

Case No.

55

Application, Transcript,
Small Exhibits, Etc.

IL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 27, 1944

Mr. Floyd Rigdon
Current Argus
Carlsbad, New Mexico

Re: Case 55

My dear Floyd:

The Commission has not received publisher's affidavit
in the above captioned case — the legal advertisement of which
was transmitted to you July 13, 1944.

With kindest personal regards.

Cordially yours,

John M. Kelly
Director

By

Chief Clerk & Legal Advisor

CBI:MS

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NIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 13, 1944

Santa Fe New Mexican
Santa Fe, New Mexico

Hobbs Daily News
Hobbs, New Mexico

Carlsbad Current-Argus
Carlsbad, New Mexico

Re: Case No. 55, Notice for Publication

Gentlemen:

Please publish the enclosed notice once, immediately.
Please proof read the notice carefully and send a copy of
the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate
accompanied by voucher executed in duplicate. The vouchers
must be signed by a notary in the space provided on the back
of the voucher. The necessary blanks are enclosed.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Advisor

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 6, 1944

Mr. L. G. Snow
U. S. Geological Survey
Roswell, New Mexico

Dear Mr. Snow:

Attached is copy of Order No. 573, the bonus
allowable order.

With kindest personal regards.

Very truly yours,

Director.

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 6, 1944

Honorable Glenn Staley
Proration Office
Hobbs, New Mexico

Dear Glenn:

Attached is copy of Order No. 573, the bonus
allowable order.

With kindest personal regards.

Very truly yours,

Director

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 6, 1944

Mr. Hugh Sawyers
N. M. Oil & Gas Association
Roswell, New Mexico

Dear Hugh:

Here is the copy of the bonus allowable order. I believe this is of sufficient interest to all operators that I hope you will mimeograph it and mail it out.

The allowable was set as per our phone conversation — 110,000 barrels a day for September, 1944.

With kindest personal regards.

Very truly yours,

Director

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 6, 1944

Mr. Fred Turner, Jr.
Midland, Texas

Dear Fred:

Enclosed is a copy of the bonus allowable order, signed today by the Commission. You will note that this grants you approximately 25,000 barrel bonus for your discovery in the South Lovington Area. Please file the required information as per Section 5 and a permit will be issued to you and the pipe line company immediately.

Hope you are getting your horses in trim for the State Fair as you are going to have some pretty good competition. I was at the track Sunday and saw the two horses you have there now and I was told that you plan to ship four or five more in. Hope you can make it up to the Fair yourself and am looking forward to seeing you.

With kindest personal regards.

Very truly yours,

Director.

JMK:MS

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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:

CASE NO. 55

ORDER NO. 573

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.

ORDER OF THE COMMISSION

BY 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 Sept., 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 diminished 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.
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'.

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.
- (11) Plat of area for three miles around such discovery well.
- (111) 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 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 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


JOHN J. DEMPSEY, CHAIRMAN



H. R. RODGERS, MEMBER


JOHN H. KELLY, SECRETARY

(SEAL)

CORRECTION

The preceding ———
documents were incorrectly
filmed. They are refilmed
following this target.

HAD HAND IN WAY 

12-83

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.
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- (111) 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 Lea County Proration Office.

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OIL CONSERVATION COMMISSION


JOHN J. DEMPSEY, CHAIRMAN


H. R. RODGERS, MEMBER


JOHN M. KELLY, SECRETARY

(SEAL)

CASE NO. 55

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

In the matter of 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 pool by drilling two miles or more from any com-
mercially productive oil well. This case is set for 10:00
A.M., August 4, 1944.

Pursuant to notice by the Commission, duly made and published, setting
August 4, 1944 at 10:00 o'clock, a.m., for hearing in the above entitled
matter, said hearing was convened on said day, at said hour, in the Coronado
Room of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. RAY ROGERS, State Land Commissioner, Member
HON. JOHN M. KELLY, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser.

