



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

April 12, 1988

Kellahin, Kellahin & Aubrey  
P.O. Box 2265  
Santa Fe, NM 87504

Attention: Tom Kellahin

RE: Case No. 9346 - Application of Read  
& Stevens, Inc. for Termination of  
Gas Prorationing, Cancellation of  
Overproduction, and Emergency  
Relief from Shut-In Requirements,  
Buffalo Valley-Pennsylvanian Gas  
Pool, Chaves County, New Mexico.

Dear Mr. Kellahin:

Per our telephone conversation April 11, 1988 concerning the subject case, since Mewbourne does not intend to present testimony at the April 13, 1988 examiner hearing, closing statements by the representing attorneys at the March 30, 1988 hearing will be accepted in writing in lieu of oral statements. Such written statements by each party must be received by the Division within 7 days from the April 13, 1988 hearing.

If you have any questions, regarding this matter, please contact me.

Sincerely,

*Michael E. Stogner*  
Michael E. Stogner  
Chief Hearing Officer

MES/ag

cc: Jim Bruce  
John Nance



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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(505) 827-5800

M E M O R A N D U M

TO: ALL GAS PRODUCERS AND PURCHASERS

FROM: WILLIAM J. LEMAY, DIRECTOR *WJL*

SUBJECT: MORATORIUM FROM SHUT-IN, OVERPRODUCED WELLS IN  
ALL PRORATED GAS POOLS IN NEW MEXICO

Upon request and a showing that a high-demand emergency exists and under the authority granted the Division Director, pursuant to Rule 11(G) of the General Rules and Regulations for Prorated Gas Pools (Order No. R-8170), a pool-wide moratorium from shut-in for wells for reasons of overproduction is hereby placed in effect.

The moratorium shall apply to all prorated pools in Southeast and Northwest New Mexico and shall be effective immediately and continued through the month of March, 1988. The moratorium may be extended beyond the stated period at the discretion of the Director. Please note this measure is being taken for the emergency demand situations that have been documented to exist in the marketplace. During this period every underproduced well should be produced to the maximum of its ability under existing conditions and excessively overproduced wells are to be produced only during and to the extent necessary to meet the emergency demand. Excessively overproduced wells will be curtailed or shut-in after March 31, 1988 to help bring prorated pools into balance.

January 22, 1988  
fd/

# Memo

From  
VICTOR T. LYON  
Chief Petroleum Engineer

To Bill -

This application stems from my call to R+S to shut their overproduced wells in. I see no need to discontinue gas production - and certainly no need to give them temporary relief prior to hearing but you may see it differently. your memorandum got them off the hook during high demand season.

Subject of the hearing

Charlie Read knows that he will not get additional relief from shut-in on his overproduced wells - No temp. relief Z fuel after March  
(letter-wrong date)

Oil Conservation Division Santa Fe, New Mexico 87504-2088  
827-5809

Once-a-day

Lopressor<sup>®</sup>  
metoprolol tartrate

2/9/85

Use,  
This application is being  
set for the March 30, 1985  
hearing; however, there is a  
request included in this applicat-  
ion that may require  
action of the Director  
immediately.  
MS

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF READ & STEVENS, INC.  
FOR TERMINATION OF GAS PRORATIONING,  
CANCELLATION OF OVERPRODUCTION,  
AND EMERGENCY RELIEF FROM SHUT-IN  
REQUIREMENTS DUE TO OVERPRODUCTION,  
BUFFALO VALLEY-PENNSYLVANIAN  
GAS POOL, CHAVES COUNTY, NEW MEXICO.

