

Case 1852

SOUTHERN UNION GAS COMPANY

BURT BUILDING

DALLAS 1, TEXAS

LEGAL DEPARTMENT

WILLIS L. LEA, JR.
GENERAL ATTORNEY

December 9, 1959

A. S. GRENIER
JACK HERTZ
WM. S. JAMESON
JAS. R. WETHERBEE
MERLE FLAGG
WILL A. KNIGHT

Secretary
N.M. Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Forwarded herewith is the Application of Southern Union Gas Company for an exception from the requirements of Order No. R-1427 of the Commission's Rules and Regulations for one well operated by this Company.

It is our understanding that you have the authority to grant this exception by the terms of the original Order.

If for any reason you are unable to grant this exception, we would appreciate your having the matter referred to an examiner for a hearing at Santa Fe, New Mexico, at the earliest possible date.

Very truly yours,

William S. Jameson

WSJ:ek

encls.

cc - Mr. Paul Clote

*Gocket
mailed*

*January 4, 1960
ek*

OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION
OF SOUTHERN UNION GAS COMPANY
FOR AN EXCEPTION FROM THE
REQUIREMENTS OF ORDER NO. R-1427

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CASE NO.

1852

APPLICATION

To The Secretary-Director of the
Oil Conservation Commission of the
State of New Mexico:

Southern Union Gas Company, (herein called "Applicant") hereby submits this its Application for an exception from the requirements of Order No. R-1427 of the Rules and Regulations of the Commission and in support of such Application respectfully represents and states:

1. Applicant is a corporation organized under the laws of the State of Delaware and is qualified to transact business in the State of New Mexico. The Applicant's principal place of business and principal office is located at Dallas, Texas, in the Burt Building, Dallas 1, Texas.

2. Applicant has heretofore drilled and completed in the Bisti-Lower Gallup Oil Pool the Southern Union Gas Company-Whitley No. 1 Well (herein called "Whitley Well") at a location in the NW $\frac{1}{4}$, Section 17, Township 24 North, Range 9 West, N.M.P.M., San Juan County, New Mexico. Applicant is the Operator and the owner of part of the working interest in such well. The remainder of the working interest is owned by Benson-Montin-Greer, Petroleum Center, Farmington, New Mexico.

3. The Whitley Well was completed and is now being operated as an oil well and the volumes of casinghead gas being produced therefrom as a necessary incident to oil production are now being flared on the lease.

4. Applicant's Albuquerque-Santa Fe Main Line is the only presently existing gas pipeline in the immediate vicinity of the Whitley Well. This line is operated at a pressure far in excess of the natural wellhead pressure of casinghead gas from the Whitley Well for the purpose of transporting adequate gas volumes to supply the Albuquerque and Santa Fe markets of the Applicant.

Because of this pressure difference, delivery of gas from the Whitley Well into Applicant's nearby line can be accomplished only through installation and maintenance of compression and liquid extraction facilities. In the opinion of the Applicant, the volumes of casinghead gas which the Whitley Well might reasonably be expected to produce are insufficient, when considered in connection with the cost of installation and maintenance of compression and liquid extraction facilities, to make it economically feasible to install and maintain such facilities.

5. Applicant is informed that El Paso Natural Gas Company is constructing gathering lines to other oil wells in the general vicinity of the Whitley Well. Upon completion of this gathering system Applicant anticipates that it will be able to sell casinghead gas from the Whitley Well to El Paso Natural Gas Company. However, before such sale can be accomplished Applicant must negotiate a satisfactory casinghead gas sales contract with El Paso Natural Gas Company as Buyer, make application to the Federal Power Commission for a Certificate of Public Convenience and Necessity authorizing such sale, and receive appropriate authorization from the Federal Power Commission. The length of time required to accomplish these prerequisites to sell casinghead gas from the Whitley No. 1 Well render it impossible for Applicant to stop the flaring of casinghead gas from the Whitley Well by December 31, 1959 by any means other than the shutting in of the well and the suspension of production therefrom until such time as the casinghead gas can be delivered to El Paso Natural Gas Company.

6. The Commission in its Order No. R-1427 has provided that no casinghead gas shall be flared from any well in the Bisti-Lower Gallup Oil Pool after December 31, 1959, but has provided that any Operator may obtain an exception from such order from the Secretary-Director of the Commission in cases where the granting of such an exception is necessary to prevent undue hardship. It is the opinion of the Applicant that unless the exception herein applied for is granted, undue hardship to this Applicant will result through loss of production from the Whitley Well.

7. To the best of Applicant's knowledge and belief the owners of leases offsetting the Whitley No. 1 Well thereby constituting parties interested in this Application are as follows:

Standard Oil Company of Texas
Box 1581
Farmington, New Mexico

Forrest Oil Corporation
1610 Denver Club Building
Denver, Colorado

Gulf Oil Corporation
Box 3313
Durango, New Mexico

Benson-Montin-Greer
Petroleum Center
Farmington, New Mexico

WHEREFORE, Applicant prays that the Secretary-Director of the Commission in accordance with the authority contained in Order No. R-1427, except the Southern Union Gas Company-Whitley No. 1 Well from the requirements of Order No. R-1427 for a period of 120 days next succeeding December 31, 1959; or if the Secretary-Director declines to grant administrative approval of this Application, that the matter be set down for hearing before an Examiner designated by the Commission at an early a date as possible, and that upon such hearing the Southern Union Gas Company-Whitley No. 1 Well be excepted from the requirements of Order No. R-1427 for a period of 120 days next succeeding December 31, 1959.

Respectfully submitted,

SOUTHERN UNION GAS COMPANY

By J. C. Reid
Vice President

APPROVED	
Legal	<u>MB</u>
Engr.	<u>PSC</u>
Explr.	<u>W</u>
Land	
Geol.	

STATE OF TEXAS)

COUNTY OF DALLAS)

Before me, the undersigned authority, on this day personally appeared J. C. Reid, Vice President of Southern Union Gas Company, who, upon his oath stated that he executed the above and foregoing Application on behalf of Southern Union Gas Company and that to the best of his knowledge and belief the matters and facts therein set out are true and correct.

Sworn to and subscribed this the 9th day of December, 1959.

Echel S. Terr
Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1961

ETHEL S. TERR
Notary Public, Dallas County, Texas
My Comm. Expires June 1, 1961