

CASE 1940: Application of HUMBLE for  
permission to commingle Empire-Abo  
production in Eddy County, N. Mex.

Case No.

1940

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Application, Transcript,  
Small Exhibits, Etc.

REGISTERED NO. 5399

Value \$ 116 Spec. del'y fee \$

Fee \$ 50 Ret. receipt fee \$ 10

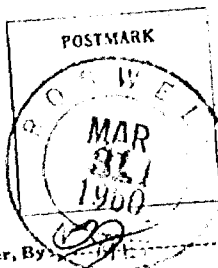
Surcharge \$ Rest. del'y fee \$

Postage \$ 4 ☐ Airmail

From Humble Oil

To William Hudson  
Methen Lane Hudson

POD Form 3806  
Sept. 1955 476  
Artesia N.M.



REGISTERED NO. 5398

Value \$ NO Spec. del'y fee \$

Fee \$ 50 Ret. receipt fee \$ 10

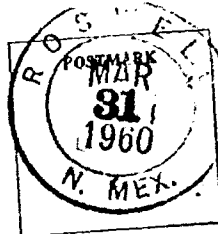
Surcharge \$ Rest. del'y fee \$

Postage \$ 4 ☐ Airmail

From Humble Oil

To Pan Am. Ref Corp  
2001 368

POD Form 3806  
Sept. 1955 Lubbock Tx



#1-INSTRUCTIONS TO DELIVERING EMPLOYEE  
☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Pan American Ref. Corp

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

E. E. Gray

DATE DELIVERED

APR 1 1960

ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

#1-INSTRUCTIONS TO DELIVERING EMPLOYEE  
☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

Hondo Oil & Gas Co.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

H. E. Quinn

DATE DELIVERED

APR 1 1960

ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

REGISTERED NO. 5400

Value \$ NO Spec. del'y fee \$

Fee \$ 50 Ret. receipt fee \$ 10

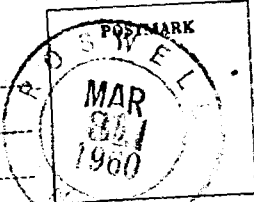
Surcharge \$ Rest. del'y fee \$

Postage \$ 4 ☐ Airmail

From Humble Oil

To Hondo Oil & Gas  
Box 660 Roswell, NM

POD Form 3806  
Sept. 1955



#1-INSTRUCTIONS TO DELIVERING EMPLOYEE  
☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

RETURN RECEIPT

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

U. S. GEOLOGICAL SURVEY

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

J. H. Stauffer

DATE DELIVERED

APR 1 1960

ADDRESS WHERE DELIVERED (only if requested in item #1)

CSS-16-71548-4 GPO

REGISTERED NO. 5397

Value \$ NO Spec. del'y fee \$

Fee \$ 50 Ret. receipt fee \$ 10

Surcharge \$ Rest. del'y fee \$

Postage \$ 4 ☐ Airmail

From Humble Oil

To U. S. G. S.  
Box 6721 - Roswell NM

POD Form 3806  
Sept. 1955



#1-INSTRUCTIONS TO DELIVERING EMPLOYEE  
☐ Deliver ONLY to addressee ☐ Show address where delivered  
(Additional charges required for these services)

Received the numbered article described on other side.

SIGNATURE OR NAME OF ADDRESSEE (must always be filled in)

William Hudson

Mrs. W. Hudson

DATE DELIVERED

APR 1 1960

ADDRESS WHERE DELIVERED (only if requested in item #1)

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a fee for insurance against costs of duplication if desired.

Domestic registered mail is subject to surcharge when the declared value exceeds the maximum indemnity covered by the fee paid by \$1,000 or more. Claims must be filed within 1 year from date of mailing.

Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c48-16-70493-3

The sender is not required to pay a registration fee providing for full indemnity coverage (up to the limit of \$1,000). However, if the actual value of the matter mailed exceeds \$25, the sender must pay a fee of at least 55 cents. Some matter having no intrinsic value, so far as the registry service is concerned, may involve considerable cost to duplicate if lost or destroyed. The sender is privileged to pay a fee for insurance against costs of duplication if desired.

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Consult postmaster as to fee chargeable on registered parcel post packages addressed to foreign countries.

