

February 29, 2000

**OIL AND GAS DOCKET NO. 02-0223868**

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**THE APPLICATION OF C & E OPERATING, INC., TO SUSPEND THE ALLOCATION FORMULA FOR THE LAURA THOMSON, S. (5200) FIELD, BEE COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: January 28, 2000

Hearing held: February 17, 2000

**Appearances**

Brian Miller

Representing

C & E Operating, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

C & E Operating is seeking to have the allocation formula for the Laura Thomson, S. (5200) Field suspended. Forms AOF-2 were not received from every operator in the field, though the application is unopposed.

**DISCUSSION OF THE EVIDENCE**

The Laura Thomson, S. (5200) Field was discovered in 1971 and has two operators. C & E operates one well as does Exxon Corp. Exxon has not signed a Form AOF-2 that would indicate it has a market for 100% of the deliverability of its Laura T. Barrow No. 14.

The current deliverability of Exxon's well is 359 MMCF per day, based on a G-10 test performed in December of 1999. Monthly production of Exxon's well from June through November, 1999, was erratic, ranging from 13 to 3205 MCF. C & E testified that Exxon's erratic production was a result of very low line pressure and occasionally the well must be soap-sticked to allow it to unload liquids. The monthly allowable status of Exxon's well has alternated between fully prorated and limited under Statewide Rule 31(k)(2).

The deliverability of C&E's well is 365 MCF/D, similar to that of Exxon's well. The monthly allowable status of C&E's Thomson-Barrow Corp. "C" Lease Well No. 1 was fully prorated but has become limited under Rule 31(k)(2) for the last two months. Both wells have consistently underproduced their allowables but not enough to change the field status from prorated to nonprorated.

Genesis Crude Oil, L.P. is the gatherer for gas from Exxon's well, and the purchaser is Natural Gas Pipeline Co. of America. This purchaser also takes gas from 79 other fields, only eight of which are prorated. Twenty-two of the 79 fields have had their existing allocation formulae suspended. Statewide Rule 34 requires that purchasers take ratably from each field. Natural Gas Pipeline Co. of America must take all the gas produced by the Exxon well unless it also restricts takes from the other

fields on its system. The pipeline apparently has a market for all gas from the other fields on its system and must therefor have a market for all gas the Exxon well produces.

C&E admits that the erratic allowables in this field could be reduced by other actions such as cancellation of underage or field balancing. However, it believes that suspending the allocation formula will reduce complexity and paperwork for itself and for the Commission.

**FINDINGS OF FACT**

1. Notice of at least ten (10) days was given to all operators in the field and no one appeared at the hearing in protest.
2. C&E Operating has filed Forms AOF-1 and AOF-2 indicating that it has a market for 100% of the gas that can be produced from its only field well, the Thomson-Barrow Corp. "C" Lease Well No. 13.
3. Exxon Corp. has not signed a Form AOF-2 which would indicate that it has a market for all of the gas its Laura T. Barrow Lease Well No. 14 can produce.
4. Exxon's Laura T. Barrow Well No. 14 has a deliverability of 359 MCF/D and this well's status has changed frequently between fully prorated and limited under Statewide Rule 31(k)(2).
5. C&E's Thomson-Barrow Corp. "C" Lease Well No. 13, has similar deliverability at 365 MCF/D, and this well has also experienced changes in its allowable status.
6. Exxon's well has produced erratically due to very low pressure in its gathering pipeline.
7. There is a market for 100% of the gas produced by Exxon's well.
  - a. The purchaser of gas from Exxon's well, the Natural Gas Pipeline Company of America, takes gas from 79 other fields, 22 of which have had their allocation formulae suspended.
  - b. There must be a market for all gas from these 22 fields or their allocation formulae would have been re-instated.
  - c. Natural Gas Pipeline is required by Statewide Rule 34 to take an equal percentage of gas from each well on its system and if it is taking all the gas from the other fields on its system it is required be taking all the gas produced from Exxon's well.
8. Suspending the allocation formula will reduce complexity in assigning allowables for this field and reduce the related paperwork of the operators and the Commission.
9. Both wells have consistently underproduced their allowables, but not by enough to cause the field to become nonprorated.

**CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the allocation formula in the Laura Thomson, S. (5200) Field be suspended, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: March 10, 2000

Exhibits

1. Proration schedule for Laura Thomson (4850) Field
2. Form AOF-1 for Laura Thomson (4850) Field
3. Form AOF-2 for Laura Thomson (4850) Field
4. Gas ledger for Laura Thomson (4850) Field
5. P-4 showing purchaser for Exxon well in Laura Thomson (4850) Field
6. Proration schedule for Laura Thomson, S. (5200) Field
7. Form AOF-1 for Laura Thomson, S. (5200) Field
8. Form AOF-2 for Laura Thomson, S. (5200) Field
9. Gas ledger for Laura Thomson, S. (5200) Field
10. P-4 showing purchaser for Exxon well in Laura Thomson, S. (5200) Field
11. Statewide Rule 34 on ratable takes
12. Other fields connected to same purchaser's system