

TESTIMONY FOR ATOKA-PENNSYLVANIAN GAS PRORATION

The Atoka-Pennsylvanian gas pool was discovered in September 1957, by the Std. of Texas Everest #1. Until October 1960, there was very little market for the gas. At this time the Transwestern Pipeline Company of Houston, Texas, began taking gas from this pool. The next month, November 1960, Southern Union Gas Company, also began purchasing gas from the pool.

At the present time there are 11 wells completed, nine of which are connected to transportation facilities.

As required by Chapter 65, Article 3 of the 1953 New Mexico Statutes, the Commission makes periodic surveys of non-prorated gas pools. In connection with this routine it was noted that the production from the wells in the Atoka-Pennsylvanian gas pool did not conform to any pattern and because of this, correlative rights were not being protected. In this case, I intend to show by the pool's production history that correlative rights are not being protected and that the pool should be prorated.

Exhibit No. 1 is a plat showing the areal extent of the pool according to the latest Commission nomenclature. The numbers in the pool indicate the location of the wells as to the 40-acre tract and correspond to the numbers listed below the plat of the pool. The only purpose of this exhibit is to show the location, development, and areal extent of the pool.

Exhibit No. 2 is a bar graph showing the production from each connected well in the pool. The production shown by the bars is the daily average for the time each well has been connected to a transportation facility. The vertical scale is in MCF. The horizontal scale is dimensionless and shows the relationship of production between the wells. As may be seen the average daily production for the wells varies considerable and does not follow any pattern which indicates to

me that voluntary proration is not being practiced. It also indicates that correlative rights are being considerably disturbed. Further, it has been my experience that where this condition exists it becomes worse rather than better. There is little doubt in my mind that this will be true in this pool.

It is therefore my opinion that the best way to prevent waste and protect correlative rights is to prorate the pool on a straight acreage basis.

I recommend that in order to prevent waste and protect correlative rights, the Commission prorate the Atoka-Pennsylvanian gas pool on a straight acreage basis beginning July 1, 1961. I would further recommend that the order written in this case provide that other proration factors be studied after more reservoir data is available.