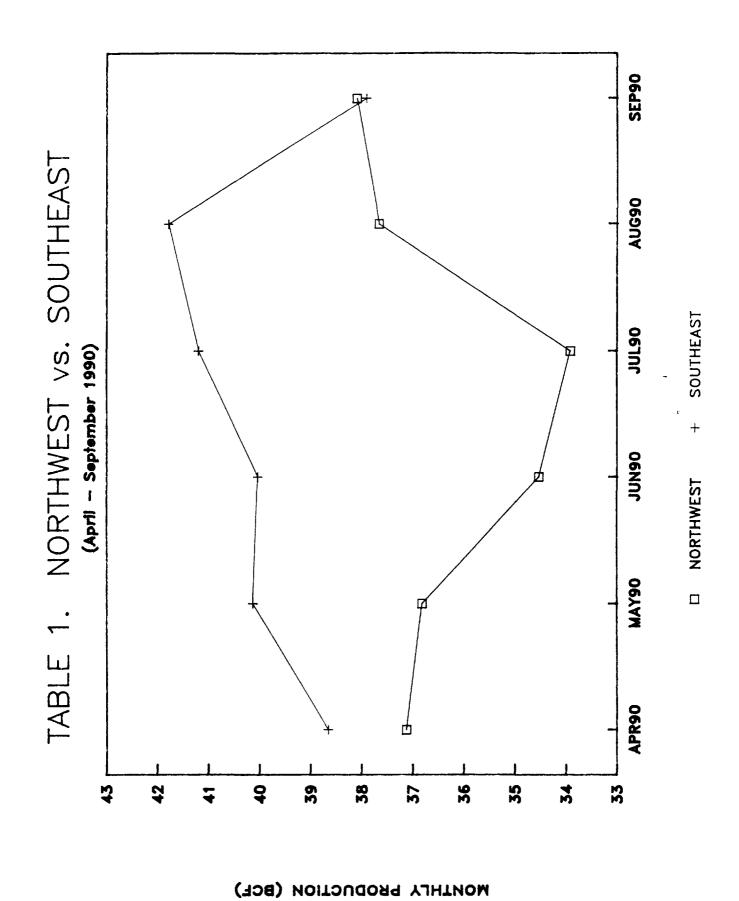
NORTHWEST vs. SOUTHEAST PRODUCTION COMPARISON

D 3 M M	STATEWIDE PRODUCTION	TOTAL NW PRODUCTION	% OF TOTAL	TOTAL SE PRODUCTION	% OF TOTAL
DATE	PRODUCTION	PRODUCTION	TOTAL	PRODUCTION	TOTAL
JAN90	86,913,667	44,449,427	51.14	42,464,240	48.86
FEB90	79,254,796	39,419,850	49.74	39,834,946	50.26
MAR90	80,389,623	40,551,135	50.44	39,838,488	49.56
APR90	75,806,638	37,136,629	48.99	38,670,009	51.01
MAY90	76,982,780	36,834,198	47.85	40,148,582	52.15
JUN90	74,599,925	34,551,312	46.32	40,048,613	53.68
JUL90	75,141,752	33,933,872	45.16	41,207,880	54.84
AUG90	79,462,006	37,676,339	47.41	41,785,667	52.59
SEP90	76,019,976	38,105,506	50.13	37,914,470	49.87
OCT90	82,354,658	39,898,700	48.45	42,455,958	51.55
NOV90	86,769,552	43,916,794	50.61	42,852,758	49.39
DEC90	91,650,169	47,215,953	51.52	44,434,216	48.48
JAN91	94,043,542	49,073,820	52.18	44,969,722	47.82
FEB91	76,943,749	40,029,824	52.02	36,913,925	47.98
MAR91	85,379,135	46,772,627	54.78	38,606,508	45.22
APR91	81,693,263	43,717,058	53.51	37,976,205	46.49
MAY91	82,454,299	44,371,796	53.81	38,082,503	46.19
JUN91	79,091,917	42,972,979	54.33	36,118,938	45.67
JUL91	75,292,743	39,259,412	52.14	36,033,331	47.86
AUG91	80,376,564	41,303,595	51.39	39,072,969	48.61
ŞEP91	79,416,938	46,612,075	58.69	32,804,863	41.31
ост91	88,252,103	48,060,160	54.46	40,191,943	45.54
NOV91	87,151,642	45,615,496	52.34	41,536,146	47.66
DEC91	90,760,766	48,546,536	53.49	42,214,230	46.51