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth	Stanolind Oil Company	Santa Fe, New Mexico
R. E. Nelson, Jr.	Stanolind Oil Company	Tulsa, Oklahoma
W. D. Henderson	Stanolind Oil Company	Midland, Texas
George W. Selinger	Skelly Oil Company	Tulsa, Oklahoma
D. W. Spence	Sinclair Prairie Oil Co.	Midland, Texas
H. B. Hurley	Continental Oil Company	Ft. Worth, Texas
R. Van A. Mills	Continental Oil Company	Ponca City, Okla.
J. W. Head	Head & Miller	Borger, Texas
K. H. Dally	Head & Miller	Borger, Texas
A. Knickerbocker	Fred Turner, Jr.	Midland, Texas
J. M. Zachary	Neiville G. Penrose, Inc.	Ft. Worth, Texas
Hamilton McRae	Fred Turner, Jr.	Midland, Texas
Frank D. Gardner	Sinclair Prairie Oil Co.	Midland, Texas
G. L. Shoemaker	Shell Oil Company, Inc.	Midland, Texas
S. W. House	Humble Oil Company	Midland, Texas
V. C. Mailey	Humble Oil Company & Refining	Midland, Texas
Hugh L. Sawyers	N. M. Oil & Gas Ass'n	Roswell, N. M.
Claude E. Wood	State Land Office	Santa Fe, N. M.
Jesse Hildreth	General Crude Oil Company	Wink, Texas
Leo E. Shultz	Oil & Gas Dept. - State Land Office	Santa Fe, N. M.
Jerry Curtis	Magnolia Petroleum Company	Roswell, New Mexico
S. P. Hamfin	Magnolia Petroleum Company	Midland, Texas
W. K. Davis	El Paso Natural Gas Company	Jal, New Mexico
R. L. Boss	Gulf Oil Corporation	Hobbs, New Mexico
E. J. Gallagher	Gulf Oil Corporation	Hobbs, New Mexico
A. E. Willig	The Texas Company	Ft. Worth, Texas
Glenn Staley	Lee County Operators	Hobbs, N. M.
Harvey Hardison	Standard of Texas	Houston, Texas
W. S. Patterson	Scouting Service	Santa Fe, N. M.
C. W. Faris	Shell Oil Company	Midland, Texas
John P. Healy	Colo Mex	Santa Fe, N. M.
Weldon Brigance	Rowan Drilling Company	Ft. Worth, Texas
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
E. H. Foster	Phillips Petroleum Company	Amarillo, Texas
Mrs. Nettie Ogle		Santa Fe, N. M.
Fred Turner, Jr.	Independent	Midland, Texas
D. R. McKeithan	Phillips Petroleum Company	Barbersville, Okla.

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, as follows:

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

CASE NO. 55.

In the matter of 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 commercially productive oil well. This case is set for 10 A.M., August 4, 1944.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing notice of publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 13, 1944.

OIL CONSERVATION COMMISSION

/s/ John M. Kelly

BY: John M. Kelly
Secretary

(SEAL)*

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, as follows:

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OIL CONSERVATION COMMISSION

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OIL CONSERVATION COMMISSION

/s/ John M. Kelly

BY: John M. Kelly
Secretary

(SEAL)*

PROCEEDINGS

Mr. Hamilton McRae, Attorney for Mr. Fred Turner Jr. - Midland, Texas

FIRST WITNESS - Mr. A. Knickerbocker.

After being duly sworn to tell the truth, the whole truth and nothing but the truth, Mr. Knickerbocker testified as follows:

MR. McRAE: What is your name?

MR. KNICKERBOCKER: A. Knickerbocker.

MR. McRAE: What is your occupation?

MR. KNICKERBOCKER: Office manager for Fred Turner, Jr, at Midland, Texas.

MR. McRAE: Mr. Knickerbocker, are you familiar with a well drilled recently by Fred Turner, Jr., in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, Sec. 4⁴ 17S, 36E, Lea County New Mexico?

MR. KNICKERBOCKER: I am.

