

CASE No.

55

Large Exhibits

OLD



62 R.R. 4-9  
RAILROAD COMMISSION OF TEXAS  
AUSTIN  
(11)  
July 29, 1934

Mr. Fred Turner, Jr.  
Midland, Texas

Dear Fred:

On receipt of your letter of July 24, I asked our Oil and Gas Division to give you the information you requested.

During the absence of our Director of Production, Jack Baunel, who was trying to solve our problem in the Samuel Field, Clark Lloyd, our Chief Enforcement Officer, worked up the enclosed memorandum, which should be of help to you.

Since we do not have a tabulation of all the wells that have been allowed new discovery allowables for the reasons assigned in this memorandum, the Commission can certainly make a statement as a correct statement of fact that our policy of allowing new discovery allowables for one-half mile extension of fields has stimulated drilling and production.

If the statement in this letter to this effect is not sufficient, let me know, and I can give you a statement to that effect signed by all three Commissioners. I would do so today but am the only Commissioner in the office today.

It is a pleasure to be of any help I can be to you, and it is a pleasure to send you this memorandum, as well as the orders of the Commission relating to this subject.

With all good wishes, I am

Yours most sincerely,

*Samuel H. Jones*

SINCLAIR PRAIRIE OIL MARKETING COMPANY

NATIONAL CASE OF TEXAS ROUTING  
TULSA, OKLAHOMA

July 27, 1934

Mr. Fred Turner, Jr.  
P. O. Box 710  
Midland, Texas

Dear Mr. Turner:

We recently arranged to purchase the production from your #1 State "B" in Section 4-17-36, South Lovington Pool, Lee County, New Mexico, and we understand you have now made application to the New Mexico Conservation Commission for a discovery allowable applicable to the above well. This company has urgent need for additional crude oil purchases in the South Lovington area and other areas in New Mexico where it purchases oil, and can assure you of a market for any additional production from such areas.

Yours very truly,

SINCLAIR PRAIRIE OIL MARKETING COMPANY

By *J. B. Keane* Vice-President

Geological map showing the top of anhydrite, Yates sand, and sea level. The map includes a grid with elevations and labels for geological features.

Labels on the map include:

- TOP OF ANHYDRITE
- TOP OF YATES SAND
- SEA LEVEL
- TOP OF SAN ANDRES

Elevations marked on the map include:

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Drig. Exploration  
No. 10 State  
200' N. E. 1980' in W.  
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TCP OF ANHYDRITE

TOP OF YATES SAND

SEA LEVEL.