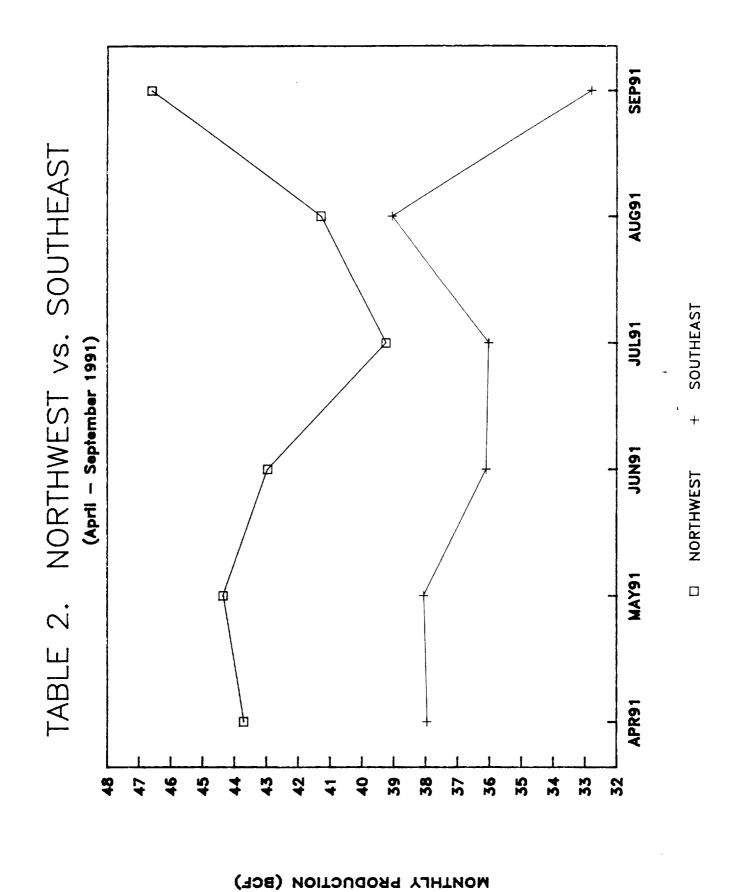


SEP90 4 TABLE 1a. NORTHWEST vs. SOUTHEAST AUG90 (As percent of total Production-1990) **30**190 06NNr MAY90 APR90 55 53 52 20 49 \$ 46 56 54 47 5

SOUTHEAST

NORTHWEST

PERCENT OF TOTAL MONTHLY PRODUCTION



SEP91 凤 TABLE 2a. NORTHWEST vs. SOUTHEAST AUG91 (As percent of total Production-1991) SOUTHEAST JUL91 + JUN91 NORTHWEST MAY91 APR91 59 58 57 56 55 52 50 54 53 **4**8 5

PERCENT OF TOTAL MONTHLY PRODUCTION

Railroad Commission overnauls gas proration system

by John C. Roper

In order to assist producers in meeting market demand, the Texas Railroad Commission voted unanimously to overhaul the state's current system of natural gas proration.

Thomas D. Coffman, president of the Texas Independent Producers and Royalty Owners Association, salutes the measure commenting that it "is the most significant action yet in a 16-year effort by independents to restore balance and equity to the state's vital allowable system."

Last year, TIPRO took the lead role in asking the Commission to set field allowables for natural gas so the aggregate allowable in the state matches anticipated demand much more closely than is currently the case.

Commission Chairwoman Lena Guerrero and Commissioners James Nugent and Robert Krueger voted to adopt several measures to ensure the viability of future natural gas supplies for Texas and the U.S. "Texas has almost one-fourth of proved natural gas reserves in the United States," Guerrero says. "Our decision should maximize gas recovery, prevent waste of this precious natural resource and open new markets for Texas gas."

The essence of the Commission's plan, which is slated to go into effect March 1, lays the groundwork for shifting the basis of field allowables from purchaser nominations to historic production patterns.

For example, if the Commission were setting allowables for January, it could look at the averages of the past two or three Januarys to help set the new figure.

Those patterns will be adjusted in light of changing well status, production decline curves and similar considerations such as a sudden surge of demand.

