

El Paso Natural Gas Company

El Paso, Texas

J. F. EICHELMANN
VICE PRESIDENT AND
EXECUTIVE ENGINEER

June 22, 1959

New Mexico Oil Conservation
Commission
Santa Fe
New Mexico

Gentlemen:

In Case No. 1698 on the Docket for Examiner Hearing June 24, 1959, Shell Oil Company applies for exception to Rule 502 I (a), seeking an order which would exempt all wells in the Carson Unit area and all other Shell wells in Township 25 North, Ranges 11 and 12 West, Bisti-Lower Gallup Oil Pool from the daily tolerance provisions of said Rule 502 I (a). This would permit production during one day of more than one hundred twenty-five percent (125%) of a well's allowable.

El Paso Natural Gas Company, pursuant to contract with Shell and others, has almost completed construction of gathering, compressing, and processing facilities to take casinghead gas produced from the wells covered by this application. The capacity of the facilities is limited to ten million cubic feet of gas per day.

El Paso Natural Gas Company favors rules which will result in casinghead gas being tendered to it on a reasonably level basis throughout the month and throughout each day. Any rule which results in peak production of casinghead gas in excess of available facilities during the month or during any particular day obviously will result in waste. El Paso believes Rule 502 I (a) is desirable as a state-wide rule and that it prevents waste. However, Shell advises El Paso that enforcement of the state-wide rule to production from the Bisti-Lower Gallup Oil Pool will cause peaks which can be leveled by granting Shell's application. The amendment will permit the operator to use production from high deliverability wells at the most desirable time to avoid peaks. Shell, as operator of the Unit area, is anxious to maintain casinghead gas production at reasonable levels and to avoid production in excess of the available facilities. Under these circumstances, El Paso supports Shell's application as meritorious, but suggests to the Commission that any order issued shall contain conditions limiting the production at any time of casinghead gas from the area to the capacity of available facilities.

Respectfully submitted,



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