RECEIVED Case No. 9346  
MAR 1 1988

APPLICATION OIL CONSERVATION DIVISION

Read & Stevens, Inc. hereby applies for an order terminating prorationing in the Buffalo Valley-Pennsylvanian Gas Pool, for cancellation of overproduction, and for emergency relief from shut-in requirements due to overproduction, and in support thereof states:

1. The Buffalo Valley-Pennsylvanian Gas Pool ("the Pool") was established by Order No. R-2349, and currently encompasses the following area:

Township 14 South, Range 27 East, NMPM

Section 25: All  
Section 26: S $\frac{1}{2}$   
Section 35: All  
Section 36: All

Township 14 South, Range 28 East, NMPM

Section 31: All

Township 15 South, Range 27 East, NMPM

Section 1: All  
Section 2: All  
Section 3: N $\frac{1}{2}$   
Section 4: All  
Section 11: All  
Section 12: All  
Section 13: All  
Section 23: All  
Section 24: All  
Section 25: All  
Section 26: All

Township 15 South, Range 28 East, NMPM

Section 6: All  
Section 7: All  
Section 8: S $\frac{1}{2}$   
Section 17: All  
Section 18: N $\frac{1}{2}$   
Section 20: N $\frac{1}{2}$

2. Prorating was instituted in the Pool by Order No. R-1670-H, effective May 1, 1969. The Pool is also subject to the provisions of Order No. R-8170, the General Rules and Regulations for the Prorated Gas Pools of New Mexico.

3. Applicant operates 18 of the 30 wells in the Pool, and owns interests in several other wells in the Pool.

4. Since the institution of prorating in the Pool, there have been substantial changes in Pool production characteristics, gas purchasing and marketing practices, and other factors affecting the oil and gas industry which make prorating unnecessary, unfair, and undesirable.

5. Current prorating practices lead to allowables which are too high for marginal wells and too low for non-marginal wells, leading to overproduction by certain wells in the Pool requiring that certain wells be shut-in pursuant to Division rules and regulations.

6. Certain wells operated by Applicant are in an overproduced status and are subject to shut-in (the Harris No. 8 and Harris No. 9 wells).

7. On January 26, 1988 the Division issued a state-wide moratorium from shut-in requirements due overproduction, which expires February 29, 1988.

8. If Applicant's overproduced wells are required to be shut-in, Applicant will suffer severe financial distress due to loss of income. Therefore, Applicant seeks emergency, temporary relief from shut-in requirements pending a decision in this case.

9. The matters urged by Applicant herein are in the interests of conservation, the prevention of waste, and the protection of correlative rights.

\* WHEREFORE, Applicant respectfully requests that the Division grant emergency, temporary relief pending a hearing in this case granting a moratorium from shut-in requirements for its Harris No. 8 and Harris No. 9 wells, and Applicant further requests that the Division, after notice and hearing, enter its order:

(a) Terminating prorationing in the Buffalo Valley-Pennsylvanian Gas Pool;

(b) Cancelling overproduction on all wells in the Pool; and

(c) For such further relief as the Division deems proper.

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

By



James Bruce  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068  
(505) 982-4554

Attorneys for Applicant

KELLAHIN, KELLAHIN AND AUBREY

*Attorneys at Law*

El Patio - 117 North Guadalupe

Post Office Box 2265

Santa Fe, New Mexico 87504-2265

Telephone 982-4285

Area Code 505

W. Thomas Kellahin  
Karen Aubrey

Jason Kellahin  
Of Counsel

April 21, 1988

Mr. Michael E. Stogner  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Re: Application of Read & Stevens  
for termination of prorationing  
in the Buffalo Valley Penn Pool  
NMOCD Case 9346

RECEIVED  
APR 21 1988  
OIL CONSERVATION DIVISION

Dear Mr. Stogner:

On behalf of Mewbourne Oil Company, we are opposed to the referenced Read & Stevens application which you heard on March 30, 1988.

In accordance with your instructions, please find enclosed a proposed order denying the application.

I have also enclosed for your reference a copy of Division Order R-7982 in which the Division denied a request by David Fasken to terminate prorationing in the Burton Flats Morrow Pool based upon a presentation very similar to that of Mr. Read in the subject case.

Very truly yours,

  
W. Thomas Kellahin

WTK:ca  
Enc.

cc: James Bruce, Esq. (Hinkle Law Firm)  
John Nance, Esq. (El Paso Natural Gas)  
Mr. Ken Calvert (Mewbourne Oil Co.)