Also, the Commission plans to pledge to each producer an equal share of the market. Related action would eliminate duplication of special well allowables now ingrained in prorated field formulas as well as certain allowable adjustments that penalize producers who under produce their allotments while rewarding producers who exceed such limits.

"We recognize this new proration program for what it is," Coffman says, "a firming up of the Commission's legal responsibility to match natural gas allowable to demand without denying supply to anyone. It is a conservation program designed to promote adequate exploration, a managed surplus and correlative rights rather than a device to raise prices in relation to competing fuels."

Coffman adds that he commends the Commission for its forthright action and looks forward "to cooperating in the effort to finalize a proration system that will serve the industry and its consumers well for a long time to come."

Harry Spannaus, executive vice president of the Permian Basin Petroleum Association in Midland, shares Coffman's enthusiasm for the measure, but remains somewhat guarded.





in the past there were many times we weren't even close to supply and demand balance," Spannaus says of the agency's action. "It's a much more accurate method of determining production requirements in balance with consumption needs. It also gives a safe haven from waste of a reservoir."

Where Spannaus remains cautious, however, is in the priority take system which he feels has not been adequately addressed. "I understand that the provision for the priority take system has not been fully satisfied to the satisfaction of natural gas producers," he says. "We're [the PBPA] sure going to state our opinion and our concern about it."

As adopted, the Commission action:

 Laid the groundwork for consideration of new statewide natural gas proration system by approving for publication and public comment a proposed statewide rule governing how market demand for Texas gas is determined and how production limits are set.

The biggest change in the proposed rule would assign allowable production of natural gas to wells on an annual basis rather than monthly under the current system.

"Our current gas proration rules are antiquated, complex and in need of a major overhaul," says rule sponsor Nugent. "What we've done is a solid step forward in making sure we have all the gas we need for the future."

Nugent has repeatedly stressed the need to simplify a regulatory process that he says hinders rather than helps producers in producing and finding markets for gas.

Proposed interim measures as improvements to the current gas proration system.

These changes are intended to match market demand for gas more closely with gas production. Chiefly, the Commission would eliminate the current monthly nomination system for gas in which gas purchasers estimate the volume of gas needed to supply their regular markets; in other words, market demand. Instead, the Commission itself, using its own statistical data, would determine the lawful market demand for natural gas produced in Texas.

Further, the proposed interim changes would eliminate a series of automatic adjustments to gas allowables in the present rules, known as the alphabet rules.

• Conveyed to Commission staff to develop a plan to inform industry, as well as state and federal officials, of the gas rule changes.

"I can tell you from my experience in Congress that elected officials at every level, in both producing and consuming states, are vitally concerned about natural gas supplies and their applications," Krueger says. "Our action is a signal to the nation that Texas has taken the lead in promoting the use of this clean-burning fuel."

• Instructed Commission staff to

for Texas natural gas.

"We want to encourage the demand for Texas natural gas across the United States," Guerrero adds. "We believe that gas consumption will increase substantially in this decade. Our goal is to help other Americans recognize the economic and environmental advantages of natural gas and look to Texas for dependable supplies."

Ugly roughnecks, top cooks hone skills for Energy Appreciation Week events

If you see great cooks trying to make their recipes even better and roughnecks making faces at themselves in the mirror, they're just practicing for Energy Appreciation Week.

They're preparing for the Blowout, the final weekend and the height of festivities for the biggest annual social event for the oilfield in the Permian Basin.

Energy Appreciation Week this year is April 26 to May 2, and it's centered in the Permian Basin Petroleum Association's (PBPA) hometown, Midland. The association sponsors the week of events.

Other cities throughout the basin hold their own celebrations during this period, and a lot of towns, including Big Spring, Lubbock, Monahans, Pecos and Seminole, all in Texas, and Hobbs, Roswell, Santa Fe and Albuquerque in New Mexico, traditionally issue proclamations celebrating the week.

So far, the PBPA and a bunch of volunteers have set the golf tournament for April 27 at Mission Dorado Country Club between Midland and Odessa, and the Blowout officially starts on May 2.

Organizers plan events and meetings throughout the week. Typically those events include at least one talk by a nationally recognized speaker.

But, that's the formal part of the celebration. The real fun comes on the weekend with the patch party. Down here, they call it the Blowout.

The Blowout features the top cooking teams in the Permian Basin demonstrating their skills at barbecued beef brisket, barbecued pork ribs and fajitas.

