

Entered October 14, 1970
A.S.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4392

Order No. R-4035

APPLICATION OF SOUTHWESTERN NATURAL
GAS, INC., FOR THE ASSIGNMENT OF BACK
ALLOWABLE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 5, 1970, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of October, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the Southwestern Natural Gas, Inc., Mershon Well No. 1, located in Unit A of Section 21, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, was completed as a producing gas well in the Indian Basin-Upper Pennsylvanian Gas Pool September 22, 1969, having 360 acres comprising the N/2 and the N/2 N/2 N/2 S/2 of said Section 21 dedicated to said well.

(3) That the subject well was connected to a gas transportation facility on June 4, 1970.

(4) That the applicant, Southwestern Natural Gas, Inc., seeks the assignment of back allowable to the subject well for the period from date of completion of said well to date of connection of said well to a gas transportation facility.

-2-

CASE No. 4392

Order No. R-4035

(5) That no gas purchase agreement covering said well was entered into between Southwestern Natural Gas, Inc., and Natural Gas Pipeline Company of America until November 21, 1969.

(6) That on November 21, 1969, there existed in the Indian Basin-Upper Pennsylvanian Gas Pool a gas gathering and transportation facility operated by Marathon Oil Company which was reasonably capable of handling and delivering to the gas transportation facility operated by Natural Gas Pipeline Company of America the type of gas produced by the subject well.

(7) That the evidence adduced at the hearing indicates an average delay of approximately 2.4 months from date of completion of a well in Indian Basin-Upper Pennsylvanian Gas Pool to date of connection to a gas transportation facility.

(8) That a delay of as much as 2.4 months, or from November 21, 1969, until February 1, 1970, would not be an unreasonable delay from date of execution of a gas purchase agreement to date of connection for a gas well in Indian Basin-Upper Pennsylvanian Gas Pool, and would not constitute unreasonable discrimination against such a well.

(9) That a delay of more than 2.4 months to connect a gas well in Indian Basin-Upper Pennsylvanian Gas Pool after execution of a gas purchase agreement would be an unreasonable delay and would constitute unreasonable discrimination against such a well.

(10) That the Southwestern Natural Gas, Inc., Mershon Well No. 1 was unreasonably discriminated against through denial of access to a gas transportation facility which was reasonably capable of handling the type of gas produced by said well for the period from February 1, 1970, to June 4, 1970.

(11) That the subject well should be assigned an allowable for the production of gas from the subject pool for the period February 1, 1970, to June 4, 1970, in accordance with the allowable factors for the pool during said period of time.

IT IS THEREFORE ORDERED:

(1) That the Southwestern Natural Gas, Inc., Mershon Well No. 1, located in Unit A of Section 21, Township 22 South, Range 23 East, NMPM, Eddy County, New Mexico, is hereby assigned an

-3-
CASE No. 4392
Order No. R-4035

allowable for the production of gas from the Indian Basin-Upper Pennsylvanian Gas Pool for the period from February 1, 1970, to June 4, 1970, in accordance with the allowable factors for the pool during said period of time.

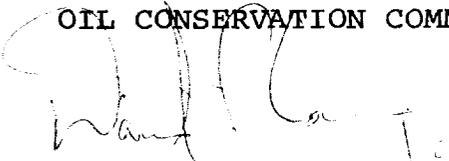
(2) That the allowable assigned above in Order (1) to the subject well may be produced at any time prior to December 31, 1971, in addition to the allowable regularly assigned to the subject well.

(3) That the Secretary-Director of the Commission shall have the authority to suspend cancellation of underproduction accrued to the subject well and subject to cancellation as of January 1, 1971, and July 1, 1971, upon request by the operator of said well when such authority is necessary to avoid undue hardship upon the operator of the well. Said request shall be filed with the Santa Fe office of the Commission within 15 days following each of said dates.

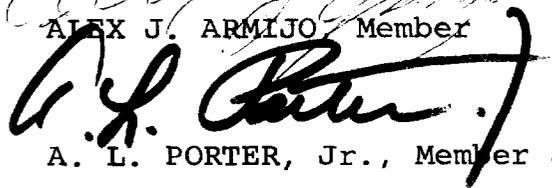
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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

S E A L

esr/