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSES OF  
CONSIDERING:

APPLICATION OF READ & STEVENS  
FOR TERMINATION OF PRORATIONING  
IN THE BUFFALO VALLEY-PENN GAS POOL,  
CHAVES COUNTY, NEW MEXICO.

CASE: 9346

MEWBOURNE OIL COMPANY'S  
PROPOSED ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 30, 1988, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this \_\_\_\_ day of \_\_\_\_\_, 1988, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Read & Stevens, seeks an order terminating gas prorationing in the Buffalo Valley Penn Gas Pool, Chaves County, New Mexico, and cancelling all cumulative over-production on its Harris No. 8 Well and Harris No. 9 Well.

(3) That the Buffalo Valley Penn Gas Pool was created by Division Order R-2349, effective October 31, 1962.

Case 9346

(4) That gas prorationing was instituted in the Buffalo Valley Penn Gas Pool by Division Order R-1670-H entered in Division Case 5111 effective May 1, 1969.

(5) That gas prorationing in the Buffalo Valley Penn Gas Pool was established because the following basic elements existed:

(a) That there was more than one pipeline purchaser purchasing gas produced from pool wells;

(b) That there was more than one producing gas well; and

(c) That the total deliverability capacity of the producing wells in the pool exceeded the reasonable market demand for gas from said pool.

(6) That at the hearing the applicant provided evidence:

(a) That there are three pipeline purchasers taking production from the subject pool;

(b) That there are 30 wells in the subject pool with some 7 different operators;

(c) That there are 24 marginal wells in the pool; and

(d) That there are two non-marginal wells that are more than six times over-produced and four under-produced non-marginal wells in the pool.

(7) That Applicant, Read & Stevens, operates the Harris #8 and Harris #9 wells which are currently more than six times over-produced in the subject pool and are shut-in.

(8) Mewbourne Oil Company is a working interest owner in the subject pool and appeared in opposition to the application.

(9) That the applicant failed to provide substantial evidence that the reasonable market demand from the subject pool would continue to exceed the deliverability capacity of the pool wells over the remaining life of the pool.

Case 9346

(10) That the applicant failed to provide substantial evidence of the relationship between the market demand, the gas allowables, the actual gas takes or purchases in the subject pool.

(11) That the applicant failed to provide evidence that the elimination of proration would not adversely affect the correlative rights of the owners of the 24 marginal wells in the pool.

X (12) That the applicant failed to provide substantial evidence that the deliverability capacity of each of the 6 non-marginal wells in the pool and what percentage of the pool allowable could be produced by those existing non-marginal wells.

(13) That the applicant failed to provide substantial evidence that the termination of proration for the subject pool would not result in waste.

(14) That the applicant failed to provide substantial evidence as to whether or not pipeline ratable take would continue in the absence of prorationing for this pool.

✓ (15) That the applicant failed to provide substantial evidence that the subject pool, which is now over-produced under the prorationing rules, would, in the absence of prorationing, be consistently under-produced.

(16) That the applicant concurred that the current straight acreage proration formula was the most practicable method for allocating production in the pool.

(17) That the applicant concurred that the Buffalo Valley Penn Gas Pool as now developed was a common source of supply.

✓ (18) That the applicant failed to provide substantial evidence that the cancelling of over and under production would not violate correlative rights of owners within the pool or cause waste.

(19) That the subject pool is not depleted and has not been fully drilled to a density of 320-acre spacing as permitted by the pool rules for this pool.

57-50 (20) That the fact that the Read & Stevens Harris #8 and Harris #9 wells are over-produced, in violation of the proration rules for the subject pool, results from

Case 9346

the applicant's failure to comply with the prorationing rules and is insufficient basis to justify the termination of prorating for this pool.

(21) That the application should be denied.