MR. McRAE: That is known as the Turner 1-B State Well?

MR. KNICKERBOCKER: That is correct.

MR. McRAE: Has it been part of your duties to keep a record of actual cost of that well?

MR. KNICKERBOCKER: Yes sir.

MR. McRAE: Have you made any investigation as matter of comparison of that cost with the cost of a similar well three years ago?

MR. KNICKERBOCKER: I have.

MR. McRAE: How did the two costs compare?

MR. KNICKERBOCKER: Approximately double.

MR. McRAE: Have you investigated the matter of cost with drilling contractors?

MR. KNICKERBOCKER: Yes sir.

MR. McRAE: Have you procured a statement as to the increased cost?

MR. KNICKERBOCKER: I have.

MR. McRAE: Any statements available?

MR. KNICKERBOCKER: Yes.

MR. McRAE: I wish to present statements of cost by Carl B. King Drilling Company, Guy Mabree Drilling Company and C. T. McLaughlin Drilling Company as Exhibits 1, 2, and 3.

Have you investigated the cost of rig building and hauling?

MR. KNICKERBOCKER: I Have.

MR. McRAE: How does it compare with three years ago?

MR. KNICKERBOCKER: Hauling cost about 40% greater.

MR. McRAE: The rig building cost?

MR. KNICKERBOCKER: About 150% higher.

MR. McRAE: In connection with this application, have you made any investigation of other oil producing states as to bonus allowable or discoveries?

MR. KNICKERBOCKER: I have.

MR. McRAE: Copies of letters from any states on that feature?

MR. KNICKERBOCKER: I have copies from Oklahoma and Texas.

MR. McRAE: I offer orders from states of Oklahoma and Texas as exhibits 4 and 5.

I believe that is all. - We would like to offer plats of the area showing relation-ship and location of this well, to adjoining areas.

NEXT WITNESS - FRANK GARDNER

MR. McRAE: What is your name?

MR. GARDNER: Frank Gardner.

MR. McRAE: What is your occupation?

MR. GARDNER: Purchasing Agent for Sinclair Prairie Oil Marketing Company, Midland, Texas.

MR. McRAE: Are you familiar with the location of the well we have referred to as the Turner No. 1 State Well?

MR. GARDNER: I am.

MR. McRAE: Does your Company have oil purchasing facilities in that area?

MR. GARDNER: Yes it does.

MR. McRAE: Are those facilities adequate to handle increased production from that well?

MR. GARDNER: Yes.

MR. McRAE: From what you know of the market, is there a need and demand for additional oil from that area?

MR. GARDNER: Urgent need.

MR. McRAE: Are you familiar with a letter written by the head of your Department to Mr. Turner on the subject?

MR. GARDNER: I have a copy of that letter.

MR. McRAE: I wish to present the letter addressed to Mr. Turner, from the Vice-President of the Sinclair Prairie Oil Marketing Company as Exhibit No. 8.

MR. KELLY: You are not purchasing from this well at present are you?

MR. GARDNER: We will be shortly - another week or two.

NEXT WITNESS - FRED TURNER, JR.

MR. McRAE: What is your name?

Mr. TURNER: Fred Turner, Jr.

MR. McRAE: You made this application being heard before the Commission?

MR. TURNER: Yes sir.

MR. McRAE: You drilled the Turner 1-B State?

MR. TURNER: That is right.

MR. McRAE: Have you ever drilled any other wells in that general area?

MR. TURNER: I drilled one about three miles east of there three years ago.

MR. McRAE: How did the cost of that well compare to the present one?

MR. TURNER: The same Contractor drilled both wells, \$2.55 against \$5.25
for this well - per foot.

MR. McRAE: Is that increase representative of increasing cost in other
items?

MR. TURNER: Yes sir.

MR. McRAE: Mr. Turner, are you familiar with the fact that Bonus Allowables
are in evidence in other producing states?

MR. TURNER: I am.

MR. McRAE: From your experience, is it your opinion that wildcatting and
new developments are stimulating?