GPO c48-16-70493-3

POST OFFICE DEPARTMENT OFFICIAL BUSINESS		PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300	
Pan Am: Applic. to Co-mingle (Ch.BI.Dr.) RMR		LUBBOCK TEX APR 1 1960 MAIN OFFICE RETURN TO	
3/31/60 FD			
INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moistened gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.			
REGISTERED NO. 5398	NAME OF SENDER Humble Oil & Refining Company		
CERTIFIED NO.	STREET AND NO. OR P. O. BOX Box 1287		
INSURED NO.	CITY, ZONE AND STATE Roswell, New Mexico		

POD Form 3811 Jan. 1958

CSS-16-71848-4

POST OFFICE DEPARTMENT OFFICIAL BUSINESS		PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300	
POMO OIL & GAS: APPLIC. TO CO-MINGLE (CH.BL.DR.) RMR		POSTMARK OF DELIVERING OFFICE	
3/31/60 FD		ROSWELL APR 1 1960 RETURN TO	
INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moistened gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.			
REGISTERED NO. 5401	NAME OF SENDER Humble Oil & Refining Company		
CERTIFIED NO.	STREET AND NO. OR P. O. BOX Box 1287		
INSURED NO.	CITY, ZONE AND STATE Roswell, New Mexico		

POD Form 3811 Jan. 1958

CSS-16-71848-4

POST OFFICE DEPARTMENT OFFICIAL BUSINESS		PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300	
USGS: APPLIC. TO CO-MINGLE (CH.BL.DR.) RMR		POSTMARK OF DELIVERING OFFICE	
3/31/60 FD		ROSWELL APR 1 1960 RETURN TO	
INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moistened gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.			
REGISTERED NO. 5397	NAME OF SENDER Humble Oil & Refining Co.		
CERTIFIED NO.	STREET AND NO. OR P. O. BOX Box 1287		
INSURED NO.	CITY, ZONE AND STATE Roswell, New Mexico.		

POD Form 3811 Jan. 1958

CSS-16-71848-4

POST OFFICE DEPARTMENT OFFICIAL BUSINESS		PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, \$300	
Wm. Hudson to Co-mingle (Ch.BI.DR.) RMR		PRAY FOR PEACE	
3/31/60 FD			
INSTRUCTIONS: Fill in items below and complete #1 on other side, when applicable. Moistened gummed ends and attach to back of article. Print on front of article RETURN RECEIPT REQUESTED.			
REGISTERED NO. 5399	NAME OF SENDER Humble Oil & Refining Company		
CERTIFIED NO.	STREET AND NO. OR P. O. BOX Box 1287		
INSURED NO.	CITY, ZONE AND STATE Roswell, New Mexico		

POD Form 3811 Jan. 1958

CSS-16-71848-4

COPY

*San Herrill  
Hobbs*

HUMBLE OIL & REFINING COMPANY

March 31, 1960

In re: Application to Co-mingle Production  
Chalk Bluff Draw Unit, Abo Production

Pan American Petroleum Corporation  
P. O. Box 258  
Lubbock, Texas  
Attention: Mr. Neil S. Whitmore

Hondo Oil & Gas Company  
P. O. Box 660  
Roswell, New Mexico  
Attention: Mr. H. E. Harrington

William Nelson  
Mildred Guss Nelson  
P.O. Box 476  
Artesia, New Mexico

U. S. G. S.  
P. O. Box 6721  
Roswell, New Mexico

Gentlemen:

We are enclosing to each of you by registered mail copy of Application by Humble Oil & Refining Company to co-mingle production from certain wells and leases inside the Chalk Bluff Draw Unit.

The New Mexico Oil Conservation Commission has already granted permission to co-mingle production from the E/2 NW/4 with production from the E/2 SW/4 Section 9, T-18-S, R-27-E, Mddy County, New Mexico. The enclosed application will allow Humble as unit operator to further co-mingle production from the SW/4 SW/4 Section 4, T-18-S, R-27-E.

The hearing before the Oil Conservation Commission is set for April 6, 1960. If you should have some objection to the proposed co-mingling, please notify us without delay.