IT IS THEREFORE ORDERED:

(1) That the Application of Read & Stevens in this case is hereby DENIED.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

HINKLE, COX, EATON, COFFIELD & HENSLEY

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JEFFREY L. FORNACIARI  
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JERRY F. SHACKELFORD\*  
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April 20, 1988

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MACK EASLEY  
JOE W. WOOD  
STEPHEN L. ELLIOTT

CLARENCE E. HINKLE (1904-1985)  
W. E. BONDURANT, JR. (1913-1973)  
ROY C. SNODGRASS, JR. (1915-1987)

\*NOT LICENSED IN NEW MEXICO

HAND DELIVERED

RECEIVED

APR 20 1988

OIL CONSERVATION DIVISION

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
Post Office Box 2088  
Santa Fe, New Mexico 87504

Re: Case No. 9346, Application of Read & Stevens, Inc. for termination of prorationing, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

Dear Mr. Stogner:

As you requested, this letter constitutes the closing statement of Read & Stevens, Inc. in the above case.

Read & Stevens respectfully requests that prorationing in the Buffalo Valley-Pennsylvanian Gas Pool be terminated. This request is made because the factors upon which prorationing was established no longer exist, and continuation of prorationing causes economic waste.

Prorationing in this pool was instituted in 1969, at the request of Cities Service 1/, by Order No. R-1670-H. The institution of prorationing was based on four basic factors:

1. Not all wells in the pool were connected to a pipeline (Finding Nos. 6 and 7);
2. Wells in the pool were capable of producing in excess of market demand (Finding No. 8);
3. Gas was not being taken ratably from wells in the pool (Finding No. 10); and

---

1 Cities Service no longer operates any wells in the pool.

Mr. Michael E. Stogner

April 20, 1988

Page 2

4. Due to lack of reservoir information, it was not possible to compute recoverable reserves under each tract of the pool, and as a result a surface acreage prorationing formula was proper to prevent drainage and protect correlative rights (Finding Nos. 12, 13, and 14).

Read & Stevens submits that these factors no longer exist, and as a result prorationing is no longer necessary or proper.

Regarding the first factor, all producing wells in the pool are connected to a pipeline.

Regarding the second factor, Read & Stevens has been selling gas in excess of its allowables to meet market demand. Certain of its wells are overproduced not because it is producing in excess of market demand, but only because of the amount of the allowables assigned to those wells. Operators who are not selling gas have made a decision not to sell at spot market prices.

Also, regarding the second and third factors, there have been substantial changes in gas marketing and purchasing practices over the past 2-3 years, resulting in large volumes of gas being sold on the spot market. Furthermore, pipelines are not always the purchasers. Therefore, prorated allowables based on pipeline nominations or on prior production do not accurately reflect current market conditions.

Furthermore, pricing of gas in today's market has a substantial effect on production, with the result that an operator's decision to sell gas is often a business decision which has nothing to do with geological and engineering factors, or pipeline nominations by transporters. Proration orders are now being made without regard to pipeline curtailment of sales at the wellhead. Wells are being curtailed regardless of whether they are overproduced or underproduced, and curtailment of gas purchases is solely at the discretion of the pipeline transporter, which is sometimes adverse to the prorated allowables.

As a result, issues of ratable takes often involve a producer's decision to sell (or not sell) gas at the current spot market price. If issues of ratable taking arise in a non-prorated pool, they can be dealt with under the Division's general statutory authority on ratable taking.

As to the fourth factor, the geology developed over the last 20-25 years shows that wells in the pool produce from up to 5

Mr. Michael E. Stogner  
April 20, 1988  
Page 3

different porosities consisting of discontinuous, lenticular sands. As a result, neighboring wells do not necessarily produce from the same horizons. In fact, drilling a well to offset a good well in this pool quite often results in poor quality wells or dry holes. In effect, every well is a wildcat, and prorationing based on surface acreage is irrelevant to production from the pool. Therefore, prorationing is not needed to prevent drainage, and there will be no adverse effect on correlative rights by terminating prorationing.

The proposition that prorationing is unnecessary is evidenced by the Diamond Mound Atoka-Morrow Pool immediately to the south of the Buffalo Valley Pool. The Diamond Mound Pool produces from the same zone as the Buffalo Valley Pool and is unprorated, and operators have dealt with correlative rights and ratable taking issues on a case by case basis.