SAN ANDRES

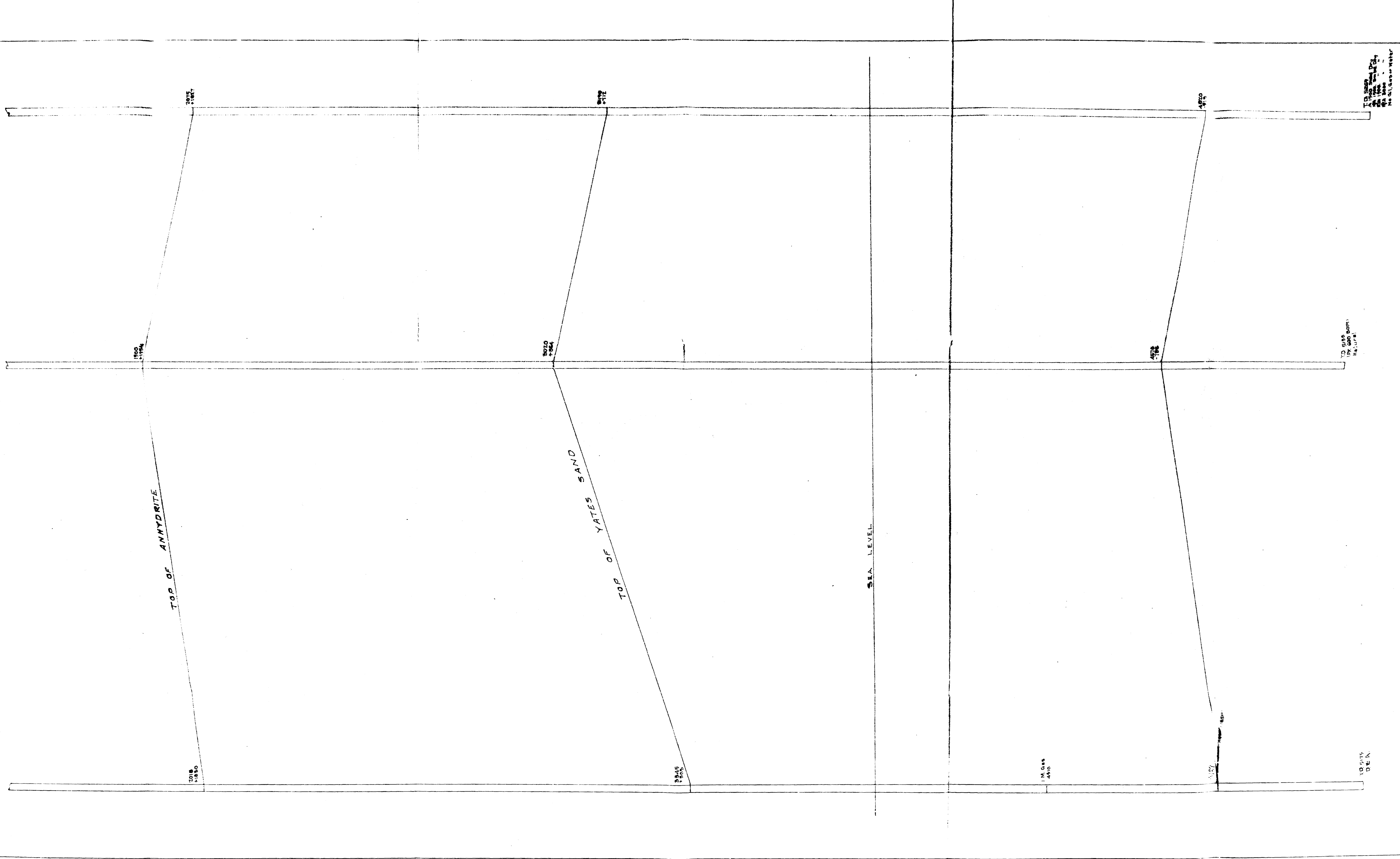
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NORTH-SOUTH CROSS SECTION THRU TURNER N°1'B STATE  
LEA COUNTY N. MEX.  
Geological State 17th 1905

Penn Oil Co. No 1 estate  
350' fr N. 1320' fr E.  
21-17-36

Fred Turner No 18 State  
Geo fr 3. 1900. fr y1  
4-17-36

Earned all No 1 Humble-Style  
 1900 fr. to 1900 fr. E.  
 23-16-30





Order Amending Statewide Order No. 10-1943  
Page 2  
10-1943

(c) For the purpose of assigning discovery allowances, groups or clusters of wells shall be considered. Each such group or cluster of wells shall consist of the first well in such group or cluster and all other wells which are completed within a radius of less than one-half mile of the first well of such group or cluster. The discovery allowance as applied to any such group or cluster of wells shall have its allowable beginning on the date that oil is first satisfactorily marketed from any well in the group or cluster and shall, in no event, apply for more than 18 months thereafter, starting from the date of each well's having a satisfactory outlet to market. Selling oil from any well is evidence of a satisfactory market for that well, but does not prevent the owner of any other well. The completion of a sixth well at a distance less than one-half mile from the discovery well of any group or cluster shall terminate the discovery allowance for all wells included in that group or cluster. The purpose of this order is to encourage extensions of development, not to develop new oil reserves.

(3) Any producing oil well completed at a distance in excess of one-half mile from the closest well which produces oil from the same horizon may be claimed to be the discovery well around which a group or cluster of wells may be started. In order to be assigned to such group or cluster as established, all subsequent completions must be within a radius of less than one-half mile from the well which established the group or cluster to which it is desired to assign such subsequent completions and must in addition thereto be more than one-half mile from any well used to establish any other group or cluster of wells.

IT IS FURTHER ORDERED That all wells to which the provisions of this order shall be found to apply shall be exempt from all shut-in orders during such period of time as the provisions of this order are applied thereto.

IT IS FURTHER ORDERED That this clause be held open on the docket for such other and further orders as may be necessary.