Yours very truly,

HUMBLE OIL & REFINING COMPANY

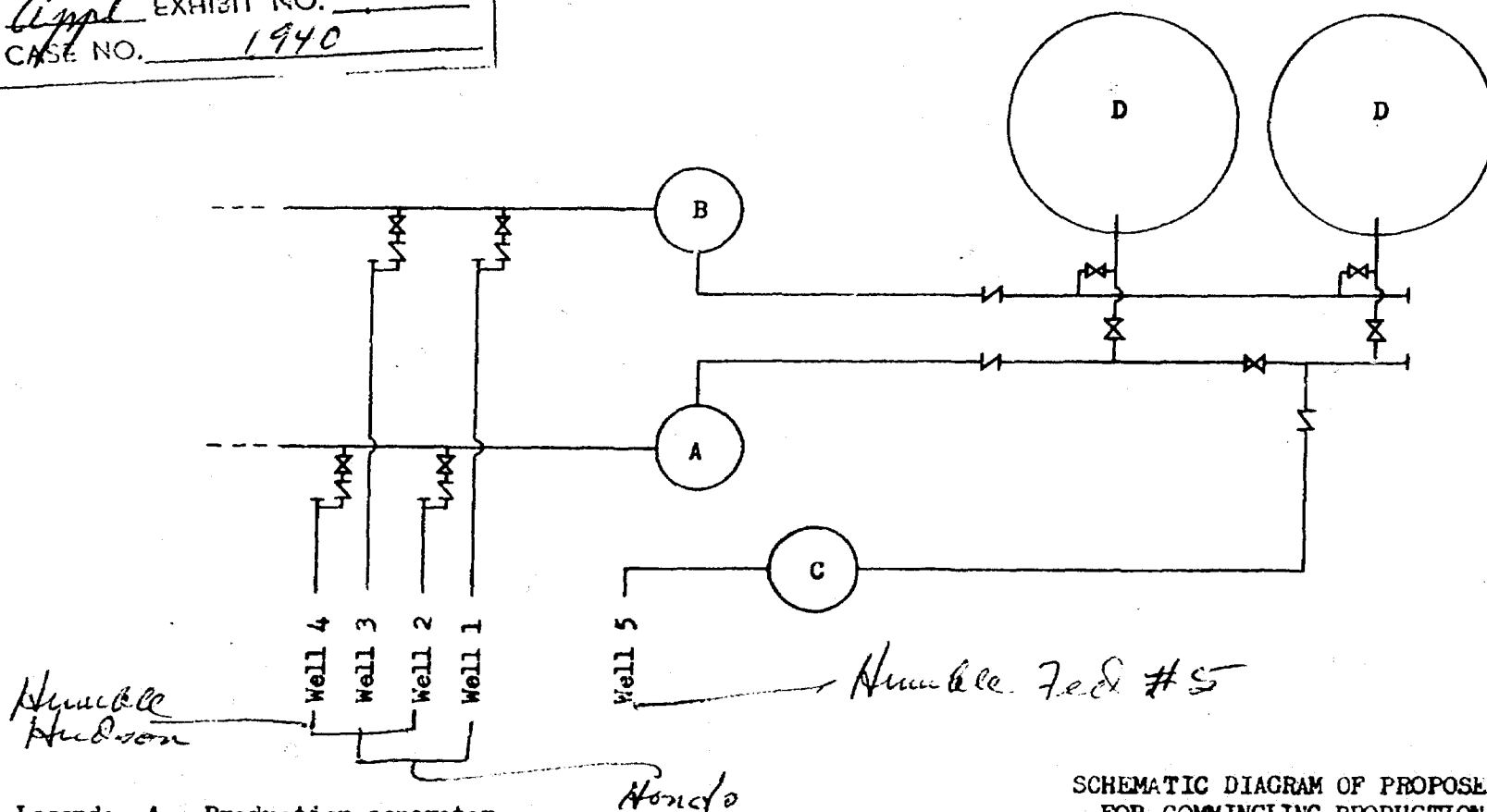
BY:

H. H. Richardson

HRH:DL  
Encls.  
REGISTERED MAIL

*cc: Bill Davis*

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
*Appl* EXHIBIT NO. 2  
CASE NO. 1940



Legend: A - Production separator  
B - Test separator (metering type)  
C - Temporary separator (metering type)  
D - Storage tank

SCHEMATIC DIAGRAM OF PROPOSED METHOD  
FOR COMMINGLING PRODUCTION FROM  
ABO - CHALK BLUFF DRAW UNIT LEASES  
E<sub>1/2</sub> of W<sub>1/2</sub> OF SECTION 9, T-18-S, R-27-E AND  
SE<sub>1/4</sub> OF SW<sub>1/4</sub> OF SECTION 4, T-18-S, R-27-E  
EMPIRE ABO POOL, EDDY COUNTY, NEW MEXICO

