

Case No.

59

Application, Transcript,
Small Exhibits, Etc.

59 Petition of operators of small lines
field for removal of gas-oil ratio

CASE NO. 59

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. 59

Order No. 589

The Petition of the operators of the South Eunice Field, by D. D. Bodie, Chairman, for a removal of the gas-oil ratio limit now applied to the South Eunice Field, Lea County, New Mexico, and to amend the existing gas-oil ratio order applicable thereto.

Pursuant to notice by the Commission, duly made and published setting February 12, 1945 at ten 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. JOHN J. DEMPSEY, Governor
HON. JOHN E. MILES, Member
HON. CARL B. LIVINGSTON, Chief Clerk & Legal Adviser.

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Ray McGlothlin	Petroleum Products Mfg. Co.	Fremitt, N. M.
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
G. H. Gray	Repollo Oil Company	Midland, Texas
W. E. Scott	Buffalo Oil Company	Artesia, N. M.
H. R. Markley	Phillips Petroleum Company	Odessa, Texas
H. C. Webb	Phillips Petroleum Company	Odessa, Texas
H. K. McKinnon	Shell Oil Company	Midland, Texas
R. U. Fitting, Jr.	Consultant	Midland, Texas
B. W. Jarboe	Me-Tex	Hobbs, N. M.
Ralph L. Gray	Stanolind Oil Company	Hobbs, N. M.
Foster Morrell	U. S. G. S.	Roswell, N. M.
O. F. Hedrick	T. P. Coal & Oil	Midland, Texas
C. G. Campbell	T. P. Coal & Oil	Midland, Texas
W. K. Davis	El Paso Natural Gas Co.	Jal, N. Mex.
C. C. Cragin	El Paso Natural Gas Co.	El Paso, Texas
D. D. Bodie	C. S. Oil Company	Hobbs, N. M.
Glenn Staley	Lea County Operators	Hobbs, N. M.
James M. Murray Sr.	Me-Tex	Hobbs, N. M.

"NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., February 12, 1945:

CASE NO. 59. In the matter of the hearing called by the Oil Conservation Commission of the State of New Mexico for the purpose of considering:

The Petition of the operators of the South Eunice field, by D. D. Bodie, Chairman, for a removal of the gas-oil ratio limit now applied to the South Eunice Field, Lea County, New Mexico, and to amend the existing gas-oil ratio order applicable thereto.

Given under the seal of said Commission at Santa Fe, New Mexico

on

OIL CONSERVATION COMMISSION

S E A L"

P R O C E E D I N G S

BY MR. A. K. MONTGOMERY: Mr. Bodie and also numerous other operators and parties interested in this petition. I would again like to ask if there has been any formal objections filed to this application?

MR. CARL LIVINGSTON: None have reached the Commission's office so far - barring late mail.

MR. MONTGOMERY: I don't know whether I would be out of order at this time in asking the Commission is it proper to have anyone present if they have formal objections, or otherwise to make it known at this time so we will know how extensive this hearing can be.

GOVERNOR DEMPSEY: The Commission should know something about the case and reason for the request.

MR. MONTGOMERY: In the first place I am here as a substitute. The Attorney for the Operators couldn't be here, I am not very familiar with the operation. This field south Eunice - approval was made, I might say - heavy production and development from about 1935, held up pretty good for a number of years. Of late, and particularly during the past two years, it has been termed a declining pool - that is in the production of oil. At the hearing in April 1943 this pool was placed in sub-section 2-A of Order No. 545, which fixed the gas-oil ratio at 6,000 Cu. Ft. of gas to each one barrel of oil which could be produced. The result has been that since, a good many of the wells producing far in excess of 6,000 Cu. Ft. of gas to a barrel of oil have been penalized. The actual well production of oil has been greatly curtailed - I think our evidence will show the average wells in the field produce approximately 15 barrels of oil per day at this time, because of the penalty provisions of the gas-oil ratio approximately there are 80 producing wells in the field at this time - some of the wells have been shut in for the reason it was uneconomical to operate them. This gas has a very small gasoline content, I think our evidence will show it runs about 3/10 of a gallon to each 100 Cu. Ft. of gas. The result has

been that no gas company has found it profitable to purchase gas from this field, there are no gas gathering field, there are no gas gathering lines in the South Eunice pool. Recently the demand for rubber and the experiments which have been made have shown that synthetic rubber can be manufactured by using this channel black. The defense plant corporation has (I am not certain of late) stated it will build a plant. I am almost certain that is a fact. Other operators in the field today are willing to build the gathering lines or purchase the gas from these wells. As it is, all gas being produced in the wells today, in order to save this low volume of oil is being dissipated, there is no market for it. The purpose of this application is to amend that order No. 545 by removing the South Eunice Pool from Section 2-A of the order which puts this gas-oil ratio on it and places it in the sub-section 2-B of that order which entirely removes the gas-oil ratio provisions, if and when there is constructed in the field gathering lines and facilities to purchase the gas now being produced in the wells.

GOVERNOR DEMPSEY: Mr. Montgomery I have a telegram which I received from Washington -- "UNDERSTAND NEW MEXICO CONSERVATION COMMISSION IS CONSIDERING MAKING AVAILABLE ADDITIONAL QUANTITIES OF RESIDUE GAS FROM SOUTH EUNICE FIELD FOR USE IN CHANNEL CARBON BLACK PRODUCTION. CHEMICALS BUREAU, WAR PRODUCTION BOARDS, URGES YOUR FAVORABLE ACTION IN THIS MATTER IN ORDER TO RELIEVE A VERY SERIOUS SHORTAGE OF CHANNEL BLACK NEEDED IN THE MANUFACTURE OF MILITARY TIRES.

W. F. TWOMBLEY WPB CHEMICALS."

(After being duly sworn, Mr. D. D. Bodie testified as follows:)

MR. MONTGOMERY: Please state your name.

MR. BODIE: D. D. Bodie.

MR. MONTGOMERY: What is your connection with the South Eunice Pool?

MR. BODIE: Chairman of South Eunice Operators Committee.

MR. MONTGOMERY: Petitioner in the hearing before this Commission?

MR. BODIE: Yes sir.

MR. MONTGOMERY: Relate to the Commission the history and reasons for filing this petition.

MR. BODIE: When Order No. 543 was issued in 1943, the South Eunice Operators at that time made no objections to the 6,000 Cu. Ft. ratio for two reasons: (1) Because we had no market for any gas at that particular time, and to increase the ratio or produce excessive ratios

would have created an under surface waste. (2) The average gas-oil ratio since then, and recently when the new gas-oil ratio survey for Lee County developed, the ratios in the South Eunice pool have increased considerably. The ratio set by the Commission, it has also developed there is a demand for channel carbon black in the manufacture of synthetic rubber. The WPB is looking for additional markets for channel carbon black. So the Operators' meeting held in Ft. Worth of all operators in the pool at that meeting I was elected Chairman, and requested to file a petition with the Commission to lift the present gas-oil ratio limit. The reason for that is because the producing companies could not put in plants, and gathering lines to take care of the gas unless the limits were raised. I understand they wanted about 30 or 40 million cubic feet per day. The present ratio executed legally only between 6 and 10 million. Therefore, to furnish this gas and give the operators a chance to produce oil, we have asked the Commission to include the South Eunice with the other non-ratio fields.

