



September 20, 1983

**Sun Exploration and
Production Company**
Four NorthPark East
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State of New Mexico-Energy and Minerals Dept.
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Joe D. Ramey

Re: Proposed Ratable Take
Rule Change - Rule 902

Gentlemen:

Please enter an appearance for Sun Exploration and Production Company in the hearing on proposed changes to Rule 902 scheduled for September 22, 1983.

Following are Sun's comments which we wish to be made a part of the record:

"The present Rule 902 is a direct quote of Chapter 70 of the New Mexico Statutes Annotated, Section 70-2-19. Since the definition of a common purchaser is statutory, it is Sun's position that the Oil Conservation Division cannot change this definition by a mere rules change.

In addition, the problems which might arise if casinghead purchasers were defined as common purchasers include: (1) being subject to public regulations, or even special tax regulations and (2) determining what constitutes ratable take in a field where oil wells make varying amounts of gas."

Sun strongly urges the Oil Conservation Division to leave Rule 902 as is. Casinghead gas production has always been afforded some priority due to the need to encourage oil production. The reasons for such preferential treatment still exist. By making a purchaser of casinghead gas a common purchaser, you will primarily subject gas plant operators to ratable take requirements that more appropriately should be placed upon the pipeline purchasers who take the gas plant residue gas.

Sincerely,

Patricia A. Moore
Manager, Conservation
and Environment

PAM:os

cc: Jimmy Power