MR. TURNER: I think so.

MR. McRAE: Have you raised the question with any of the oil agencies as to
their opinion?

MR. TURNER: Texas Railroad Commission.

MR. McRAE: Do you have a statement from them?

MR. TURNER: I have a letter from Mr. Jester.

MR. McRAE: We offer this letter as Exhibit No. 9.

MR. KELLY: We would like to have that letter read.

- The following letter was read by Mr. McRae -

"RAILROAD COMMISSION OF TEXAS
Austin
Beauford H. Jester (11)
Chairman

July 29, 1944

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 Baumel, who was trying to solve our problem in the Baumel 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 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,

/s/ Beauford H. Jester"

MR. McRAE: From your experience, under the law of averages, does increased wildcatting result in additional reserves?

MR. TURNER: Yes sir.

MR. McRAE: Do additional reserves add to the benefit of the people of the State and the State itself?

MR. TURNER: It does.

MR. McRAE: How many wells are located in the immediate vicinity of 1-B?

MR. TURNER: When this application was filed there was one.

MR. McRAE: Any other producers in the area yet?

MR. TURNER: No sir.

MR. KELLY: How many location wells drilling right now in this area?

MR. TURNER: Four.

MR. McRAE: That is all.

NEXT WITNESS - GEORGE SELENGER

MR. McRAE: Mr. Selenger wishes to ask some questions, not a witness.

Mr. SELENGER (Skelly Oil Company) - Mr. Turner how would your bonus allowable plan work?

MR. TURNER: The one I filed probably wouldn't work with the Commission, they would have to work that out for themselves.

MR. SELENGER: Is it going to be on flat allowable, or depth - what is the basis?

MR. TURNER: Be on depth.

MR. SELENGER: In accordance with the regulations of Oklahoma or Texas?

MR. TURNER: Either one - practically the same scale.

MR. SELENGER: Allowable to be on the basis of depth?

MR. TURNER: That is right.

MR. A. E. WILLIG - The Texas Company.

I would like to make a statement. What I am about to say I do not wish to be understood as a protest. I am not familiar with the Oklahoma plan, but have some familiarity with the Texas bonus allowable for discovery wells. We have experienced some trouble with the present revised plan - has been revised three or four times. Now it contains what we believe to be an objectionable feature, the bonus allowable for wells drilled has $\frac{1}{2}$ mile extensions to formerly approved group or pools. We see no objection to the plan, as those drilled fairly soon after discovery - it is not hard to see what inequities will result after a group is discovered and produced for a period of two or three years. Later if those drilled are given a new pool allowable, after the original discovery wells are reduced to the regular allowable of the wells of that type. We would suggest some limitation be placed on the time extension to known pools. By not having a limit on it creates an unbalanced condition and inequities that are obvious. We would further recommend the Commission grant new pool allowables only subject to waste prevention, I believe that important for high allowables - that waste does not take place.

MR. KELLY: Commission is charged by law to carry out that provision.

MR. WILLIG: It is.

MR. KELLY: Mr. Willig, you have read the call - the Texas plan is $\frac{1}{2}$ mile extension, in the call for this hearing it is a two mile extension.

MR. WILLIG: I don't believe the distance would make a lot of distinction.

MR. KELLY: In your opinion has bonus allowables in Texas, on the whole, stimulated discovery of any reserves?

MR. WILLIG: In my personal opinion, it has not greatly done so. Since the plan has been in effect there has been federal restrictions on drilling.

MR. McRAE: We would like for the Commission to consider as part of this record, the discovery of wells over the past seven or eight years, and the history of your files generally. Your scale and breadth of your production and certifications to the State of New Mexico as to whatever governs, make them as to demand.