GOVERNOR DEMPSEY: You are requesting this on the basis that the gas will be used for this specific purpose, in the event the plant is not constructed, do you still want it?

MR. BODIE: No sir, we are requesting it be removed if and when the market develops and lines have been installed for servicing the field.

GOVERNOR DEMPSEY: The policy of the Commission has been, in these plants we have permitted the sale of gas for the duration plus six months, that is the regulation - that is as far as we would go under any circumstances at this time as to the date it may be set.

MR. BODIE: I am not so sure the plants could come in.

GOVERNOR DEMPSEY: Have had no trouble about the other plants.

MR. BODIE: It would not only be necessary to install the plant, but also have gathering lines, which would add considerably to the expense. Could get the carbon black plant, but don't know if we could get the lines installed in time. In my opinion, however, that would cover the gas that will actually be used for making carbon black, because I don't think there would be a demand for it after that time.

MR. MONTGOMERY: In other words, you want to produce this only so long as there is a market?

MR. BODIE: Yes sir. Might be at the end of that period would be another market for commercial use.

GOVERNOR DEMPSEY: That is why the Commission limits the period - we think there will be a market for commercial use. That is why we have not made contracts longer.

MR. BODIE: I presume that would be satisfactory.

MR. MONTGOMERY: Any further statements?

MR. BODIE: Nothing further to state in regard to the application.
(After being duly sworn, Mr. W. E. Scott testified as follows:)

MR. MONTGOMERY: Please state your name.

MR. SCOTT: W. E. Scott.

MR. MONTGOMERY: Where do you live?

MR. SCOTT: Artesia, New Mexico.

MR. MONTGOMERY: Do you have any official position or connection with any operators in the South Eunice Field?

MR. SCOTT: Not at the present time.

MR. MONTGOMERY: Have you had in the past?

MR. SCOTT: For approximately six years I was geologist for Cities Service Oil Company.

MR. MONTGOMERY: Are you familiar with the geological formations in the South Eunice Field.

MR. SCOTT: Yes sir.

MR. MONTGOMERY: When did that field first come into oil production, do you know?

MR. SCOTT: The first well was drilled in 1909 I believe.

MR. MONTGOMERY: How many wells in the field today - producing wells?

MR. SCOTT: Approximately 90 wells in the field now, some of those wells are shut in.

MR. MONTGOMERY: Do you know the average daily production in the wells in the area?

MR. SCOTT: At the present time the average production is approximately 15 barrels.

MR. MONTGOMERY: Are the wells capable of producing more?

MR. SCOTT: Yes sir.

MR. MONTGOMERY: Why aren't they producing more?

MR. SCOTT: Limit gas-oil ratio at the present time.

MR. MONTGOMERY: Is there any gathering system or market for the gas produced for these wells at the present time.

MR. SCOTT: No sir.

MR. MONTGOMERY: Do you know the gasoline content of the gas?

MR. SCOTT: Off-hand I don't recall that figure.

MR. MONTGOMERY: Approximately 3/10 gallon per 1,000 Cu. Ft.?

MR. SCOTT: Yes sir.

MR. MONTGOMERY: Can gasoline economically produce gas with that volume of gasoline content?

MR. SCOTT: That being the only revenue from the gas, I believe not.

MR. MONTGOMERY: In this field is it known as a gas drive or water drive that maintains your pressure?

MR. SCOTT: As a matter of fact it is combination field, the field does have a definite gas cap, also has an effective water drive from the west and south west.

MR. MONTGOMERY: Do you know whether or not there is a gas-oil ratio limitation on the adjoining field?

MR. SCOTT: On the adjoining fields I believe they are, but this field is located in the trend which runs along the west edge of the central basin platform. Extends from Winkler County Texas into Lea County New Mexico. Other fields, Jal, Cooper, Eaves and Lynn fields are similar to this field. Jal, Cooper and Lynn do not have limited gas-oil ratio.

MR. MONTGOMERY: In your opinion, if the gas-oil ratio limitation is removed as applied for in this petition, will it result in any unavoidable underground waste?

MR. SCOTT: My opinion, there would be no sub-surface waste because as the field has grown older your gas cap has naturally expanded and resulted in the channel of your gas and actually probably has left some oil back in the formation. The only way to recover that oil is to produce your gas with your oil.

MR. MONTGOMERY: Have you any information as to base the probable amount of gas in the Eunice field if the market is made available - the normal daily output at this time?

MR. SCOTT: About 70 million I believe.

MR. MONTGOMERY: What about the reserves. Do you have any opinion or estimate as to the reserves?

MR. SCOTT: I don't have any figure at the present time on the estimated reserves of the field, probably some Operators here who do have those figures.

MR. MONTGOMERY: Approximately what is the bottom hole pressure throughout the field of these wells?

MR. SCOTT: Approximately 1,000 pounds at the present time, estimated round figures average.

MR. MONTGOMERY: In your opinion, will there be sufficient gas pressure in the field to recover the oil reserve now expected to be in the field?

MR. SCOTT: Yes, I believe there is.

MR. MONTGOMERY: That is all we have to ask - is there any other questions anyone would like to ask?

GOVERNOR DEMPSEY: No questions.

MR. MONTGOMERY: I believe that covers the situation, unless someone has some testimony to offer.

MR. C. C. CRAGIN - El Paso Natural Gas Company

I have no objections but do have a statement.

MR. MONTGOMERY: We would appreciate any statement.

(After being duly sworn, Mr. Cragin testified as follows)

MR. CRAGIN: I understood from Mr. Bodie's testimony the ratio was set at 6,000 to 1 until they had a market for this gas. I think this is as it should be - we are in a position - we would like to buy that gas and take it into our pipe line. We have considerable use for this and it makes us able to offer what we believe a very high price for the flare gas. We are in a position to say we would like to take 30 million a day or more from that field. I cannot make it any more definite than that for the reason it becomes a question of economics - an agreement between the operators and us.

GOVERNOR DEMPSEY: Before the State?

MR. CRAGIN: The present compensation, ultimate recovery and the dollars and cents to the operators and the result in taxes of the state does not to my notion have the same interest, is the reason I left the State out, I think the State should come first. We expect to identify this as industrial development, interest of the war effort and the carbon black situation. We are in a position to make use of all necessary compression stations, pipe lines, gasoline plants - also ideal capacity.

Labor perils have got to be met anyway, whether or not we get this gas whereby we can within a few days supply carbon black with 25 million feet of flare gas. In the short case of a few months, based on our delivery of pipe lines, will take 40 million feet a day which is now going to waste in flares, and give to the carbon black people

for a period of five years. Six months beyond the duration is generous toward the carbon black people. We have been in touch with them and they say they cannot and will not make a deal unless they can get carbon black for five or six years.