DOCKET: EXAMINER HEARING APRIL 6, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following cases will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary-Director

- CASE 1929: Application of Rice Engineering and Operating, Inc. for an order authorizing a salt water disposal well. Applicant, in the above-styled cause, seeks an order authorizing the disposal of produced salt water through its E-M-E SWD Well No. M-33 to be located 165 feet from the South and West lines of Section 33, Township 20 South, Range 37 East, Lea County, New Mexico. Applicant proposes to inject the produced salt water into the San Andres formation in the interval from 4500 feet to 5100 feet.
- CASE 1930: Application of E. P. Campbell for an unorthodox oil well location and for approval of a "slim-hole" completion. Applicant, in the above-styled cause, seeks permission to reenter a stratigraphic test and attempt a "slim hole" completion. Said well is the Cities Service Allison Well No. 1, located 200 feet from the North and East lines of Section 15, Township 14 South, Range 25 East, Chaves County, New Mexico.
- CASE 1931: Application of E. P. Campbell for an unorthodox gas well location and for approval of a "slim-hole" completion. Applicant, in the above-styled cause, seeks permission to deepen a Dayton-Abo Pool well and attempt a "slim-hole" completion in the Atoka-Pennsylvanian Gas Pool. Said well is the E. P. Campbell Kleeman Well No. 1, located 660 feet from the South line and 330 feet from the East line of Section 27, Township 18 South, Range 26 East, Eddy County, New Mexico.
- CASE 1932: Application of Great Western Drilling Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of automatic custody transfer facilities to handle the Caprock-Queen Pool production from all wells on its Rock Queen Unit, Lea and Chaves Counties, New Mexico.
- CASE 1933: Application of Ambassador Oil Corporation for a special allowable on a temporary basis for one well offsetting a capacity waterflood project in the Caprock-Queen Pool, Lea and Chaves Counties, New Mexico. Said well in the Ambassador Oil Corporation State "C" Well No. 1, located in the SW/4 SW/4 of Section 36, Township 12 South, Range 31 East, Chaves County, New Mexico.

pj/

No. 10-60

SUPPLEMENTAL DOCKET: EXAMINER HEARING APRIL 6, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

The following case will be heard before Daniel S. Nutter, Examiner, or A. L. Porter, Jr., Secretary-Director

CASE 1940: Application of Humble Oil & Refining Company for permission to commingle the production from several separate leases. Applicant, in the above-styled cause, seeks an order authorizing the commingling of the Empire-Abo Pool production from one well in the SE/4 SW/4 of Section 4, Township 18 South, Range 27 East, Eddy County, New Mexico, with the production from four wells in the E/2 NW/4 and E/2 SW/4 of Section 9, Township 18 South, Range 27 East, Eddy County, New Mexico.

*see  
Case  
1916*

pj/



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

R-1630-A

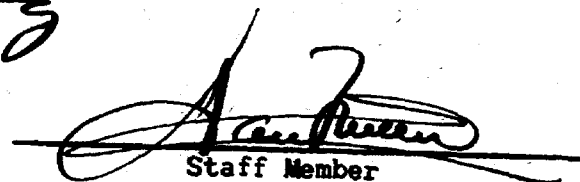
Date 4-8-60

CASE 1940

Hearing Date 4-6-60

My recommendations for an order in the above numbered cases are as follows: *DSN 9am @ SF*

Enter an order amending  
Order No. R-1630 to include  
the Empire-Abs production  
from <sup>the</sup> Humble Federal Well No. 5,  
located in the SE/4 SE/4 Section  
9, Twp 18 S, Rge 27 E, Eddy  
Co., New Mexico, in the  
commingling authority granted  
by that order, provided that  
the production from said SE/4  
SE/4 of Section 9 shall be  
separately metered prior to any  
such commingling

  
Staff Member

J. M. HERVEY 1874-1053

HIRAH M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.

PAUL W. EATON, JR.  
ROBERT C. BLEDSOE

LAW OFFICES  
HERVEY, DOW & HINKLE  
HINKLE BUILDING  
ROSWELL, NEW MEXICO

April 7, 1960

TELEPHONE MAIN 2-6510  
POST OFFICE Box 547

New Mexico Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Attention: Mr. Dan Nutter

Re: Case 1940

Dear Dan:

You will remember that at the hearing on the above case in Santa Fe last Wednesday, I mentioned that one return receipt had not been received, when I left Roswell.