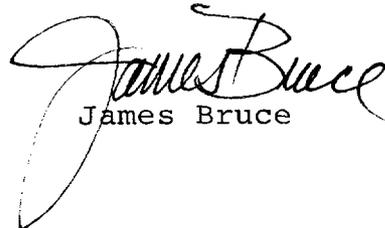
Byram's Reporter shows that in southeast New Mexico there are over 300 Pennsylvanian age gas pools. However, only 8 of these pools are prorated. We believe those numbers indicate that operators have functioned very well in pools analogous to the Buffalo Valley Pool without prorationing.

It should also be noted that no evidence was submitted by any party as to any possible adverse effect attributable to terminating prorationing.

In short, Read & Stevens believes that termination of prorationing will have no adverse effect on correlative rights within the pool, will better enable producers to sell gas under current market conditions, and will prevent economic waste. Therefore, we ask that you approve the application in this case, terminating prorationing and cancelling over-production.

Very truly yours,

HINKLE, COX, EATON,  
COFFIELD & HENSLEY

  
James Bruce

JGB:mh

cc: C. Read  
W. Thomas Kellahin  
John Nance

HINKLE, COX, EATON, COFFIELD & HENSLEY

*MS.*

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April 6, 1988

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 W. E. BONDURANT, JR. (1913-1973)  
 ROY C. SNODGRASS, JR. (1915-1987)

\*NOT LICENSED IN NEW MEXICO

Mr. Michael E. Stogner  
 New Mexico Oil Conservation Division  
 Post Office Box 2088  
 Santa Fe, New Mexico 87504-2088

Re: Case No. 9346, the Application of Read & Stevens, Inc.  
 to terminate prorationing in the Buffalo  
 Valley-Pennsylvanian Gas Pool, Chaves County, New  
 Mexico

Dear Mr. Stogner:

Enclosed are copies of the certified return receipts from the notification letters sent to well operators and pipeline purchasers in the Buffalo Valley Pool regarding the above case. Three of the operators, Belnorth (Enron Oil & Gas Company), Newbourne Oil Company, and Mountain States Petroleum Corp., were sent notice by letter dated March 23, 1988, which necessitates the hearing being kept open until April 13, 1988. Of these three operators, Mountain States has indicated its approval of this case by executing a waiver, a copy of which is enclosed. Also, Belnorth (Enron) does not oppose the case as was indicated by Transwestern, a division of Enron, at the hearing. In any event, I have sent a letter to all parties indicating that the case will remain open until April 13, 1988.

Very truly yours,

HINKLE, COX, EATON,  
 COFFIELD & HENSLEY

*James Bruce*  
 James Bruce

JGB: jr  
 Enclosures

PS Form 3811, July 1983 447-948

**SENDER: Complete items 1 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1.  Show to whom, date and address of delivery.  
 2.  Restricted Delivery

3. Article Addressed to:  
 BHP Petroleum (Americas), Inc.  
 1569 ...  
 Midland

4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number: P-310-164
--	------------------------------

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
 X *[Signature]*

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
 10-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-948

**SENDER: Complete items 1 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1.  Show to whom, date and address of delivery.  
 2.  Restricted Delivery

3. Article Addressed to:  
 DEPCO, Inc.  
 306 W. Wall, Suite 1300  
 Midland

4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number: P-310-164-348
--	----------------------------------

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
 X *[Signature]*

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
 3-10-88

8. Addressee's Address (ONLY if requested and fee paid)  
 306 W. Wall - 1300

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-948

**SENDER: Complete items 1 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1.  Show to whom, date and address of delivery.  
 2.  Restricted Delivery

3. Article Addressed to:  
 Enbridge & Gas Co./Transwestern  
 Pipeline Company  
 P.O. Box 1188  
 Houston, TX 77251-1188

4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number: P-310-164-349
--	----------------------------------

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
 X *[Signature]*

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
 MAR 12 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-948

**SENDER: Complete items 1 and 4.**  
 Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1.  Show to whom, date and address of delivery.  
 2.  Restricted Delivery