GOVERNOR DEMPSEY: The Commission has not made any approval date, just the expiration as the duration plus six months.

MR. CRAGIN: All I know is what the carbon black people told us. Under a five year contract. If it is going to take a five year contract, we are prepared to go five years on flare gas, which would otherwise go to waste. The only reason we ask the Commission to go beyond the duration and six months, we are prepared to do it, subject, of course, to the approval of the Commission. I might add one thing more - The amount of gas we take from this field, the amount of gas we take from the flare is all we can get into a pipe line. The amount we take from the field is an agreement between us and the operators. The less the investment, the longer the life of the field, and our costs go down. It is a question of trade between us and them as to how much we take - subject, of course, to the Commission.

GOVERNOR DEMPSEY: The Commission recognizes natural gas is one of the most important things in the development of the State.

MR. CRAGIN: We will certainly be on your side on that.

GOVERNOR DEMPSEY: That is another reason why we have made the rule, the duration plus six months.

MR. CRAGIN: Outside the war effort, we are bound to be, and should be opposed to the use of natural gas in formation. If you can get it from a flare we think that is our interest, State's interest and National interest.

GOVERNOR DEMPSEY: Of course the state, as you have suggested, wants to conserve, but we are in the war, that is the reason the Commission is considering the matter at this time.

MR. CRAGIN: That is the reason we are preparing to give them 40 million feet a day.

GOVERNOR MILES: This 25 million feet you talk about coming outside this field - you are talking about waste?

MR. CRAGIN: Yes sir, it is going to waste.

GOVERNOR MILES: Flare gas suitable for manufacture of carbon black?

MR. CRAGIN: Yes sir - adjoining field the same stuff.

GOVERNOR MILES: You have that now?

MR. CRAGIN: 15 million now and 15 million being burned in the air.

We don't want to limit the amount we say we take out of this field, doesn't make any difference to us. We can afford to pay blank dollars for so much gas.

GOVERNOR MILES: After the gas is available now to supply the carbon black plant without raising this ratio, why should the Commission raise it at all?

MR. CRAGIN: Because of the production of oil and our ability to take it.

GOVERNOR DEMPSEY: What if we don't want you to take it? We are most interested in New Mexico now. Unless we keep that foremost in our mind we will be in the position Texas and California are in now, the Commission's obligation is to conserve for New Mexico so far as we can. Personally I am not so anxious to increase the ratio here if it is just to send over to Arizona and Texas, would like to help the states out but we have to protect our own State.

GOVERNOR MILES: Could that 25 million be used for any other purpose?

MR. CRAGIN: It would take an investment to make it useable for any purpose. It is now at a pressure that can be used for production of carbon black.

MR. MONTGOMERY: I might state in closing, just a glance at the map will disclose about 3/4 of these wells are located on state land. At the present time the State is getting no revenue from the sale of this gas. If a pipeline Company is permitted to go in there and gather this gas being wasted, and as the market is developed the State will naturally begin deriving some revenue from it.

GOVERNOR DEMPSEY: You might say there is a present waste that could be eliminated, providing a gathering system could be put in. Not sufficient at the present time to justify putting in of a gathering system.

MR. MONTGOMERY: Not sufficient at the present time unless the gas-oil ratio can be greatly increased or entirely removed.

MR. JAMES MURRAY SR. Isn't it true that the WFE is starting out looking for channel black made from three hundred million feet?

MR. CRAGIN: I understand four hundred million.

MR. MURRAY: Is it true they still need 150 to 200 million?

MR. CRAGIN: I am not familiar with that.

MR. MURRAY: We wondered why you have not offered this before the subject came up.

MR. CRAGIN: Mr. Thornbley called us by telephone about three weeks ago, I understood he need carbon black, but the first official knowledge I had that they wanted gas in this area. We told him we would have to engineer this thing and call him back in two weeks, and told him just what we have testified here.

MR. MURRAY: Isn't it true this gas has to be treated? You stated you had this flare gas and it would go into the line without any expense.

MR. CRAGIN: I did not say that.

MR. MURRAY: Just the high pressure gas back to low pressure?

MR. CRAGIN: Governor Miles asked me could that other gas be used for other purposes - I said yes it could be used with a large expense of HP. This South Eunice field has gas that will go into our line without any investment.

MR. MURRAY: Has to be treated and raised?

MR. CRAGIN: We have compressor stations ready today to take it.

MR. MURRAY: I was wondering why you didn't treat this at the present time.

MR. CRAGIN: Don't treat it because just 70 pounds of gas and unless it is to some agent cannot do it for that purpose.

MR. MURRAY: You just stated you had compressors to treat this South Eunice gas.

MR. CRAGIN: Yes sir.

MR. MURRAY: Won't handle your flare gas?

MR. CRAGIN: No - thirty miles away and eight miles from this field.

MR. MURRAY: You expect to take it to this plant?

MR. CRAGIN: I expect to take it to the Eunice plant.

MR. MURRAY: That is the Phillips?

MR. CRAGIN: Our plant that takes Phillips gas. Just got through putting in a new 4,000 HP engine.

GOVERNOR DEMPSEY: Anybody else wish to be heard in this matter? - -

The Commission will take the matter under advisement and make a ruling a little later.

MR. MONTGOMERY: I have one matter - the Stanolind Oil and Gas Company drilled a well sometime ago in the West Eunice field of Lea County, completed it January 12, 1945, but a blow out occurred resulting in - - I think the Commission has a letter from Mr. Seth dated February 2, would like to have the matter taken up with the Commission. The letter is as follows:

"February 2, 1945.

Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The Stanolind Oil and Gas Company's State "P" No. 1 in the West Eunice Field, Lea County, New Mexico, was completed January 15, 1945, for a flowing potential of 351 Barrels of oil in seventeen hours. As you are aware, a blowout occurred in connection with the drilling of this well, and it ran wild for some time.

Up to January 28th last, a total of 18,920 barrels had been picked up from earthen storage, while a total of 14,212 barrels has been run to the Texas-New Mexico pipe line. It is anticipated that approximately 40,000 barrels of oil will be salvaged from the blowout and wild flow.

As the method of handling this over-production, we request the Commission's permission to shut in the well until the overage is made up at the current top allowable, which is now 45 barrels per day. For this reason, we request that no allowable be assigned to this well, or if one is assigned on the proration schedule, it be so marked as to indicate that the well is shut in until the overage is made up.

We would like to discuss this matter with the Commission at the meeting now published to be held on February 12th next.

Copies of this letter are being sent to Governor Dempsey and Land Commissioner Miles.

Very truly yours,

/s/ J. O. Seth

JOS:CB

cc - Honorable John J. Dempsey
Governor, State of New Mexico
Santa Fe, New Mexico

Honorable John E. Miles
Commissioner of Public Lands
Santa Fe, New Mexico"

GOVERNOR DEMPSEY: Stanolind well State?