The first question that occurs to the Commission is "Can We do this?" We feel your broad powers and discretions given this body by the State of New Mexico through your conservation act, that you do have the power, because there is a provision you shall make fair and equitable allowances. The market demand which exists, and the stimulations to new discoveries are matters which you can take into account in determining what is fair and equitable, which has a big stake in the oil business upon state lands upon which oil has been, and can be discovered. We think the need for additional reserves warrant the character of grant for which we have asked. We do not come to this Commission with any hard and fast rule, because this Commission is necessarily going to consider one on waste. What we do is come to you asking for a bonus allowable, probably 55,000 barrels - is what we would like to see. We believe it should be scaled as to depth - how that order is framed rests with the judgment of this Commission. We do urgently ask that bonus allowable be granted, and that it apply to this 1-B Turner well.

MR. R. VAN A. MILLS - CONTINENTAL OIL COMPANY

MR. MILLS: On behalf of my Company, I would like to say we favor the request for discovery of allowables, that is being presented here today.

We would recommend the Commission follow the plan which is depth, and the schedule that has been and is still being used in Texas. We have no particular recommendation for the system in Texas, there has been some difficulties, as Mr. Willig brought forth in his statement. We heartily support the plan for bonus allowables.

MR. KELLY: Do you feel the bonus allowable will stimulate discovery in the state?

MR. MILLS: To some extent we think it will.

MR. MCRAE: By virtue of some discrepancies, and some difficult risk in applying the Texas rule, the Applicant prefers the Oklahoma.

MR. SELENGER: We agree with Mr. Willig with regards to the extension field, that granting the discovery allowable to extension wells will get the Commission into quite a considerable amount of trouble. The Commission should do so only within the limits - with certain rules and regulations. We are inclined to allow the present method to go along, but realize the necessity of increased oil from the state, particularly in reserves. We are willing to go along with any theory to stimulate such additional reserves. We feel the Commission should rule against any extension of any existing pools. With the statement of gains from Mr. Turner and his statement to the effect there are four additional wells being drilled now offsetting the discovery well, there is some question in our mind as to the equitableness as bonus allowable to the one present producing well and allow four wells to produce only 46 barrels per day allowable whereas the present producing wells are entitled to much greater allowables, might run into some difficulty.

MR. KELLY: Difficulty in what way?

MR. SELENGER: Allowing the present well 46 barrels per day.

MR. KELLY: Any discovery well will have wells offsetting.

MR. SELENGER: It is the plan to permit the present well and four surrounding wells to participate - In Oklahoma we ran into a considerable amount of difficulty. The first plan was 14,000 barrels to be produced at anytime the operator desired when the offset well was drilled, so the Commission modified as it was in Texas, to permit the discovery bonus allowable only until the second well was brought in. That ran into trouble because as soon as an offset operator found him producing, he immediately set down an offset well. The present plan in Oklahoma was put into effect based on depth. Still a considerable amount of trouble in normal and discovery allowable standard, over a period of months at a daily rate of 25 or 30 barrels a day in addition to their normal allowable. The trouble in bonus discovery allowables, as we see it is mostly in extensions. In purely wildcatting areas some sort of stimulation should be had.

MR. MCRAE: We would like to remind the Commission on the matter of the two mile extension, and when a man presents a two mile extension he is wildcatting, unless you allow some on that distance, then anything on earth could happen. We think a two mile extension in all practical purposes is for wildcatting.

MR. HURLEY: (Continental Oil Company) Two mile extension, new field and new pool?

MR. KELLY: The call is set out in three parts.

Mr. Turner filed his original application and included just his own well.

The Commission requested Mr. Turner to broaden his application to include any new field, and the case is being heard on any new field, not necessarily Mr. Turner's discovery.

The Commission will take the case under advisement and notify the Applicant as soon as possible.

C E R T I F I C A T E

I hereby certify that the foregoing and attached nine and a fraction pages of typewritten matter constitute a true, correct and complete transcript of the shorthand notes taken by me in Case No. 55, on the 4th day of August 1944, and by me extended into typewriting.

WITNESS my hand this 24th day of August 1944.

Vastie Fowler
Vastie Fowler



Charge to the account of

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM	ORDINARY
DAY LETTER	URGENT RATE
SERIAL	DEFERRED
NIGHT LETTER	NIGHT LETTER

Patrons should check class of service desired, otherwise the message will be transmitted as a telegram at ordinary charges.