3. Article Addressed to:  
 Yates Petroleum Corp.  
 207 S. 4th St.  
 Artesia, NM 88218

4. Type of Service: <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	Article Number: P-310-164-350
--	----------------------------------

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee  
 X *[Signature]*

6. Signature - Agent  
 X *[Signature]*

7. Date of Delivery  
 2-10-88

8. Addressee's Address (ONLY if requested and fee paid)  
 207 S. 4th

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-945

Domestic Return Receipt

1.  Show to whom, date and address of delivery.

2.  Restricted Delivery.

3. Article Addressed to:  
Phillips 66 Natural Gas Company  
P.O. Box 116  
Bartlesville, OK 74614

4. Type of Service:  Registered  Insured  Certified  COD  Express Mail  
Article Number: P-310-164-352

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee: *[Signature]*

6. Signature - Agent: *ALEX*

7. Date of Delivery: *[Date]*

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983 447-945

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.

Failure to do so will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) or service(s) requested.

1.  Show to whom, date and address of delivery.

2.  Restricted Delivery.

3. Article Addressed to:  
Phillips 66 Natural Gas Company  
P.O. Box 116  
Bartlesville, OK 74614

4. Type of Service:  Registered  Insured  Certified  COD  Express Mail  
Article Number: P-310-164-352

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee: *[Signature]*

6. Signature - Agent: *[Signature]*

7. Date of Delivery: *MAR 11 1988*

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-178-268

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery (Extra charge)†

3. Article Addressed to:  
Mr. Bill Lewis  
Belnorth  
c/o Enron Oil & Gas Co.  
P.O. Box 2267  
Midland, TX 79702

4. Article Number: P-482-996-670  
Type of Service:  Registered  Insured  Certified  COD  Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee: *[Signature]*

6. Signature - Agent: *[Signature]*

7. Date of Delivery: *3-24-88 WAT*

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery  
*(Extra charge)†*

Article Addressed to:  
 Newbourne Oil Co.  
 P.O. Box 7698  
 Tyler, TX 75711

4. Article Number  
 P-482-996-672

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if restricted and fee paid)  
 P.O. Box 7698

5. Signature - Agent  
*[Signature]*

6. Signature - Addressee  
*[Signature]*

7. Date of Delivery  
 03-25-1987

Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-176-266 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery  
*(Extra charge)†*

Article Addressed to:  
 Mr. Gene Lee  
 Mountain States Petro., Corp  
 P.O. Box 1936  
 Roswell, NM 88201

4. Article Number  
 P-482-996-671

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Agent  
*[Signature]*

6. Signature - Addressee  
*[Signature]*

7. Date of Delivery  
 03-25-1987

Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-176-266 DOMESTIC RETURN RECEIPT

**SENDER:** Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.  
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.  
 1.  Show to whom delivered, date, and addressee's address. 2.  Restricted Delivery  
*(Extra charge)†*

Article Addressed to:  
 Newbourne Oil Co.  
 400 W. Illinois  
 Midland, TX 79701

4. Article Number  
 P-482-996-673

Type of Service:  
 Registered  
 Certified  
 Express Mail  
 Insured  
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

8. Addressee's Address (ONLY if requested and fee paid)

5. Signature - Agent  
*[Signature]*

6. Signature - Addressee  
*[Signature]*

7. Date of Delivery  
 3-24-88

Form 3811, Mar. 1987 \* U.S.G.P.O. 1987-176-266 DOMESTIC RETURN RECEIPT

CHARLES B. READ  
PRESIDENT

*Read & Stevens, Inc.*

*Oil Producers  
P. O. Box 1518  
Roswell, New Mexico 88202*

March 23, 1988

CERTIFIED MAIL

Mr. Gene Lee  
Mountain States Petroleum Corp.  
P.O. Box 1936  
Roswell, NM 88201

TO: Operators or Interest Owners, and Pipeline Purchasers.

RE: Application of Read & Stevens, Inc. for Termination of  
Prorationing, Buffalo Valley-Pennsylvanian Gas Pool,  
Chaves County, New Mexico.