MR. MONTGOMERY: Yes sir - They trapped the well that was going wild by throwing up a dike. Estimated salvage 40,000 barrels, during that time it fell to the other operators to make 40 barrels over night and continue to make 45 barrels a day.

We want to keep our lease effective and use up 45 barrels a day. This oil might not be considered as illegal oil.

GOVERNOR DEMPSEY: I don't see any objection.

On this case No. 59, I don't see any objection or difference as to the distribution of raising the amount of gas to these wells.

MR. CRAGIN: One other statement - the 30 million of this gas you say is available for carbon black as a 5 or 6 year lease, if we if we don't use it now, it isn't going to do anybody any good.

GOVERNOR DEMPSEY: We are discussing it, it must be in the South Eunice field. Are you objecting or approving that?

MR. CRAGIN: If we do not get the gas we have no interest in it one way or another. If we get the gas we want the ratio raised.

GOVERNOR DEMPSEY: Then no difference as to who gets it -

MR. CRAGIN: No, except as to the price to what is paid for it.

GOVERNOR DEMPSEY: I want to make it clear you are in favor of raising this ratio in this field.

MR. CRAGIN: Yes, I think it ought to be raised, have no other reason than interest to the State. If you will limit the total of withdrawal over a period of years the State will get more revenue. We are prepared to offer the same price for 5 years and adjustment every two years.

GOVERNOR DEMPSEY: We are not making the terms too long.

MR. CRAGIN: You say 5 years is all we could reasonably ask for.

MR. BODIE: I believe you stated in your opening statement you had or would offer South Eunice operators a market for 25 or 30 million?

MR. CRAGIN: Depending upon exactly what price you want us to pay for it.

MR. BODIE: Do I understand if you took that 25 or 30 million from the South Eunice, would release of this low pressure gas be replaced with high pressure gas?

MR. CRAGIN: Release 30 million to the carbon black plant.

MR. BODIE: Could not get that without purchasing it from us?

MR. CRAGIN: No.

MR. BODIE: Thank you.

GOVERNOR MILES: I lost track of the meaning of one statement. The less the amount of gas the higher the price you can afford to pay --

MR. CRAGIN: Yes sir -- The more we take the higher investment and shorter the life of the field, therefore our costs are higher due to the higher depreciation. If the well reduces to 30 million against 40 million over a period of 5 years, you will get just as much money. Suppose we took 4 million a day and it cost us one million dollars: interest, depreciation, etc., on that one million dollars would be one thousand dollars a year. Then with 40 million a day the life of the field would be 10 years, two hundred thousand a year our cost for 40 million. Investment of six hundred thousand dollars -- interest, depreciation and taxes would be, instead of two hundred thousand dollars, one hundred thousand dollars, the

life of the field would be increased 25%. Would reduce the depreciation 25%, would reduce interest and taxes 40%. If we pay the operators eighty thousand dollars a year more, the State would eat that much more taxes from it - is that clear?

GOVERNOR MILES: Based on your statement, I think I understand.

GOVERNOR CEMPSEY: If that is all, we will close the hearings.

C E R T I F I C A T E

I, Vastie Fowler, Reporter for the Oil Conservation Commission, hereby certify that I took down the statements made at the hearing held before the Commission on February 12, 1945, in the Matter of the Petition of the Operators of the South Eunice Field, by D. D. Bodie, Chairman, for a removal of the gas-oil ratio limit now applied to the South Eunice Field, Lea County, New Mexico, and to amend the existing gas-oil ratio order applicable thereto, Case No. 59, and that the above transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral statements and exhibits presented before the Commission.

Vastie Fowler
Reporter

SUGGESTED FORMS OF PERMIT

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 25, 1945

F. A. Catron, Esq.
Santa Fe, New Mexico

Re: Charles Ensu Johnson and Company Carbon
Black Plant, 7½ miles South of Hobbs —
Petition to increase gas use from
16,000,000 cubic feet to 26,000,000
cubic feet daily for the duration of
the emergency.

Dear Mr. Catron:

Enclosed is the Commission's letter of approval,
which it gave informally at the Commission's meeting on
May 14, in the above captioned matter.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MS

C
O
P
Y

May 15, 1945

Charles Eneu Johnson and Company
C/o F. A. Catron, Esq.
Santa Fe, New Mexico

Re: Petition of Charles Eneu Johnson and Company to use 26,000,000 cubic feet of residue gas per day from Warren Petroleum Corporation's gasoline extraction plant situated in the Monument Field for the manufacture of carbon black in the petitioner's proposed plant to be situated immediately west of the Texas-New Mexico railway at a point approximately ten miles east of said Warren Petroleum Corporation's gasoline extraction plant and seven and one-half miles south of Hobbs, New Mexico.

Dear Mr. Catron:

At its executive meeting May 14th the Commission took the following action in the above styled matter:

The Commission hereby grants Charles Eneu Johnson and Company its permission to use up to 26,000,000 cubic feet per day of residue gas from the Warren Petroleum Corporation's gasoline extraction plant located in the Monument Field, Lea County, New Mexico, for the period of the duration of the emergency in the production of automobile and truck tires and other rubber products.

This permit is granted effective this date under the authority of Sections 2 and 9 of the Oil and Gas Conservation Laws of the State of New Mexico.

Charles Eneu Johnson and Company

5-15-45

-2-

The permit herein vacates and sets aside the permit granted to the petitioner February 5, 1945, for 16,000,000 cubic feet of such gas.

OIL CONSERVATION COMMISSION

John J. Kempsey
JOHN J. KEMPSEY, CHAIRMAN

John E. Miles
JOHN E. MILES, MEMBER

NEW MEXICO
OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

May 14, 1945

Re: Petition of Charles Eneu Johnson and Company
to use 26,000,000 cubic feet of residue gas per
day from Warren Petroleum Corporation's gasoline
extraction plant situated in the Monument Field for
the manufacture of carbon black in the petitioner's
proposed plant to be situated immediately west of
the Texas-New Mexico railway at a point approxi-
mately ten miles east of said Warren Petroleum Corp-
oration's gasoline extraction plant and seven and
one-half miles south of Hobbs, New Mexico.

Charles Eneu Johnson and Company
c/o F. A. Catron, Esq.
Santa Fe, New Mexico

Dear Mr. Catron:

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ing action in the above styled matter:

The Commission hereby grants Charles Eneu Johnson and Company
its permission to use up to 26,000,000 cubic feet per day of residue
gas from the Warren Petroleum Corporation's gasoline extraction plant
located in the Monument Field, Lea County, New Mexico, for the period
of the duration of the emergency in the production of automobile and
truck tires and other rubber products, and for so long and to the
extent thereafter that immediate need shall not arise and exist for
the use of said gas within the State of New Mexico for more economically
essential industrial or domestic purposes.