BOARD OF COMMISSIONERS OF TEXAS

Edward H. Jester, Chairman

Cliff Culbertson, Commissioner

Frederic C. Thompson, Commissioner

(SEAL)

ATTEST: L. D. Braham, Secretary

7. That from records made by the natural gas pipeline plants throughout the State of Oklahoma and from other sources it appears that the production of natural gas, condensate, and other liquefied petroleum not usually classified as crude oil, will be approximately 2,000 barrels daily during the months of August and September 1943, while amount is determined from such production during the past several months, the capacity of the natural gas pipeline plants and other factors in the production of such liquefied petroleum.

8. That the Corporation Commission has considered the amount of oil that can be produced from each of the allocated common sources of supply in the State of Oklahoma without waste, and finds that during the months of August and September 1943 there can be produced from each of the allocated common sources of supply the amount hereinafter set out in this order, which together with the stripper gases will amount to 300,000 barrels of oil per day. That said amount can be produced in the manner hereinafter set out in this order without physical waste and that there is a firm market demand for same, that production at said daily rate will tend to increase the ultimate recovery of oil and to prevent waste.

9. That in the interest of National defense and in order to promote the war effort and to fully cooperate with the Petroleum Administrator for War, the Commission finds that the amount of oil, including natural gas, condensate, and other liquefied petroleum which can be produced without waste during the months of August and September 1943 will be 350,000 barrels per day which exceeds the amount recommended by the Petroleum Administrator as above set out, but that the same will be in conformity with the program of the Petroleum Administrator since it is anticipated during the present emergency that production from all fields should only be limited to the amount that will prevent waste.

10. That approximately ninety per cent of the wells in the State of Oklahoma have very small production and are known as stripper wells; that in order to prevent their premature abandonment and to prevent two various types of waste defined in Chapter 131, Statute Book of 1933, and amendments thereto, and in accordance with the other provisions of said law, all of said stripper wells should be permitted to produce at capacity during the months of August and September 1943.

11. That many of the wells in the stripper areas of the State of Oklahoma must be produced at capacity to prevent their premature abandonment, and that purchasers of oil should take from such stripper wells all of the oil that can be produced therefrom before production is taken from the fields or allocated fields; that the full production of such stripper wells is not only necessary in order to prevent waste, but is of vital interest to the producers in said areas and to the State as a whole.

12. That the operators in all of the pools in the State of Oklahoma and especially in the stripper areas, should produce their wells, and the producers should take all the oil they can, in such manner as to insure reliable taking in every pool in the State.

13. That in the Apache Pool, where two wells are located on forty acres as provided by the Commission's order establishing county-wide triangular spacing, the August and September 1943 allowable should be 100 barrels per well per day and if less than one well has been drilled on forty acres and another well is permitted from being drilled by the provisions of order here issued by the Petroleum Administrator for War, the allowable of the one well should be 200 barrels per day, with the provision that all royalty and working interests in a forty-acre unit must receive their proportionate part of the production in order for the 200 barrels to be effective; provided that, if it appears to the Commission that said unit is not actually producing oil, the Commission will reduce the allowable accordingly; provided further, that the Texas Company's Luskahy well No. 3 should have an allowable of only 100 barrels per day for the months of August and September 1943 for the reason that said well is unproductive and is bottomed some 100 feet off center; that the allowable of the Texas Company's Luskahy well No. 5 should be 100 barrels per day for the months of August and September 1943, while the Luskahy well No. 4 drilled in the same forty-acre unit is dry hole. It appears that none of the said wells and probably three-fourths of the forty-acre unit will be productive of oil.

14. That all undergrounds as of July 1, 1943, and August 1, 1943, in excess of the daily allowable shall be canceled unless the operator presents to the Corporation Commission evidence that said oil can be taken up without waste, in which event undergrounds may be made up as directed by the Corporation Commission.

15. That the following pools, to-wit: Bill, Goshute and Cumberland oil Creek are newly discovered pools and should be restricted as to prevent waste, and the same should be classified in the Undersaturated Allocated Areas; that the Commission's records show a Porvin Pool but since the last order of the Commission the Commission's Committee of the Undersaturated Oil & Gas Association has designated the Porvin Pool as the Brookville South Pool and that the records of the Commission should be changed accordingly.

16. That all of the requirements herein are necessary in order to prevent waste and to fully cooperate with the Petroleum Administrator for War, and in order to protect the competitive rights of the operators, producers, and consumers, and to be fair and equitable as between the various pools in the State of Oklahoma, and that the August and September 1943 rules shall not exceed 350,000 barrels per day.