Upon my return, the receipt was in and I am enclosing the registered return receipt of Mrs. William Hudson reflecting that a copy of Humble's Application was served on her on April 4, 1960.

With best regards..

Respectfully yours,

HERVEY, DOW & HINKLE

By

S. B. Christy, IV

SBC:ke

Enc.

*File  
Case  
1940*

J. M. HERVEY 1974-1953

HIRAM H. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.  
HOWARD C. BRATTON  
S. B. CHRISTY IV  
LEWIS C. COX, JR.

PAUL W. EATON, JR.  
ROBERT C. BLEDSOE

LAW OFFICES  
HERVEY, DOW & HINKLE

HINKLE BUILDING  
ROSWELL, NEW MEXICO

TELEPHONE MAIN 2-8510  
POST OFFICE BOX 547

March 30, 1960

Secretary-Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Re: Application of Humble Oil & Refining  
Company for Permission to Commingle  
the Production from Several Separate  
Leases

Applicant seeks an Order Authorizing  
the Commingling of Empire Abo Pool  
Production from One Well in the SE $\frac{1}{4}$ SW $\frac{1}{4}$   
of Section 4, T. 18 S., R. 27 E.,  
N.M.P.M., Eddy County, New Mexico, with  
the Production from Four Wells in the  
E $\frac{1}{2}$ NW $\frac{1}{4}$  and E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, T. 18 S.,  
R. 27 E., N.M.P.M., Eddy County, New  
Mexico

Dear Sir:

Comes now Humble Oil & Refining Company and applies for  
permission to commingle the production from several separate  
leases in the Empire Abo Pool, Eddy County, New Mexico.

Applicant desires authority to commingle the production  
from one well in the SE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 4, T. 18 S., R. 27 E.,  
N.M.P.M., Eddy County, New Mexico, with the production from  
four wells in the E $\frac{1}{2}$ NW $\frac{1}{4}$  and E $\frac{1}{2}$ SW $\frac{1}{4}$  of Section 9, T. 18 S.,  
R. 27 E., N.M.P.M., Eddy County, New Mexico.

Applicant seeks an exception to Rule 309(a) to permit  
the above commingling. Adequate provision will be made for  
measurement of production.

All owners of interest, working, royalty and overriding  
royalty and all offset operators are being notified of this  
application.

*Locher  
Miles*

Page - 2 - New Mexico Oil Conservation Commission - March 30, 1960

It is requested that this Application be set down for hearing at the first available Examiner hearing, and that upon hearing, the commingling requested above be authorized.

Very truly yours,

HUMBLE OIL & REFINING COMPANY

By 

Hervey, Dow & Hinkle  
Box 547  
Roswell, New Mexico

HCB:db

cc: Mr. R. M. Richardson  
cc: Mr. W. S. Davis  
cc: Mr. Sam Harrill

DRAFT  
OEP:esr  
April 11

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 1940

Order No. R-1630-A

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR AN AMENDMENT OF ORDER  
R-1630 TO AUTHORIZE THE PRODUCTION  
INTO COMMON FACILITIES OF AN ADDITIONAL  
EMPIRE-ABO POOL WELL IN EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
April 6, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter  
Examiner duly appointed by the Oil Conservation Commission of New  
Mexico, hereinafter referred to as the "Commission," in accordance  
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this \_\_\_\_\_ day of April, 1960, the Commission,  
a quorum being present, having considered the application, the  
evidence adduced, and the recommendations of the Examiner, Daniel S.  
Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required  
by law, the Commission has jurisdiction of this cause and the sub-  
ject matter thereof.

(2) That by Order No. R-1630, the applicant was authorized to commingle the Empire-Abo Pool production from two separate leases comprising in pertinent part the E/2 W/2 of Section 9, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, both of which leases are in the Chalk Bluff Draw Unit.

(3) That the applicant seeks an amendment of said Order R-1630 to provide that the Empire-Abo Pool production from a well in the SE/4 SW/4 of Section 4, Township 18 South, Range 27 East, *NMPM, Eddy County, New Mexico,* may be produced into common facilities with the commingled Empire-Abo Pool production authorized by said Order R-1630.

(4) That approval of the subject application will neither cause waste nor impair correlative rights, provided that the production from the said well in the SE/4 SW/4 of Section 4 is separately measured prior to commingling.