And, the competition for top spot in the cookoff at America Legion Woods Post 19 often grows more heated than competition over the best drilling records in the basin.

Last year, for instance, the cookoff attracted 44 teams, the largest showing

in the history of the event. Conoco Inc., a newcomer to the competition, took top prize for showmanship. Another first-time team, Fina Oil & Chemicals Co., placed second. And, the Exxon Co. USA Blowout Tigers in their Tony-the-Tiger tails pounced on third spot.

The Conoco team also pulled in the top prize in the fajita cookoff, followed by Bell Safety of Midland, another newcomer. The perennial favorite J. McShane Inc. team from Monahans grabbed third place.

Tough competition

No doubt they'll be back this year, since Dorothy Thompson, head chef for the team, has a position of standing in the oilfield community to regain.

In the brisket competition, Dowell Schlumberger found the best combination, followed by the Parker & Parsley Bean Counters and Marathon Oil Co., another newcomer.

First place in the ribs cookoff last year went to Midlander Jim Henry's Henry Petroleum Corp. crew, followed by Fina in second place, and Maralo Inc. of Midland and Houston in third spot.

Finally, the most coveted prize of all, the Midland Reporter Telegram's Ugly Roughneck Award went to Sarge Thompson, husband of Dorothy and a member of the McShane cookoff team. Some people say he didn't even have to practice for the award. He had entered the year before, but Tom Adkins of Schlumberger Well Services edged him out.

Among changes this year is a new chairman, Bill Stovall of First City Bank, and Charlie McCoy from Permian Production Equipment is in charge of judging. Jack Sherman, of Jack Sherman Chevrolet, is working on prizes and awards.

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. 0. BOX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

CHEVRUN U.S.A. INC P. O. BUX 4 SEC. 724R CONCORD CA

94524

THE FOLLOWING GPU HAS EXCEEDED THE GVERPRODUCED LIMITATIONS AS PROVIDED BY RULES II(B)-1 OR II(B)-2 OF THE RULES AND REGULATATIONS FOR PRORATED GAS POOLS, CONTAINED IN ORDER R-8170, AS AMENDED. THIS GPU MUST BE SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE GVERPRODUCTION LIMIT. (SIX TIMES IN SOUTHEASI N.M. AND TWELVE TIMES IN NORTHWEST N.M. PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

ANY QUESTIONS OR APPARENT EXKORS SHOULD BE REFERRED TO VIC T. LYON AT (505) 827-5809 OR RICK BROWN AT (505) 827-5815.

BLINEBRY (PRO GAS) (CONSOLIDATED)

NURTHERN NATURAL GAS COMPANY

J N CARSON NCT C

6 P 28 21S 37E N .75 AUGUST <math>0/0 = 66339

SHUT-IN DATE = 8/88 OVERPRODUCTION ALLOWABLE LIMIT = 58962

SEPTEMBER ALLOWABLE = 14281 13148 OCTOBER ALLOWARTE = 11303 NUVEMBER ALLUWABLE = ALLOWABLE = DECEMBER 10350 JANUARY ALLOWABLE = 10541 ALLOWABLE = 9461 **FEBRUARY** ALLOWABLE = 10207 MARCH ALLOWABLE = ALLOWABLE = 8725 7394 APRIL MAY JUNE ALLOWABLE = 7561 ALLOWABLE = JULY 8431 ALLOWABLE = AUGUST 6523

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: TO TRANSPORTER, NORTHERN NATURAL GAS COMPANY

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

CITIES SERVICE OIL AND GAS CORP.
BOX 3908, 31ADB TC
TULSA OK 74102

GENTLEMEN:
THE FOLLOWING GPU HAS EXCEEDED THE OVERPRODUCED LIMITATIONS AS PROVIDED BY RULES 11(B)-1 OR 11(B)-2 OF THE RULES AND REGULATATIONS FOR PROKATED GAS POOLS, CONTAINED IN ORDER R-8170, AS AMENDED. THIS GPU MUST BE
SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE OVERPRODUCTION LIMIT.

(SIX TIMES IN SOUTHEAST N.M. AND TWELVE TIMES IN NORTHWEST N.M..

PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

ANY QUESTIONS OR APPARENT ERRORS SHOULD BE REFERRED TO VIC T. LYON AT
(505) 827-5809 OR RICK BROWN AT (505) 827-5815.