17. That the daily allocation for the month of August 1943 is herein after set out in this order shall also apply to the month of September 1943 with the exception that the amount allocated to the Cumberland Pools and the Brookville South Pool for the month of September appears in the order under September allowances, and in all cases where any new wells are brought into production during the months of August and September 1943 which are not set out in this order, the Corporation Commission should be authorized to grant such wells the same allowable that other wells are granted in the same common source of supply.

18. The Commission further finds that for sometime in the past there has been a demand on behalf of the operators, producers and others interested in the production of oil in the State of Oklahoma for rules and regulations setting out a uniform method of granting discovery wells an additional allowable which should be known as Discovery Allowances; that to grant discovery allowances to any well that is drilled into a new common source of supply would be an encouragement to wildcat drilling and to the discovery of new common sources of supply; that the discovery of new common sources of supply is not dependent to the State of Oklahoma and to the proper prosecution of the war effort, and to all operators, producers and royalty owners in this state and to the citizens as a whole; that the granting of such allowances would tend to increase the recovery of oil in this state which can be necessary in the proper conduct of the Petroleum Administrator for War; that under the evidence presented at the hearing it appears that some eight or ten months ago there was organized a committee consisting of representatives of operators in this state including an operator in the Corporation Department to make a study of the proper method of granting discovery allowances; that said committee has had numerous meetings and has made thorough and exhaustive investigations, and pursuant thereto made recommendations which have been furnished to all operators, producers and others interested in the production of oil, and which have been considered by several meetings of the operators, producers and purchasers on at least one or two occasions which meetings were called for that purpose by the Corporation Commission; that studies have been made of similar rules in other states and it appears from all of this research and investigation that the rules and regulations hereinafter set out in this order will be fair, equitable and just and will tend to encourage the drilling of new oil-wildcat wells, and will insure the discovery of additional oil reserves, all of which will be most beneficial to the producers, operators and others interested and to the citizens of the State of Oklahoma in general, and will tend to insure the war effort and result in a greater ultimate recovery of oil in the State of Oklahoma.

#### CHIEF

IT IS FURTHER ORDERED by the Corporation Commission of the State of Oklahoma as follows:

1. The Corporation Commission, its Oil and Gas Administrative Department and the operators and employees thereof, the producers, operators, royalty owners, purchasers and owners of oil and oil interested persons residing both in the national emergency full and complete cooperation must be given to the war effort and to the Petroleum Administrator for War.

2. From and after 9 o'clock, A.M., on the 1st day of August, 1943, and for the months of August and September or until otherwise ordered by the Commission, the production from each well under lease in each of the allocated common sources of supply in the State of Oklahoma which is not new, re-permuted, plus any permitted underproductive to its credit, or minor overage during the month of August or the 1st day of July and August, shall be limited and restricted as follows:

4-

# DISCOVERY ALLOWANCE

1. A discovery allowance shall be granted for each separate and distinct source of supply not previously known or proven to be productive, and if more than one separate source of supply is proven by the discovery well, then only one discovery allowance shall be granted and this to the source of supply in which the well is completed and produced from initially, except that if any well which has been completed in a known source of supply is deepened and discovers a new, separate source of supply, a discovery allowance shall be granted to it equal to the difference between the discovery allowance computed for the new depth and the depth to the next higher known producing zone.

2. A 5,000 barrel discovery allowance shall be granted to any new source of supply encountered at a depth not exceeding 8000 feet, but only one discovery allowance shall be granted to any single well drilled not to exceed 8000 feet regardless of the number of the same source of supply, but if such a well is drilled below 8000 feet it shall be given the same allowance as hereinafter set out. Below 8000 feet the following table shall be used as a basis for computing discovery allowances.

BASIS OF		BASIS OF	
DEPTH	DISCOVERY ALLOWANCE	DEPTH	DISCOVERY ALLOWANCE
FEET	PER FT. OF DEPTH	FEET	PER FT. OF DEPTH
8001 - 8500	5.75	9501 - 9500	5.75
8501 - 9000	5.0	9501 - 10000	5.0
9001 - 9500	4.25	10001 - 10500	4.25
9501 - 10000	3.5	10501 - 11000	3.5
10001 - 10500	2.75	11001 - 11500	2.75
10501 - 11000	2.0	11501 - 12000	2.0
11001 - 11500	1.25	12001 - 12500	1.25
11501 - 12000	.75	12501 - 13000	.75
12001 - 12500	.25	13001 - 13500	.25
12501 - 13000	.0	13501 - 14000	.0
13001 - 13500	.0	14001 - 14500	.0
13501 - 14000	.0	14501 - 15000	.0
14001 - 14500	.0		
14501 - 15000	.0		

The depth used for computing discovery allowances shall be the depth of the top of the producing formation or the top perforation when casing is set through the producing formation.