WESTERN UNION

A. N. WILLIAMS
PRESIDENT

1206

CHECK
ACCOUNTING INFORMATION
TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

SANTA FE NEW MEXICO AUGUST 11, 1944

FOR VICTORY
BUY
WAR BONDS
TODAY

MR. FRED TURNER, JR.
MIDLAND, TEXAS

HAVE CONVINCED GOVERNOR THAT BONUS ALLOWABLE ORDER IS FEASIBLE.
ORDER PROBABLY WILL BE ISSUED EARLY NEXT WEEK. KINDEST REGARDS
AND SEE YOU SOON.

JOHN M. KELLY
DIRECTOR

SEND: DAYLETTER, COLLECT.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

..... July 17....., 19.44.
....., 19....
....., 19....
....., 19....

that the cost of publication is \$3.12.....,
and that payment therefor has been made
and will be assessed as court costs.

F. B. Rigdon
.....

Subscribed and sworn to before me this

21st... day of July..., 1944.

Levi H. Young
.....
Notary Public

My commission expires 5-4-46.

(Published July 17, 1944)
NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 55

In the matter of the applica-

tion 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 commercially productive oil well. This case is set for 10 a. m., August 4, 1944.

Any person having any interest

in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 13, 1944.

OIL CONSERVATION
COMMISSION

By (sgd) JOHN M. KELLY,
(SEAL) Secretary

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea

I, Thomas L. Summers
Publisher

Of the Hobbs Daily News-Sun, a
daily newspaper published at Hobbs,
New Mexico, do solemnly swear that
the clipping attached hereto was
published once a week in the regular
and entire issue of said paper, and
not in a supplement thereof for a

period of _____

One issue weeks

beginning with the issue dated _____

July 17, 1944

and ending with the issue dated _____

Thomas L. Summers, 1944

Publisher

Sworn and subscribed to before me

this 17th day of _____

July, 1944

Blanche J. J. J.
Notary Public

My commission expires _____

June 25, 1944

(Seal)

This newspaper is duly qualified
to publish legal notices or ad-
vertisements within the mean-
ing of Section 3, Chapter 167,
Laws of 1937, and payment of
fees for said publication has
been made.

(July 17) NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The Oil Conservation Commis-
sion, by law invested with juris-
diction as the oil and gas regula-
tory body of the State of New
Mexico, hereby gives notice of the
following hearing to be held at
Santa Fe, New Mexico:

Case No. 55
In the matter of the applica-
tion of Fred Turner, Jr., for an
order authorizing a bonus al-
lowable to be granted to any
operator who makes a discovery
of a new oil pool or a new pro-
ducing horizon in an existing oil
field or an extension of an ex-
isting oil pool by drilling two
miles or more from any com-
mercially productive oil well.
This case is set for 10 a. m.,
August 4, 1944.

Any person having any interest
in the subject of said hearing is
entitled to be heard.

The foregoing Notice of Publi-
cation was made pursuant to the
direction of the Commission at its
Executive Meeting July 6, 1944.

Given under the seal of said
Commission at Santa Fe, New
Mexico, on July 13, 1944.

OIL CONSERVATION
COMMISSION

by (Sgd.) JOHN M. KELLY
SECRETARY

(SEAL)

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
Oil Conservation Commission
The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico: Case No. 55
In the matter of 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 commercially productive oil well. This case is set for 10 A. M., August 4, 1944.
Any person having any interest in the subject of said hearing is entitled to be heard.
The foregoing Notice of Publication was made pursuant to the direction of the Commission at its executive meeting July 8, 1944.
Given under the seal of said Commission at Santa Fe, New Mexico, on July 13, 1944.
OIL CONSERVATION COMMISSION.
By (Seal) **JOHN M. KELLY,**
Secretary
Pub. July 13, 1944.

Affidavit of Publication

State of New Mexico, } ss.
County of Santa Fe }

I, C. B. Floyd, being first duly sworn, declare and say that I am the (Business Manager) (~~Editor~~) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once ~~each week~~ for one time ~~consecutive weeks and on the same day of each week in~~ the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~once each week~~ for one time ~~week consecutively~~ the first publication being on the 15th day of July, 1944, and the last publication on the 17th day of July, 1944; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

[Signature]
Manager

Subscribed and sworn to before me, this 17th day of July, A.D., 1944
Anna K. Orem
Notary Public.

My Commission expires

June 11, 1945

PUBLISHER'S BILL

36 lines, one time at \$ 2.88
 lines, times, \$
Tax \$
Total \$ 2.88

Received payment,

By _____

CIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 14, 1944

Mr. Fred Turner, Jr.
Midland, Texas

Re: Case No. 55 - Notice for publication

Dear Mr. Turner:

Enclosed is a copy of notice of hearing in the above captioned case. Hearings of this nature are quasi-judicial and are heard upon sworn testimony. You, as applicant, and any other interested party should be prepared to supply sworn testimony before the Commission in order that whatever order the Commission may adopt pursuant thereto will have the support of such testimony. Orders of the Commission made pursuant to a quasi-judicial hearing are subject to review by the District Court. The Commission, so far, has never been reversed by any Court, largely through giving close attention to the details necessary for the support of an order.

Many of the documentary matters you submitted along with your petition for a hearing are really of evidentiary nature and if you see fit you may introduce any of these matters into evidence at the hearing.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

C
O
P
Y

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

WESTERN UNION

A. N. WILLIAMS
PRESIDENT

1201

SYMBOLS

DL = Day Letter

NL = Night Letter

C = Deferred Cable

AT = Cable Night Letter

Ship Radiogram

The filing time shown in the data line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

VB12 22= MIDLAND TEX 8 859A

JOHN KELLY SECY=

14 JUL 3 AM 8 45

NEW MEXICO OIL CONSERVATION COMMISSION SF=
APPLICATIONS FOR HEARING ON SEPARATE POOL AND DISCOVERY
ALLOWABLES WILL REACH YOU THIS AFTERNOON VIA AIR MAIL.
PLEASE CALL IF INSUFFICIENT INFORMATION=
FRED TURNER JR.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 55

In the matter of 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 commercially productive oil well. This case is set for 10 A.M., August 4, 1944.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 13, 1944.

OIL CONSERVATION COMMISSION

BY (S2D) JOHN E. KELLY
SECRETARY

(SEAL)

FRED TURNER, Jr.

OIL PROPERTIES

Midland, Texas

July 7, 1944

Mr. John M. Kelly, Secy.
New Mexico Oil Conservation Comm.
Santa Fe, New Mexico

Dear Mr. Kelly:

Ante
In connection with our discovery well located in the SE/4 of the SW/4 of Section 4, 17S, 36E, Lea County, New Mexico, which well has been placed on your records in the South Lovington Field, we respectfully request that at your next regular hearing you review the facts surrounding this discovery and designate it as a new field. Cross sections east to west and north to south are submitted herewith to substantiate the fact that this well is located on a structure separate from the South Lovington Field.

Thanking you for usual kind consideration,
we are,

Yours very truly,

Fred Turner, Jr.
FRED TURNER, JR.

FT/hp

FRED TURNER, Jr.

OIL PROPERTIES

Midland, Texas

July 7, 1944

Mr. John M. Kelly, Secy.
New Mexico Oil Conservation Comm.
Box 871
Santa Fe, New Mexico

Dear Mr. Kelly:

In view of the National Emergency and a threatened future oil shortage in this country, we feel that the State of New Mexico should adopt some regulation which would stimulate wildcat drilling and the discovery of new oil pools. We believe that you will agree that a new discovery should be granted a large enough allowable to enable the operator to have his capital investment returned in a shorter period than the present well allowable will allow. In view of these facts we ask that at the next regular hearing an order be entered along the following lines:

NOW on the 29th day of July, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

IT IS THEREFORE ORDERED:

That effective June 1st, 1944, in order to stimulate the drilling of wildcat wells in the State of New Mexico and because of the greatly increased cost of drilling, the Commission finds that a larger per well allowable should be granted to operators who make a discovery of a new oil field and the scale of daily well allowables as set forth below shall be applied under the hereinafter prescribed conditions.