This letter is to advise you that Read & Stevens, Inc. has filed an application with the New Mexico Oil Conservation Division for termination of gas prorationing, cancellation of overproduction, and emergency relief from shut-in requirements in the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico. This matter has been set for hearing before the Division on March 30, 1988, at which time you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Enclosed please find a copy of the Application for your reference.

Very truly yours,

READ & STEVENS, INC.



CHARLES B. READ  
President

CBR/lmb

Enclosure

If you approve of the above please sign and remit to our office in the enclosed self addressed stamped envelope.

APPROVED BY: *Gene Lee*

This 25<sup>th</sup> day of March, 1988.

**ENRON**  
**Transwestern Pipeline Company**

*as a partner*

P. O. Box 1188 Houston, Texas 77251-1188 (713) 853-6161

March 23, 1988

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Re: Application of Read & Stevens,  
Inc. to terminate prorationing in the  
Buffalo Valley-Pennsylvanian Gas Pool,  
Chaves County, New Mexico

Dear Mr. Stogner:

Transwestern Pipeline Company's pipeline system is connected to nine wells in the above pool, and transports or purchases gas for four (4) operators in the pool.

Transwestern does not oppose the application of Read & Stevens, Inc. to terminate prorationing in the pool.

Very truly yours,

*Terrance L. McGill*

Terrance L. McGill  
General Manager - Production

R45 copy

UNITED BANK PLAZA  
400 N. PENN, SUITE 1000

PHONE 505 622-3770

CHARLES B. READ  
PRESIDENT

*Read & Stevens, Inc.*

*Oil Producers*

*P. O. Box 1518*

*Roswell, New Mexico 88202*

March 3, 1988

Read & Stevens, Inc.  
P.O. Box 1518  
Roswell, NM 88201

TO: Operators or Interest Owners, and Pipeline Purchasers.

RE: Application of Read & Stevens, Inc. for Termination of  
Prorationing, Buffalo Valley-Pennsylvanian Gas Pool, Chaves  
County, New Mexico.

This letter is to advise you that Read & Stevens, Inc. has filed an application with the New Mexico Oil Conservation Division for termination of gas prorationing, cancellation of overproduction, and emergency relief from shut-in requirements in the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico. This matter has been set for hearing before the Division on March 30, 1988, at which time you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Very truly yours,

READ & STEVENS, INC.

161

CHARLES B. READ

CBR/lmb

BEFORE EXAMINER STOGNER
Oil Conservation Division
<i>Read &amp; Stevens</i> Exhibit No. <u>5</u>
Case No. <u>9346</u>



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

April 12, 1988

Kellahin, Kellahin & Aubrey  
P.O. Box 2265  
Santa Fe, NM 87504

Attention: Tom Kellahin

RE: Case No. 9346 - Application of Read  
& Stevens, Inc. for Termination of  
Gas Prorationing, Cancellation of  
Overproduction, and Emergency  
Relief from Shut-In Requirements,  
Buffalo Valley-Pennsylvanian Gas  
Pool, Chaves County, New Mexico.

Dear Mr. Kellahin:

Per our telephone conversation April 11, 1988 concerning the subject case, since Mewbourne does not intend to present testimony at the April 13, 1988 examiner hearing, closing statements by the representing attorneys at the March 30, 1988 hearing will be accepted in writing in lieu of oral statements. Such written statements by each party must be received by the Division within 7 days from the April 13, 1988 hearing.

If you have any questions, regarding this matter, please contact me.

Sincerely,

*Michael E. Stogner kg*

Michael E. Stogner  
Chief Hearing Officer

MES/ag

cc: Jim Bruce  
John Nance

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



May 16, 1988

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

Mr. James Bruce  
Hinkle, Cox, Eaton, Coffield  
& Hensley  
Attorneys at Law  
Post Office Box 2068  
Santa Fe, New Mexico

Re: CASE NO. 9346  
ORDER NO. R-8654

Applicant:  
Read & Stevens, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

*Florene Davidson*

FLORENE DAVIDSON  
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD   x    
Artesia OCD   x    
Aztec OCD           

Other John Nance, Bill Weber, Thomas Kellahin