This permit is granted effective this date under the authority
of Sec. 2 of the Oil and Gas Conservation Laws of the State of New
Mexico.

Very truly yours,

OIL CONSERVATION COMMISSION

Chairman

ATTEST:

Member

Member

Before the Oil Conservation Commission
of the State of New Mexico

In the Matter of the Application of
CHARLES ENEU JOHNSON & COMPANY
for permission to use Residue Gas
in the manufacture of Carbon Black

PETITION FOR AMENDMENT
OF ORIGINAL PERMIT

Comes now the above named Charles Eneu Johnson and Company
and respectfully shows the Commission:

1. That heretofore on February 5, 1945, it was granted a permit by this Commission to use up to 16,000,000 cubic feet of waste residue gas per day from the Warren Petroleum Corporation's gasoline extraction plant located in the Monument Field, Lea County, New Mexico, for the manufacture of channel process carbon black, the said permit being for the period of the duration of the War and six months thereafter.

2. That the necessary plant for the manufacture of said carbon black is now in course of construction, but that since the foregoing permit was issued and because of the imperative and immediate demand for carbon black, the capacity of the said plant has been increased to handle an additional 10,000,000 cubic feet of gas per day.

3. That the additional 10,000,000 cubic feet of gas in the next preceeding paragraph referred to are to be obtained from the same source as the original 16,000,000 cubic feet per day for which permit was heretofore issued by this Commission as above set forth.

4. That recent developments in the manufacture of rubber for the construction of automobile, truck and other tires, establish the fact that an emergency in the production of such tires will continue to exist for a considerably longer period than the six months after the end of hostilities with Japan, for which term the original permit herein was issued to it, and that in order to enable the manufacturers of tires to meet the said emergency it is essential that there be a continuous and uninterrupted supply of carbon black for so long as the emergency may endure.

WHEREFORE, said Charles Eneu Johnson and Company respectfully prays that the permit heretofore issued to it by this Commission be

vacated and that, in lieu thereof, a new permit be issued to it to use up to 26,000,000 cubic feet per day of residue gas to be obtained from the Warren Petroleum Corporation's gasoline extraction plant located in the Monument Field, Lea County, New Mexico, during the period of the emergency in the manufacture and production of carbon black, and the manufacture and production of automobile, truck and other tires, and for six months thereafter, said permit to relate back to the date of the issuance of the original permit to it on February 5, 1945.

CHARLES ENEU JOHNSON AND COMPANY

By



F. A. Catron
Its attorney
Santa Fe, New Mexico

MEMORANDUM

From: R. R. SPURRIER

To: _____

Cities Service
David J. Murphy

32177 - Hobbsville

Home 15-8759

Endorsement - 3831 - Linn
3832

Notes

Closson #1 J.

" 1A

" 3I

" 6E

"

Memorandum for

Month of April

16,895,000.

17,000,000

Closson A1 & A3.

Drawn to & Subscribed

Memorandum This Source
Dry gas wells
will have ~~approximately~~
for each well

N.1 Tom Closson A1 & A3

N.2 Closson B. Base

~~15,000,000~~
31/652792000 | 2,057,806
62
32
31 179
153
242
217
250
248
300

Will have order & letter written
up & transmitted Monday or Tuesday
- order to be effective from period
of April 1 to 15 rec. & letter to
be filed during period to April 1st

undersigned purchases
nomination

MEMO TAKEN OVER PHONE MARCH 19, 1954 from Mr. Lester Eubank

<u>HYFELAT</u>	November:	December	January
Cities Service Oil Co.	648,346,000	652,792,000	617,618,000
Continental Oil Co.	181,727,000	174,290,000	175,240,000
Mid-Continent Oil Co.	8,013,000	7,426,000	6,764,000
Ohio Oil Co.	15,929,000	11,169,000	9,505,000
Oil Well Drilling Co.	11,595,000	11,643,000	11,819,000
Texas Pacific Coal & Oil Co.	377,881,000	375,868,000	402,447,000
Two States Oil Co.	<u>7,908,000</u>	<u>7,578,000</u>	<u>6,564,000</u>
	1,251,399,000	1,240,766,000	1,229,957,000

Closson A - 2 wells

Had to shut in because already overdrawn on 6 months basis

Pulled the large amount of those 2 wells for the first 6 months - most in January.

whether
Mr. Eubank does not know they will come to life or whether they will be dead wells if not re-opened now.

If the wells are let stand until the end of June they will very probably be logged up with water so that they won't produce - will have to instal a swab unit to putt water out of them and then they may not ever be the same wells.

UNITED CARBON COMPANY

UNITED CARBON BUILDING

CHARLESTON 27, WEST VIRGINIA

January 29, 1954

RECEIVED

AIR MAIL

Mr. Fletcher A. Catron, Attorney
Blatt Building
Santa Fe, New Mexico

F. A. CATRON
ANSW D.....
FILED

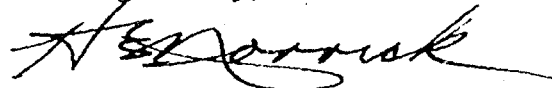
Dear Mr. Catron:

I am enclosing herewith a statement which shows the volume of gas each producer sold to the Johnson Company and our company for use in the Herkness Plant from the time the plant started to January 1, 1954. Also enclosed is a graph which shows each producer's percentage of delivery to the total volume purchased for use in the Herkness Plant for the same period.

I am also mailing under separate cover two maps, one showing the new gas pools as determined by the Conservation Commission and the other showing our pipelines and the acreage we have under contract for gas to supply our Herkness plant.

If there is any other information that you need, please advise.

Yours very truly,



H. E. Norrick

HEN/t

Encls.

