

NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF APPLICATION OF)
SOUTHERN UNION PRODUCTION COMPANY)
FOR AN AMENDMENT TO ORDER NO.)
R-1670 AND AMENDATORY ORDER NO.)
R-2086 PROMULGATING GENERAL RULES)
AND REGULATIONS, NORTHWESTERN)
NEW MEXICO)

CASE NO. 2694

APPLICATION

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

Southern Union Production Company, herein called "Applicant" hereby makes application for an amendment of the rules and regulations adopted in Order No. R-1670 (May 20, 1960) and Amendatory Order No. R-2086 (October 13, 1961) for prorated gas pools in Northwestern New Mexico and in support of such Application Applicant respectfully states and represents:

1.

Applicant is a corporation organized under the laws of the State of Delaware and is qualified to do business in the State of New Mexico. Applicant's principal place of business and principal office is located at the following address:

Fidelity Union Tower
1507 Pacific
Dallas, Texas

2.

By the aforesaid orders the New Mexico Oil Conservation Commission adopted rules and regulations for prorated gas pools in Northwestern New Mexico which require, in certain instances, that wells be shut-in for extended periods to effect a balancing of accumulated production in excess of previously assigned allowables.

3.

Applicant has been advised by the Regional Oil and Gas Supervisor of the United States Department of Interior, Geological Survey, that, in his opinion, oil and gas leases covering Indian Lands in Northwestern New Mexico issued on the required Bureau of Indian Affairs form specify a lease term extending:

"For the term of 10 years from and after approval hereof by the Secretary of the Interior and as much longer thereafter as oil and/or gas is produced in paying quantities from said land."

are subject to termination by the Indian Lessors for nonproduction of oil or gas from the leased lands extending for periods of one or more calendar months after the primary term of 10 years.

If the interpretation of the Regional Oil and Gas Supervisor be well taken, shut-in of wells on Indian leases for overproduction will subject Indian Lessees to possible termination of their leases and loss of valuable property rights.

4.

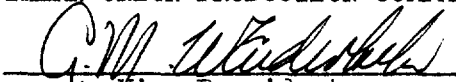
This exposure to possible termination of Indian leases can be avoided through the amendment of rules and regulations adopted in Order Nos. R-1670 and R-2086 so as to provide that wells on Indian leases or on pooled units composed in part of Indian leases which would, under existing rules be shut-in for accumulated overproduction, be assigned a minimum allowable rate of production of 500 MCF for each month during periods necessary to effect a balance of prior overproduction. Applicant is of the opinion that such an amendment would be consistent with the prevention of waste and the protection of correlative rights and therefore proposes its adoption.

WHEREFORE, Southern Union Production Company prays that after notice and hearing, the New Mexico Oil Conservation Commission make and enter an order amending its rules and regulations as proposed in this Application.

Respectfully submitted,

SOUTHERN UNION PRODUCTION COMPANY

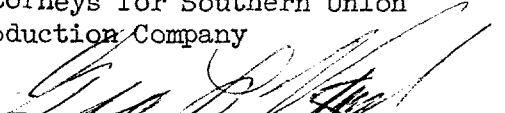
By


Vice President

APPLICANT

VERITY, BURR & COOLEY
Attorneys for Southern Union
Production Company

By



STATE OF TEXAS)
)
COUNTY OF DALLAS)

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

Sworn to and subscribed this the 1st day of October, 1962.

Genevieve Osment
Notary Public in and for
Dallas County, Texas

My Commission Expires:

June 1, 1963

STATE OF)
)
COUNTY OF)

Before me, the undersigned authority, on this day personally appeared
_____, to me known to be the person described in and
who executed the foregoing instrument, and acknowledged that he executed the
same as his free act and deed.

Notary Public in and for
_____ County, _____

My Commission Expires:
