News from the Oklahoma Corporation Commission

Office of Public Information -- Contact: Patrick K. Petree (405) 521-4180

FOR IMMEDIATE RELEASE Reference:

Closure Approved for Cotton Gin in Headrick

OKLAHOMA CITY -- The Oklahoma Corporation Commission has approved closure and dismantling of the Farmers Union Cooperative Cotton Gin III in Headrick, Okla.

Arlan Meaders, Farmers Union Cooperative manager, said declining cotton production in the area has made continued operation of the gin uneconomical. He estimated that cotton production has declined about 30 percent in the past year. The Farmers Union Cooperative Gin III has a rated capacity of 20,000 bales per 100-day ginning season. Last year, the facility ginned only 3,780 bales, or 18.9 percent of capacity.

Headrick is about 10 miles east of Altus, in Jackson County. Meaders said there are enough other gins within a 30-mile radius of Headrick to serve the needs of area cotton farmers.

The closure application was not opposed.

The present gin was built in 1980 to replace a facility that had operated in Headrick since the mid 1930s, Meaders said.

The Corporation Commission regulates the opening and closing of cotton gins and sets rates for public ginning services.

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FOR IMMEDIATE RELEASE
Reference:PUD111596-65

2 More Companies Approved to Provide Local Telephone Service

OKLAHOMA CITY -- The Oklahoma Corporation Commission has approved the applications of Western Oklahoma Long Distance Inc., Clinton, and U.S. Long Distance Inc., San Antonio, Texas, to provide local-exchange telephone service in Oklahoma.

They are the sixth and seventh companies approved to compete for local-exchange customers since the Corporation Commission adopted Oklahoma local competition rules in March.

Application information filed with the Corporation Commission indicates Western Oklahoma Long Distance has been a reseller of long-distance services in Oklahoma since 1989, and U.S. Long Distance has resold long-distance services in Oklahoma since 1988.

The five companies approved earlier to compete for local-service telephone customers are AT&T Communications of the Southwest, two Oklahoma subsidiaries of Brooks Fiber Properties, St. Louis; Sprint Communications, Kansas City; Dobson Wireless, Oklahoma City; and Chickasaw Telecommunications, Sulphur.

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FOR IMMEDIATE RELEASE
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Corporation Commission Approves 10 Railroad Crossing Upgrades

OKLAHOMA CITY -- The Oklahoma Corporation Commission has approved applications by the Burlington Northern Railroad for safety and facility upgrades of 10 railroad crossings.

The improvements will include advance warning signs, flashing-light signals with traffic control gate arms and replacement of rail crossing surfaces. Federal railroad grade crossing improvement funds will pay 90 percent of the estimated $840,825 cost of the upgrades. Cities, counties and the railroad will provide the required 10 percent matching funds.

The upgrade applications approved are:

Altus: flashing-light signals with gate arms and a 40-foot concrete crossing surface at Ridgecrest Road. The estimated project cost is $103,000. The City of Altus will pay $10,300.

Beggs: flashing-light signals with gate arms at a county road approximately two miles south and two miles east of Beggs. The estimated project cost is $76,800. Okmulgee County will pay $7,680.

Enid: flashing-light signals with gate arms and a 70-foot concerete crossing surface at East Chestnut Avenue. The estimated project cost is $71,500. The City of Enid will pay $7,150.

Foyil: flashing-light signals with gate arms and a 48-foot concerete crossing surface at State Highway 66. The estimated project cost is $90,000. Rogers County will pay approximately $9,000.

Henryetta: flashing-light signals with gate arms and a 40-foot concrete crossing surface at Corporation Street. The estimated project cost is $100,000. The City of Henryetta will pay $10,000.

Holdenville: two 32-foot timber crossing surfaces and two railroad crossing advance warning signs at a county road about 1 mile south of Holdenville. The estimated project cost is $32,845. The Burlington Northern Railroad will pay about $3,285.

Rail Crossing Upgrades - 2

Okmulgee: flashing-light signals with gate arms and a 32-foot concrete crossing surface at Auction Barn Road. The estimated project cost is $52,000. Okmulgee County will pay $5,200.

Okmulgee: flashing-light signals with gate arms and a 56-foot concrete crossing surface at Sixth Street (State Highway 56). The project cost is estimated at $156,400. Of the 10 percent required matching funds, the state will pay $12,360 and the Burlington Northern will pay $3,280.

Sapulpa: flashing-light signals with gate arms, two railroad crossing advance warning signs and two sets of pavement markings at Armory Road. The estimated project cost is $75,780. The City of Sapulpa and Creek County will share equally matching fund costs of $7,578.

Sumner: flashing-light signals with gate arms and a 32-foot timber crossing surface at Red Rock Road near Sumner. The project cost is estimated at $82,500. The Burlington Northern will pay $8,250.

G.R. (Buddy) Combs, Corporation Commission railroad manager, said the upgrade projects comply with all state railroad crossing safety regulations. Crossing upgrades financed 90 percent by federal grade crossing improvement funds must be completed within 12 months, Combs said.

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FOR IMMEDIATE RELEASE Reference:O&G112696-70

OCC Raises Gas Production Allowable to 65%

OKLAHOMA CITY -- The Oklahoma Corporation Commission Tuesday (Nov. 26) increased the amount of gas most wells in Oklahoma will be allowed to produce in the first quarter of 1997 to the greater of 65 percent of calculated absolute open flow or 1.3 million cubic feet of gas per day.

The limit has been the greater of 50 percent or 1 million cubic feet per day since the second quarter of 1996. The 65 percent production allowable is the highest ever permitted in Oklahoma. The previous high was 50 percent, which has been authorized at various times for about the last 20 years, available records indicate.

Oklahoma oil and gas production has been regulated since 1915, when the Legislature passed the Oil and Gas Conservation Act to prevent waste of hydrocarbon reserves by excessive production. Production allowables have been revised by statute several times in relation to market demand for Oklahoma gas. Authority to set gas production allowables was delegated to the Corporation Commission in 1993. Present commission rules require the review and setting of allowables on a quarterly basis.

The commissioners said increasing allowable production to 65 percent reflects a strong demand for natural gas for the winter heating season. The commission staff said national gas-in-storage at the end of September was 5 percent below the 1995 level and 8.8 percent below the 1994 level.

Representatives of several major gas producers and the Oklahoma Independent Petroleum Association told the commission in a public hearing that all producers have markets for all the gas they can produce. They also said the demand is expected to remain strong at least through the first quarter of 1997.

Marathon Oil Co. recommended a production allowable of 65 percent or 1.5 million cubic feet of gas per day. Amoco Exploration and Production Co. recommended an increase to at least 60 percent or 1.5 million cubic feet.

The commission staff recommended an increase to the greater of 55 percent or 1.1 million cubic feet of gas per day. But Claude McNully, technical department manager, said the staff had no objection to the higher production allowable proposed by gas producers.

No one opposed an increase in allowable gas production.

The production limit affects unallocated wells, which are not regulated by production allocations for specific fields. About 95 percent of Oklahoma wells are unallocated. The commission staff estimates that the production limit will affect fewer than 1,000 of Oklahoma's approximately 29,000 gas wells since most wells are not capable of producing enough gas to reach the allowable limit.

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