SCALE OF ALLOWABLES

Interval of Depth	Daily Well Allowable
0 - 1,000	20 bbls.
1,000 - 2,000	40 bbls.
2,000 - 3,000	60
3,000 - 4,000	80
4,000 - 5,000	100
5,000 - 6,000	120
6,000 - 7,000	140
7,000 - 8,000	160
8,000 - 9,000	180

Mr. John M. Kelly, Secy.

July 7, 1944

Page -2-

9,000 - 10,000	200 bbls.
10,000 - 11,000	220
11,000 - 12,000	240
12,000 - 13,000	260
13,000 - 14,000	280
14,000 - 15,000	300

The assignment of discovery allowables shall be in accordance with the following provisions:

After a discovery has been made, the operator shall file with the Commission an application for a discovery allowable. A discovery well shall be any producing well which is located at a distance of two miles or more from the nearest producing well in the nearest producing oil field or any well in a producing oil field which shall develop production of oil from a different horizon from that of the pool in which it is located and the first ten wells drilled under these conditions shall be granted discovery allowables for a period of twelve months from the date of completion of said wells.

Your consideration of this request would be appreciated.

Yours very truly,


FRED TURNER, JR.

FT/hp

FRED TURNER, Jr.

OIL PROPERTIES

Midland, Texas

July 7, 1944

Mr. John M. Kelly, Secy.
New Mexico Oil Conservation Comm.
Box 871
Santa Fe, New Mexico

Dear Mr. Kelly:

As per your request, we attach hereto a
copy of the Texas Railroad Commission Order grant-
ing discovery allowables in the State of Texas.

Yours very truly,


FRED TURNER, JR.

FT/hp

NEW FIELD ALLOWABLES

Special Order Fixing Allowables for Wells in New Fields in the State of Texas, Effective February 1, 1942, as Amended by Orders Effective June 1, 1942, August 17, 1942, January 15, 1943, and August 17, 1943.

NOW, THEREFORE, IT IS ORDERED BY the Railroad Commission of Texas, that effective 7 A.M., August 17, 1943, its Order No. 20-4356 dated January 15, 1943, be amended in such a manner that the scale of daily well allowables as herein set forth shall be applied in determining the oil allowable of wells under the hereinafter prescribed conditions.

SCALE OF ALLOWABLES

Interval of Depth	Daily Well Allowable
0 - 1,000	20 bbls.
1,000 - 2,000	40 bbls.
2,000 - 3,000	60
3,000 - 4,000	80
4,000 - 5,000	100
5,000 - 6,000	120
6,000 - 7,000	140
7,000 - 8,000	160
8,000 - 9,000	180
9,000 - 10,000	200
10,000 - 11,000	220
11,000 - 12,000	240
12,000 - 13,000	260
13,000 - 14,000	280
14,000 - 15,000	300

IT IS FURTHER ORDERED, That the assignment of discovery well allowables shall be in accordance with the hereinafter prescribed provisions;

(1) Producing oil wells, subject to the limitations hereinafter set out, that are drilled in what is determined by the commission to be either a new field, a new producing horizon in an old field, or an extension of the producing limits of any known producing horizon shall be entitled to the discovery allowable.

(A) For the purpose of assigning discovery allowables, 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 allowable 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 commit the owner of any other well. The completion of a sixth

well of any group or cluster shall terminate the discovery allowable for all wells included in that group or cluster. The purpose of this order is to encourage extensions of development, and to develop new oil reserves.

(B) 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 so 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 shutdown orders during such period of time as the provisions of this order are applied thereto.

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