BURTON FLAT MORROW (PRORATED GAS)

EL PASU NATURAL GAS CUMPANY

GOVERNMENT AD COM

3 H 21 21S 27E N 1.00 AUGUST 0/U = 54808SHUT-IN DATE = 8/87 OVERPRODUCTION ALLOWABLE LIMIT = 42474

SEPTEMBER ALLOWABLE = 5094
ULTOBER ALLOWABLE = 4784
NOVEMBER ALLOWABLE = 5970
DECEMBER ALLOWABLE = 5006
JANUARY ALLOWABLE = 8861

NOVEMBER ALLOWABLE DECEMBER JANUAKY 8861 FEBRUARY ALLOWABLE = 9462 ALLOWABLE = ALLOWABLE = 9098 MAKCH APKIL 9899 MAY ALLOWABLE = 4367 JUNE ALLOWABLE = 3371 ALLOWABLE = JULY ALLOWABLE = AUGUST

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: TO TRANSPORTER, EL PASO NATURAL GAS COMPANY

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. 0. BUX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

SUN EXPLORATION & PRODUCTION CO. P. 0. BOX 1861 MIDLAND TX 79702

THE FOLLOWING GPU HAS EXCEEDED THE OVERPRODUCED LIMITATIONS AS PROVIDED BY RULES 11(B)-1 OR 11(B)-2 OF THE RULES AND REGULATATIONS FOR PRORATED GAS PLOTS, CONTAINED IN ORDER R-8170, AS AMENDED. THIS GPU MUST BE SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE OVERPRODUCTION LIMIT. (SIX TIMES IN SOUTHEAST N.M. AND TWELVE TIMES IN NORTHWEST N.M.. PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

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EUMUNT YATES 7 RVRS QN (PRO GAS)

EL PASO NATURAL GAS COMPANY

ALASKA COOPER

3 0 7 20S 37E N 1.00 AUGUST 0/U = 55306-

SHUT-IN DATE = 8/88 OVERPRODUCTION ALLOWABLE LIMIT = 39523

SEPTEMBER ALLOWABLE = 5876 7297 UCTUBER ALLOWABLE = ALLOWABLE 8103 NOVEMBER DECEMBER ALLOWABLE = 8479 ALLOWABLE JANUAKY 9584 7331 FEBRUARY ALLOWABLE = MARCH 4908 APRIL MAY ALLOWABLE = 4478 3937 ALLOWABLE = JUNE ALLOWABLE = 4206 ALLOWABLE = 7850 JULY ALLOWABLE = 6997 AU GUST

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: TO TRANSPORTER, EL PASO NATURAL GAS COMPANY

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT DIL CONSERVATION DIVISION P. 0. BOX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

AMERADA HESS CORPORATION P.U. BOX 2040 TULSA OK

74102

THE FOLLOWING GPU HAS EXCEEDED THE OVERPRODUCED LIMITATIIONS AS PAOVIDED BY AUES 11(B)-1 OR 11(B)-2 OF THE RULES AND REGULATATIONS FOR PROKALED GAS PROLS, CONTAINED IN GROER R-8170, AS AMENDED. THIS GPU MUST BE
SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE OVERPRODUCTION LIMIT.

(SIX TIMES IN SOUTHEAST N.M. AND TWELVE TIMES IN NORTHWEST N.M..

PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

ANY QUESTIONS OR APPARENT ERRORS SHOULD BE REFERRED TO VIC T. LYON AT
(505) 827-5809 OR RICK BROWN AT (505) 827-5815.

EUMUNT YATES 7 RVRS QN (PRO GAS)

NORTHERN NATURAL GAS COMPANY

J K PHILLIPS A COM

1 G 31 19S 37E N 1.00

AUGUST 0/U = 43244-

SHUT-IN DATE = 8/88 OVERPRODUCTION ALLOWABLE LIMIT = 39523

SEPTEMBER ALLOWABLE = 7297 **OCTUBER** ALLOWABLE = 8103 NOVEMBER ALLUWABLE ALLOWABLE = 8479 9584 DECEMBER ALLOWABLE JANUARY 7331 FEBRUARY MARCH ALLOWABLE = 4908 APKIL MAY 4478 ALLOWABLE = ALLOWABLE 3937 JUNE ALLOWABLE = 4206 ALLOWABLE = JULY 7850 AUGUST ALLOWABLE = 6997