ILLUSTRATION: On a well 6000' deep to the source of supply, the discovery allowance will be 6000 x 5.0 bbls. per ft., or 30,000 bbls.

3. The discovery allowance as determined shall be granted and produced on a daily payable basis for a period of one year from the date of completing the first oil from said discovery well unless such discovery allowance, in addition to the normal allowable rate of production, is found to cause waste, then upon application to the Commission the period of producing discovery allowance may be extended.

4. The discovery allowance shall be produced from the discovery well and subsequent wells in the same lease or unitized area in which a discovery well is located by dividing the remaining discovery allowance equally among said wells.

5. The discovery allowance shall be granted only upon application to the Commission, requesting the discovery allowance, said application to be made within 90 days after the date of final completion of the discovery well or at the next regular allocation hearing after such date, and the discovery allowance shall be granted only in the event applicant presents sufficient reservoir data and information to support the granting of the additional allowance as provided for in Section 3 above, provided that the Commission Officer may grant temporary allowance under this order subject to the approval of the Corporation Commission.

DONE AND RECORDED BY the Corporation Commission at its office in the Capital Office Building, Oklahoma City, Oklahoma, this 26th day of July, 1943.

CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

REPROD 9-20 Chairman

RAY C. WOODS Vice-Chairman

Committee

ATTEST:

CHAS. B. WYCKOFF Secretary

(sac)

-6-

OF THE STA  
IN CONNECTION WITH THE HEARING CALLED BY  
THE ANTI-COMMUNISM COMMISSION OF THE  
STATE OF NEW YORK FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 55  
CHIEF NO. 57

## ORDER OF THE DELEGATION

Now, on this 5th day of September, 1946, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:

## FINDINGS

- IT IS THEREBY ORDERED

- |             |       |      |       |
|-------------|-------|------|-------|
| Up to 1000  | ----- | 1000 | bits. |
| 1000 - 1500 | ----- | 1500 | "     |
| 1500 - 2000 | ----- | 2000 | "     |
| 2000 - 2500 | ----- | 2500 | "     |
| 2500 - 3000 | ----- | 3000 | "     |
| 3000 - 3500 | ----- | 3500 | "     |
| 3500 - 4000 | ----- | 4000 | "     |

and 5 bbls. per ft. of depth below 4000'

(over)

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 55  
ORDER NO. 52

ORDER OF THE COMMISSION

NOW, on this 6th. day of September, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:

- IT IS THEREFORE ORDERED:

- |             |         |             |
|-------------|---------|-------------|
| Up to 1000' | - - - - | 5000 birds. |
| 1000 - 1500 | - - - - | 7500 "      |
| 1500 - 2000 | - - - - | 10000 "     |
| 2000 - 2500 | - - - - | 12500 "     |
| 2500 - 3000 | - - - - | 15000 "     |
| 3000 - 3500 | - - - - | 17500 "     |
| 3500 - 4000 | - - - - | 20000 "     |

and 5 bbls. per ft. of depth below 4000'

(over)

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 55  
ORDER NO. 67

03500000

NOW, on this 6th. day of September, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:

17. IF THERE ARE OTHERS ORDERED:

- Up to 1000' - - - - 5500 ft.  
 1000 - 1500 - - - - 7500 "  
 1500 - 2000 - - - - 10000 "  
 2000 - 2500 - - - - 12500 "  
 2500 - 3000 - - - - 15000 "  
 3000 - 3500 - - - - 17500 "  
 3500 - 4000 - - - - "

and 5 bbls. per ft. of depth below 4000

(over

3. That such bonus discovery allowable shall be produced at a daily rate not greater than the figure obtained by dividing the total bonus discovery allowable by the number of days in the current year.

4. That such bonus discovery allowable shall be produced within a two year period. Said period shall begin to run with the first sale of oil from said discovery well.