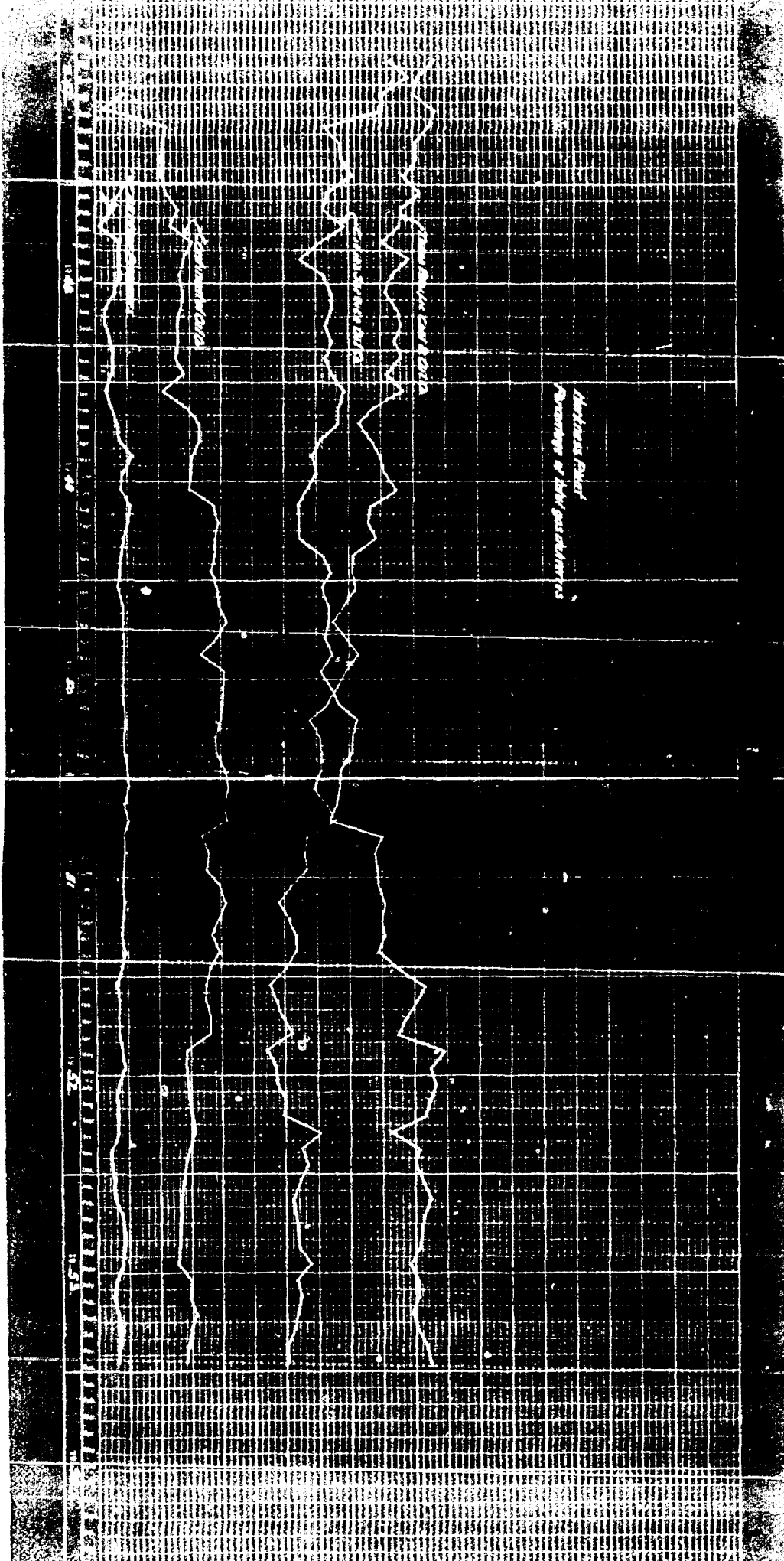
cc - Mr. Oscar Nelson, Jr.
Mr. Alden W. Foster

Foster
(office) Count 1-6844
(Res) Sewichley 1996

MCF @ 15.025mm.

* Name changed to: Two States Oil Co. United Carbon Co. purchased same December 31, 1949

[illegible]



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. 75

ORDER NO. 650

THE APPLICATION OF CHARLES ENEU JOHNSON
AND COMPANY TO AMEND ORDER 589.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico at ten o'clock A. M. May 8, 1946 before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 8th day of May, 1946 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:

SECTION 1. No limiting gas-oil ratio shall be applied in the South Eunice Pool, inasmuch as said Pool is now primarily a gas reservoir; provided that the oil produced with the gas shall not be in excess of the current top unit allowable; and provided further that the gas produced from said Pool shall be put to beneficial use so as not to constitute waste, except as to wells in said Pool for which there are not facilities for the marketing or application to beneficial use of the gas produced therefrom. As to such wells the heretofore existing gas-oil ratio of 6,000 cubic feet shall apply.

SECTION 2. The order herein is in lieu of Order 589.

SECTION 3. The effective date of this order shall be July 1, 1946.

Done at Santa Fe, New Mexico as of the day and year hereinabove designated.

OIL CONSERVATION COMMISSION

John J. Dempsey
John J. Dempsey, Chairman

John E. Miles
John E. Miles, Member

R. R. Spurrier
R. R. Spurrier, Secretary

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
Oil Conservation Commission
The Oil Conservation Commission as provided by law hereby gives notice of the following hearings to be held at Santa Fe, New Mexico, at 10 A. M., February 12, 1945:

Case No. 59
In the matter of the petition of the operators of the South Eunice Field, by D. D. Bodie, Chairman, for a removal of the gas-oil ratio limit now applied to the South Eunice Field, Lea County, New Mexico, and to amend the existing gas-oil ratio order applicable thereto.

Case No. 60
In the matter of the petition of the Stanolind Oil and Gas Company for an unorthodox spacing for the following well: Stanolind Oil and Gas Company—W. S. Capps No. 10X in the NESE, Section 3, Township 18, Range 38E, Hobbs Field—proposed location to be 1980 feet North of the South line and 1293 feet West of the East line of said section.

Given under the seal of said Commission at Santa Fe, New Mexico, on January 29, 1945.

OIL CONSERVATION COMMISSION.

By (Sgd) JOHN J. DEMPSEY,
Chairman.

JOHN E. MILES,
Member.

(SEAL)
Pub. Jan. 31, 1945.

PUBLISHER'S BILL

40 lines, one time at \$ 3.20

lines, times, \$

Tax \$

Total \$ 3.20

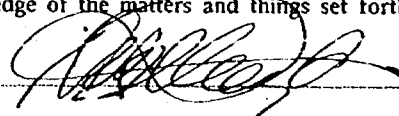
Received payment,

By _____

Affidavit of Publication

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

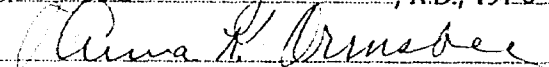
I, C. B. Floyd, being first duly sworn, declare and say that I am the (Business Manager) (~~Editor~~) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly 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 ~~each week~~ 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, ~~on each week~~ for one time ~~each week~~ publication being on the 31st day of January, 1945, ~~and the same publication~~ ~~from the~~ ~~day of~~ ~~month of~~ ~~year~~; 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.



Manager

Subscribed and sworn to before me, this 31st

day of January, A.D., 1945



Notary Public.

My Commission expires

June 11, 1945

U. S. CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 30, 1945

AIRMAIL
SPECIAL DELIVERY

Honorable Glenn Staley
Proration Office
Hobbs, New Mexico

Re: Cases 59 and 60

Dear Glenn:

Attached is Notice for Publication in the above captioned cases.

With kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:ES

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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AIRMAIL
SPECIAL DELIVERY January 29, 1945

Mr. D. D. Bodie
Cities Service Oil Company
Hobbs, New Mexico

Mr. Ralph Hendrickson
Stanolind Oil & Gas Company
Hobbs, New Mexico

Gentlemen:

The hearings in the attached advertisement are set for February 12, 1945. The advertisement is being sent airmail special delivery to the Hobbs Daily News Sun.

