October	45	41.75	635 000	764 556	310 079	/ 1 559 942
November	46	42.75	890 000	882 341	1 112 811	/ 1 318 532
December	46	43.00	795 000	1 031 242	1 035 824	/ 1 303 419
Total 1955			8 260 000	9 430 088	8 122 357	
January, 1956	49	46.00	1 373 000	1 409 269	1 022 645	/ 1 679 987
February	49	46.00	1 285 000	1 374 179	986 590	/ 2 056 839
March	49	46.00	1 373 000	1 441 729	1 097 427	/ 2 390 961
April	49	46.00	1 125 000	1 112 523	1 143 000*	/ 2 348 484
May	49	46.00	1 400 000	828 980	1 184 000*	/ 1 981 464
5-Month Total			6 556 000	6 166 680	5 433 662	
Grand Total			20 348 320	20 534 994	17 969 490	

*Estimated

PERMIAN BASIN PIPELINE COMPANY

Tubb Gas Pool

MCF-15.025 psia

<u>Month and Year</u>	<u>Number Connected Wells</u>	<u>Number 160-Acre Units</u>	<u>Nominations</u>	<u>Current Allowables</u>	<u>Production</u>	<u>Cumulative Status / Underage - Overage</u>
January, 1954	5	5.00	291 400	115 063	205 116	- 90 053
February	6	6.00	263 200	182 222	129 803	- 45 880
March	10	10.00	350 300	423 101	191 545	/ 175 926
April	16	15.25	240 000	210 951	240 080	/ 137 006
May	18	17.25	510 000	45 729	360 999	- 187 303
June	23	22.75	320 000	194 706	331 406	- 334 524
July	26	25.75	455 000	250 812	358 922	- 444 704
August	31	29.25	455 000	1 047 905	481 617	/ 120 400
September	32	30.25	504 000	462 131	493 875	/ 92 612
October	32	30.25	586 000	510 738	560 572	/ 46 113
November	32	30.75	945 000	777 120	771 788	/ 51 445
December	33	31.00	975 000	1 001 082	809 325	/ 243 202
Total 1954			5 894 900	5 221 560	4 935 048	
January, 1955	34	32.50	975 000	1 005 891	794 722	/ 453 936
February	35	33.50	880 000	740 852	856 890	/ 337 898
March	36	35.25	915 000	934 685	621 243	/ 650 145
April	38	37.25	950 000	826 980	525 564	/ 950 550
May	38	37.25	575 000	408 932	417 501	/ 939 616
June	38	37.25	295 000	471 740	255 166	/ 50 466
July	40	38.75	335 000	178 573	241 081	- 35 486
August	40	38.75	335 000	904 625	152 556	/ 692 694
September	43	41.25	325 000	782 283	531 093	/ 918 319
October	44	42.75	615 000	1 265 700	644 178	/ 1 512 963
November	46	44.75	870 000	260 895	850 910	/ 393 920
December	46	45.00	830 000	1 247 785	532 385	/ 1 583 785
Total 1955			7 900 000	9 028 941	6 423 289	
January, 1956	46	45.00	704 000	916 900	892 372	/ 1 576 064
February	46	45.00	658 000	394 809	751 022	/ 1 217 110
March	48	47.00	704 000	1 180 890	722 856	/ 1 643 897
April	48	47.00	650 000	940 384	848 000*	/ 1 726 281
May	48	47.00	900 000	713 533	747 000*	/ 1 682 814
5-Month Total			3 616 000	4 146 516	3 961 250	
Grand Total			17 410 900	18 397 017	15 319 587	

*Estimated