5. A. That application for the bonus discovery allowable provided for herein shall be in quadruplicate upon Form C-102 and shall be accompanied in quadruplicate by the following:

- (1) Necessary production and geological data of such discovery well.
- (2) Plat of area for three miles around such discovery well.
- (3) And in addition thereto where the discovery is in a new producing horizon in an existing oil field, appropriate evidentiary matters in support of such fact.

B. When such application is approved by the Commission, through its Director, two shall be retained by the Commission, one transmitted to the applicant and one to the Las County Proration Office.

6. That the Order herein shall be applicable to any such discovery made since June 1, 1964.

7. That the Order herein supersedes any order with which it is in conflict.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

(SGD) JOHN J. DEPSEY, Chairman

" H.R. RODGERS, Member

" JOHN M. KELLY, Secretary

(SGL)

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(SGL)

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- (3) And in addition thereto where the discovery is in a new producing horizon in an existing oil field, appropriate evidentiary matters in support of such fact.

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OIL CONSERVATION COMMISSION

(SGD) JOHN J. DEPSEY, Chairman

" H.R. RODGERS, Member

" JOHN M. KELLY, Secretary

(SGL)

(Copy)  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL  
CONSERVATION COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CONSIDERING:

THE APPLICATION OF FRED TURNER, JR., FOR AN ORDER  
AUTHORIZING A BONUS ALLOWABLE TO BE GRANTED TO ANY  
OPERATOR WHO MAKES A DISCOVERY OF A NEW OIL POOL  
OR A NEW PRODUCING HORIZON IN AN EXISTING OIL FIELD  
OR AN EXTENSION OF AN EXISTING OIL POOL BY DRILLING  
TWO MILES OR MORE FROM ANY COMMERCIALY PRODUCTIVE  
OIL WELL.

CASE NO. 53  
ORDER NO. 224

ORDER OF THE COMMISSION

This cause came on for hearing at ten o'clock A.M. August 4, 1944, at Santa  
Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter  
referred to as the "Commission".

Now, on this 6th day of September, 1944, the Commission having before it for  
consideration the testimony adduced at the hearing of said case and being fully  
advised in the premises, the Commission finds:

FINDINGS

1. That the bonus discovery allowable provided for herein is reasonable and  
in the public interest in that it tends to foster the discovery of new reserves  
to replenish depleted reserves of State and Nation.

IT IS THEREFORE ORDERED:  
That the Order herein shall be known as the:

BONUS DISCOVERY ALLOWABLE ORDER

1. That a bonus discovery allowable shall be granted to any operator who  
makes a discovery of a new oil pool or a new producing horizon in an existing oil  
field or an extension of the discovered portion of a known oil pool where such  
discovery is two miles or more from any commercially productive oil well.

2. That such bonus discovery allowable shall be for one well, over and above  
the top unit allowable of the proration unit upon which such discovery well is  
located, and for an amount of oil in accordance with depth measured to the top of  
the producing formation as follows:

Up to 1000' -- 5000 bbls.	2500 - 3000' -- 15000 bbls.
1000 - 1500' 7500 "	3000 - 3500 17500 "
1500 - 2000 10000 "	3500 - 4000 20000 "
2000 - 2500 12500 "	

and 5 bbls per ft. of depth below 4000'

(Copy)  
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and 5 bbls per ft. of depth below 4000'

3. That such bonus discovery allowable shall be produced at a daily rate  
not greater than the figure obtained by dividing the total bonus discovery  
allowable by the number of days in the current year.

4. That such bonus discovery allowable shall be produced within a two year  
period. Said period shall begin to run with the first sale of oil from said  
discovery well.

5. A. That application for the bonus discovery allowable provided for  
herein shall be in quadruplicate upon Form O-102 and shall be accompanied in  
quadruplicate by the following:

(i) Necessary production and geological data  
of such discovery well.

(ii) Plat of area for three miles around such  
discovery well.

(iii) And in addition thereto where the discovery  
is in a new producing horizon in an existing  
oil field, appropriate evidentiary matters  
in support of such fact.

B. When such application is approved by the Commission, through its  
Director, two shall be retained by the Commission, one transmitted to the appli-  
cant, and one to the Lea County Proration Office.

6. That the Order herein shall be applicable to any such discovery made  
since June 1, 1944.

7. That the Order herein supercedes any order with which it is in conflict.

DOKE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

(S22) John J. Dempsey

Chairman

(S22) H. B. Rodgers

Member

(S22) John M. Kelly

Secretary

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