Since time is short for publication, as required by law, I wish you would both call the paper as soon as you get this and see that the paper is running the advertisement once, immediately, and please check proof with the paper so no mistake will be made.

With kindest personal regards.

Very truly yours,

Carl B. Brumby
Chief Clerk & Legal Adviser

CBL:MS

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

C
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January 29, 1945

Santa Fe New Mexican
Santa Fe, New Mexico

Hobbs Daily News Sun - Airmail - Special Delivery
Hobbs, New Mexico

Re: Notice for Publication
Cases 59 and 60

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,

Carl B. Livingston

Chief Clerk & Legal Adviser

CVL:MS

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.

82

WESTERN UNION

1201

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NC	Night Cable Letter
SL	Ship Radiogram

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

VB238 NL GOVT PD=WUX WASHINGTON DC 10
HON JOHN J DEMPSEY=
GOVERNOR NEW MEXICO SF=

045 FEB 10

Exhibit 2
Case 59

UNDERSTAND NEW MEXICO CONSERVATION COMMISSION IS CONSIDERING MAKING AVAILABLE ADDITIONAL QUANTITIES OF RESIDU GAS FROM SOUTH EUNICE FIELD FOR USE IN CHANNEL CARBON BLACK PRODUCTION. CHEMICALS BUREAU, WAR PRODUCTION BOARDS, URGES YOUR FAVORABLE ACTION IN THIS MATTER IN ORDER TO RELIEVE A VERY SERIOUS SHORTAGE OF CHANNEL BLACK NEEDED IN THE MANUFACTURE OF MILITARY TIRES=
W F TWOMBLEY WPB CHEMICALS

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

*Case 59
Correspondence.*

February 23, 1945

Mr. C. C. Cragin
El Paso Natural Gas Company
El Paso, Texas

Dear Mr. Cragin:

This is to acknowledge receipt of your letter of
February 20.

The writer will endeavor to bring this to the
attention of the Commission; however, the order suspending
the gas-oil ratio limit for the South Eunice field for the
duration of the war and six months thereafter for the purpose
of use of the gas for carbon black has already been promulgated
by the Commission.

Very truly yours,

Chief Clerk & Legal Adviser

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El Paso Natural Gas Company

TENTH FLOOR BASSETT TOWER

El Paso, Texas

February 20, 1945

C. C. CRAGIN
VICE PRESIDENT AND
GENERAL MANAGER

New Mexico Oil Conservation Commission,
Santa Fe, New Mexico.

Gentlemen:

In view of the concern expressed at the South Eunice hearing on February 12th regarding the exportation of gas from New Mexico to Arizona and Texas, we present herewith some figures which we think will be of great interest to the commission.

As you know, this Company has recently completed a program for the conservation of residue gas (in 1942, 1943 and 1944), at a cost of \$2,819,967, with the following results:

We produced or purchased in New Mexico and Texas last year 37,478,783,000 cu. ft. of gas. Of this amount there was delivered for use in New Mexico 11,451,344,000 or 30.6%.

Currently we are taking New Mexico residue gas at the rate of 24,820,000,000 cu. ft. and Texas gas at the rate of 2,737,500,000 cu. ft. per year, leaving 9,921,283,000 cu. ft. from New Mexico formation gas.

In other words, New Mexico uses last year were 1,530,061,000 cu. ft. greater than all the formation gas we are now taking in New Mexico. If no gas was exported to Texas and Arizona, we would still have to take 9,921,283,000 cu. ft. of formation gas to hold leases, plus 1,530,061,000 cu. ft. of residue gas to meet the needs of the public and industry of the State of New Mexico based on 1944 consumption.

It is therefore obvious that currently all gas from New Mexico sold by us in Texas and Arizona is residue gas, which would otherwise burn to the air with consequent loss of taxes and royalties to New Mexico and with no saving of gas.

Yours very truly,



CCC:m

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

February 15, 1945

Mr. D. D. Bodie
Oil Production Department
Cities Service Oil Company
Bartlesville, Oklahoma

Re: Case No. 59
Order No. 589

My dear Dan:

Enclosed please find a signed original and
a copy of the above captioned order.

With kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:IS

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SOIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

February 15, 1945

Honorable James M. Murray
Hobbs, New Mexico

Re: Case No. 59

Order No. 589

My dear Jim:

Enclosed please find a copy of the above
captioned order which has been executed by both
Commissioners.

Kindest personal regards.

Very truly yours,

Chief Clerk & Legal Adviser

CBL: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. 59

ORDER NO. 589

THE PETITION OF THE OPERATORS OF THE
SOUTH EUNICE FIELD, BY D. D. BODIE,
CHAIRMAN, FOR A REMOVAL OF THE GAS-OIL
RATIO LIMIT NOW APPLIED TO THE SOUTH EUNICE
FIELD, LEA COUNTY, NEW MEXICO, AND TO AMEND
THE EXISTING GAS-OIL RATIO ORDER APPLICABLE
THERETO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock A.M., February 12, 1945, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 12th day of February, 1945, 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:

SECTION 1. That the limiting gas-oil ratio for the South Eunice Field provided for in the Lea County Gas-Oil Ratio Order No. 545, Section 2 (a), shall be suspended by the Commission and said field shall be placed in Section 2 (b) of said order for the express purpose of the use of gas from said field for the manufacture of carbon black.

SECTION 2. Said suspension shall become operative in the following manner:

When a carbon black plant, having obtained permit from the Commission to use gas from said field for the manufacture of carbon black, has notified the Commission in writing that its facilities are ready for such use and the Commission notifies the Proration Office of no limiting gas-oil ratio for the purpose herein provided for. This order shall endure for the duration of the War and six months thereafter.

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

OIL CONSERVATION COMMISSION

John J. Dempsey
JOHN J. DEMPSEY, CHAIRMAN

John E. Miles
JOHN E. MILES, MEMBER

SEAL

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearings to be held at Santa Fe, New Mexico, at 10 A.M., February 12, 1945:

CASE NO. 29

In the matter of the petition of the operators of the South Eunice Field, by D. D. Bodie, Chairman, for a removal of the gas-oil ratio limit now applied to the South Eunice Field, Lea County, New Mexico, and to amend the existing gas-oil ratio order applicable thereto.

CASE NO. 60

In the matter of the petition of the Stanolind Oil and Gas Company for an unorthodox spacing for the following well: Stanolind Oil and Gas Company - W. S. Capps No. 10X in the NESE, Section 3, Township 19N, Range 38E, Hobbs Field -- proposed location to be 1980 feet North of the South line and 1293 feet West of the East line of said section.

Given under the seal of said Commission at Santa Fe, New Mexico, on January 29, 1945.

OIL CONSERVATION COMMISSION

BY (SOD) JOHN J. DEMPSEY
CHAIRMAN

JOHN E. NILES
MEMBER

(SEAL)

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 6, 1945

Mr. D. D. Bodie
Cities Service Oil Company
Hobbs, New Mexico

Re: South Eunice Petition to remove gas-oil
ratio limit.