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: TO TRANSPORTER, NORTHERN NATURAL GAS COMPANY

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION P. 0. BOX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

AMBCO PRODUCTION CO P.O. BOX 591 TULSA

OK

74102

THE FOLLOWING GPU HAS EXCEEDED THE OVERPRODUCED LIMITATIONS AS PROVIDED BY RULES 11(B)-1 OR 11(B)-2 OF THE RULES AND REGULATATIONS FOR PROKATED GAS POOLS, CONTAINED IN ORDER R-8170, AS AMENDED. THIS GPU MUST BE SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE OVERPRODUCTION LIMIT. (SIX TIMES IN SOUTHEAST N.M. AND TWELVE TIMES IN NORTHWEST N.M.. PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

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EUMONT YATES 7 RVRS QN (PRO GAS)

NUKTHERN NATURAL GAS COMPANY

GILLULLY FED GAS COM

4 B 24 20\$ 36E MWU 7 U 24 20\$ 36E MWU 15 E 24 20\$ 36E MWU 17 H 24 20\$ 36E MWU

0 41S 12E N 3.00

AUGUST 0/U = 121714-

SHUT-IN DATE = 8/88 OVERPRODUCTION ALLOWABLE LIMIT = 118568

SEPTEMBER ALLOWABLE = OCTOBER ALLOWABLE = 17628 21892 24309 25436 NOVEMBER ALLOWABLE ALLOWABLE = DECEMBER JANUARY 28751 ALLOWABLE = ALLOWABLE **FEBRUARY 219**92 14724 13433 MAKCH ALLOWABLE = APRIL MAY ALLOWABLE 11810 ALLOWABLE = ALLOWABLE = 12619 23550 JUNE JULY AUGUST ALLOWABLE = 20992

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: TO TRANSPORTER, NORTHERN NATURAL GAS COMPANY

ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT DIL CONSERVATION DIVISION P. G. BOX 2088 SANTA FE, NEW MEXICO 87501 SEPTEMBER 26, 1988

CHEVRON U.S.A. INC P. U. BUX 4 SEC. 724R CONCORD CA

94524

THE FOLLOWING GPU HAS EXCEEDED THE OVERPRODUCED LIMITATIONS AS PROVIDED BY RULES 11(B)-1 OR 11(B)-2 OF THE RULES AND REGULATATIONS FOR PRORATED GAS POOLS, CONTAINED IN ORDER R-8170, AS AMENDED. THIS GPU MOST BE SHUT IN UNTIL THE OVERPRODUCTION IS LESS THAN THE OVERPRODUCTION LIMIT. (SIX TIMES IN SOUTHEAST N.M. AND TWELVE TIMES IN NORTHWEST N.M. PRINTED BELOW ARE THE MONTHLY ALLOWABLES AND THE CUMULATIVE OVERPRODUCTION VOLUME ON WHICH THIS DETERMINATION IS MADE.

ANY QUESTIONS OR APPARENT ERRORS SHOULD BE REFERRED TO VIC T. LYON AT (505) 827-5809 OK RICK BROWN AT (505) 827-5815.

EUMUNT YATES 7 RVRS QN (PRO GAS)

NURTHERN NATURAL GAS COMPANY

ARNOTT RAMSAY NCT D

3 F 33 21S 36E MWU 15 8 33 21S 36E MWU

U 445 67E N 2.00

AUGUST 0/U = 88472-

SHUT-IN DATE = 8/88 OVERPRODUCTION ALLOWABLE LIMIT = 79045

SEPTEMBER ALLOWABLE = 11752 ALLOWABLE = 14594 OCTOBER NOVEMBER ALLOWABLE = 16206 DECEMBER ALLOWABLE = 16957 ALLOWABLE ALLOWABLE JANUARY 19168 **FEBRUAKY** 14661 9816 ALLOWABLE = MARCH ALLOWABLE APRIL 8955 7873 MAY JUNE ALLOWABLE = 8413 ALLOWABLE = ALLOWABLE = 15700 JULY AUGUST 13995

THE TRANSPORTER IS HEREBY DIRECTED TO CEASE TAKES FROM THIS WELL UNTIL IT IS RELEASED BY THE DIVISION.

XC: IU TRANSPORTER, NORTHERN NATURAL GAS COMPANY