My dear Dan:

The petition in the above captioned matter
arrived this morning and will be brought to Mr. Kelly's
attention immediately upon his return from the field.

Very truly yours,

John M. Kelly
Director

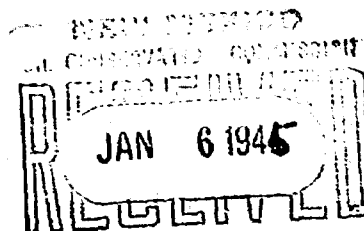
By

Chief Clerk & Legal Adviser

CHL:MS

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Hobbs, New Mexico
December 29, 1944



New Mexico Oil Conservation Commission
Santa Fe, New Mexico

P E T I T I O N

Attached hereto is a copy of the Minutes of a Meeting of South Eunice oil operators which was held in Ft. Worth, Texas at 10:30 A.M. December 12, 1944.

In accordance with the instructions contained in the last paragraph of these minutes, application is hereby made for a hearing at which time the operators will present data showing the amount of water, oil and gas being produced by individual wells and the relationship of gas to total fluid, and a tabulation of bottom hole pressures taken throughout the life of the pool. The operators will also present their reasons asking for removal of the gas-oil ratio limit now applied to the South Eunice Area.

The following operators were present at the meeting in Fort Worth:

F.T. Carpenter	- - -	Phillips Pet. Co.
L.H. Moore	- - - - -	"
C.E. Yager	- - - - -	T.P. Coal & Oil Co.
R.J. Fleckenstein	-	"
O.E. Mitchell	- - -	"
H.B. Hurley	- - - -	Continental Oil Co.
Bill Hines	- - - - -	Two States Oil Co.
R.L. Pepper	- - - -	Repollo Oil Co.
H.C. Webb	- - - - -	Phillips Pet. Co.
E.J. Gallagher	- - -	Gulf Oil Corp.
J.M. Murray	- - - -	Me-Tex
W.K. Davis	- - - - -	El Paso Natural Gas Co.
H.E. Berg	- - - - -	Tidewater Assoc. Oil Co.
C.L. Perkins	- - - -	El Paso Natural Gas Co.
E.M. Collingwood	- -	Sun Oil Co.
D.D. Bodie	- - - - -	Cities Service Oil Co.

Following are names of all operators in the South Eunice Area as listed on the proration schedule:

Cities Service Oil Co.
Continental Oil Co.
Gulf Oil Corp.
Midcontinent Pet. Corp.
Ohio Oil Co.
Oil Well Drlg. Co.
Repollo Oil Co.
Shell Oil Co. Inc.
Sun Oil Co.
Texas Pacific Coal & Oil Co.
Tidewater Assoc. Oil Co.


D.D. Bodie, Chairman

MINUTES OF THE SOUTH EUNICE OPERATORS' MEETING
December 12, 1944

A meeting of operators in the South Eunice Pool was held in the Blackstone Hotel in Fort Worth, Texas, at 10:30 A.M., December 12, 1944. The following company representatives were present:

F. T. Carpenter	Phillips Pet. Co.
L. H. Moore	"
C. E. Yager	Texas Pacific Coal & Oil Co.
R. J. Fleckenstein	"
O. E. Mitchell	"
H. B. Hurley	Continental Oil Co.
Bill Hines	Two States Oil Co.
R. L. Pepper	Repollo Oil Co.
H. C. Webb	Phillips Pet. Co.
E. J. Gallagher	Gulf Oil Corp.
J. M. Murray	Me-Tex
W. K. Davis	El Paso Natural Gas Co.
H. E. Berg	Tidewater Assoc. Oil Co.
C. L. Perkins	El Paso Natural Gas Co.
D. M. Collingwood	Sun Oil Co.
D. D. Bodie	Cities Service Oil Co.

The meeting was called to order by Mr. D. D. Bodie, who stated that the reason for calling the meeting was because recent gas tests in the South Eunice Pool indicated the gas-oil ratios have increased considerably since the last tests made approximately two years ago. He further stated that water percentages have also increased on many wells to such extent that they cannot now be operated under the present gas-oil ratio limit of 6000 cubic feet. He stated that remedial efforts to reduce the gas-oil ratios have not been successful. Since there is not a market now for the gas which is being vented, Mr. Moore of the Phillips Petroleum Company was asked if he could supply a market for this gas.

Mr. Carpenter of the Phillips Petroleum Company advised the operators that his company was interested in constructing a gathering system and gasoline plant for extracting the gasoline content from the gas if they could contract the residue gas for sale to a carbon black plant and the gas be utilized for manufacturing channel carbon black. He stated that the War Production Board had called attention to the serious shortage of channel carbon black used in the manufacture of rubber and that unless additional plants were put in operation, the shortage of this essential product will soon become critical. He advised that the Charles E. Johnson Company of Philadelphia is interested in building and operating a carbon black plant. This plant would process approximately thirty to forty million cubic feet of gas daily. The plant would be financed by the Defense Plant Corporation. He stated that the carbon black company and the War Production Board were very anxious to have this plant constructed and in operation at the earliest possible date and that so far as he knew, the South Eunice Pool is the only producing area which can supply the required amount of residue gas.

Mr. Perkins of the El Paso Natural Gas Company also advised the operators that his company was contemplating additional outlets to their gas system and would soon be in a position to purchase additional residue gas. He stated that they were also repressuring an area in South Lea County and would require about twenty million feet per day for this operation.

Due to the fact that the gas now being produced in the oil and water is being blown to the air for lack of a market and because of the apparent shortage in channel carbon black, the operators agreed that an effort should be made to make this gas marketable and available to the Phillips Petroleum Company or any other company in order that the gasoline be removed and the dry gas used for carbon black in furthering the war effort or used for other essential domestic purposes. It is felt that if the present limiting gas-oil ratio now in effect is not removed, there would not be enough gas available for the establishment of a gasoline plant or carbon black plant in the area. Also, that a number of the wells now producing will be penalized to the extent that they will have to be shut in and it would be impossible to produce the large volumes of water which is now being produced with the oil and gas and that the ultimate recovery of the field will be reduced.

Mr. Bodie was made permanent Chairman and upon motion made by Mr. Hurley and seconded by Mr. Yager, was instructed to select an engineering committee who will make a study of all data pertaining to production of oil, gas and water. This study will include the results of a gas-oil ratio survey now being made, and after completion of such study, the report to be submitted to the operators for their consideration. The Chairman was also instructed to petition the Oil Conservation Commission of the State of New Mexico for a hearing at a date as early as possible after January 1, 1945, for the purpose of considering the removal of the gas-oil ratio limiting factor.

D.D. Bodie,
Chairman

LEA COUNTY OPERATORS COMMITTEE
DRAWER EYE
HOBBS, NEW MEXICO



Oil Conservation Commission
Santa Fe, New Mexico