IT IS THEREFORE ORDERED:

(1) That Order R-1630 be and the same is hereby amended to authorize <sup>the</sup> commingling of the Empire-Abo Pool production from a well in the SE/4 SW/4 of Section 4, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, with the Empire-Abo Pool production authorized to be commingled by said Order R-1630.

(2) That the <sup>well-test</sup> ~~well~~ and meter-test requirements of Order No. R-1630 shall also apply to the well in the said SE/4 SW/4 of said Section ~~4~~.

DONE at Santa Fe, New Mexico, -----

PROVIDED HOWEVER, That the Empire-Abo Pool production from the subject well shall be separately <sup>measured</sup> ~~metered~~ prior to commingling.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
APRIL 6, 1960

IN THE MATTER OF:

CASE 1940 Application of Humble Oil & Refining Company  
for permission to commingle the production from:  
several separate leases. Applicant, in the  
above-styled cause, seeks an order authorizing  
the commingling of the Empire-Abo Pool produc-  
tion from one well in the SE/4 SW/4 of Section  
4, Township 18 South, Range 27 East, Eddy  
County, New Mexico, with the production from  
four wells in the E/2 NW/4 and E/2 SW/4 of Sec-  
tion 9, Township 18 South, Range 27 East, Eddy  
County, New Mexico.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. NUTTER: Take next Case 1940.

MR. PAYNE: 1940. Application of Humble Oil & Refining  
Company for permission to commingle the production from several  
separate leases.

MR. CHRISTY: Sim Christy of Hervey, Dow & Hinkle, for  
the Applicant, Humble Oil & Refining Company. We have one witness,  
Mr. Examiner, Mr. Harrill.

(Witness sworn)

SAM F. HARRILL,

called as a witness, having been first duly sworn, testified as

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



follows:

MR. CHRISTY: Mr. Examiner, I believe that if the Commission would care to consider the testimony in Case No. 1916, this hearing can be greatly shortened. That is a companion case to this one, wherein temporary commingling was allowed with reference to the east half, west half of Section 9. The purpose of the present application is simply to add one well in the southeast southeast of 4. So, if I may offer in evidence the testimony in Case 1916 in this case?

MR. NUTTER: The record in Case 1916 will be incorporated in the record of this case, Mr. Christy.

MR. CHRISTY: Thank you.

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address and occupation?

A My name is Sam Harrill. I live at 1721 Brenken Drive, Hobbs, New Mexico. I am a senior production engineer for the Humble Oil and Refining Company at Hobbs.

Q Have you previously testified before this Commission as a petroleum engineer and had your qualifications accepted?

A Yes, sir, I have.

Q Are you familiar with the matters contained in this application, Mr. Harrill?

A Yes, sir, I am.

Q Are you also familiar with the matters contained in the

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6651





Case 1916, and did you hear the testimony of that hearing?

A Yes, sir.

MR. CHRISTY: Does the Examiner have any questions concerning the qualifications--

MR. NUTTER: No, sir.

MR. CHRISTY: Thank you.

Q (By Mr. Christy) Mr. Harrill, what is sought by this present application?

A We are requesting an exception to Rule 309-A to permit the commingling of Empire and Abo Pool production from a lease covering the southeast quarter of the southwest quarter of Section 4, with production from two leases covering, in part, the east one-half of the west one half of Section 9 into a common tank battery located in the southeast quarter of the northwest quarter of Section 9. Both Section 4 and 9 are in Township 18 South, Range 27 East, Eddy County, New Mexico.

(Whereupon, Humble's Exhibit No. 1 was marked for identification.)

Q I believe what has been marked as Exhibit 1 is a plat of that area, Mr. Harrill?

A That is correct.

Q And it shows the same area as in Case 1916, expanded to include the southeast southeast of 4,--

A That's correct.

Q --which is the additional well you propose to put in the

DEARNLEY-MEIER REPORTING SERVICE, Inc.

PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



same central tank battery?

A Yes, sir.

(Whereupon, Humble's Exhibit No. 2 was marked for identification.)

Q And Exhibit 2 is a schematic diagram of this proposed commingling production system?

A That's correct.

Q Now, in Case 1916, it contains an Exhibit 2, which I believe is an identical for Exhibit 2 in this case, except that in the present case we have added the 5 well, which is that southeast southeast of Section 4?

A That's essentially correct.

Q Now, would you explain to the Examiner what the addition does with relation to this commingling system?

A We are now currently commingling production from Wells 1 and 3 with Wells 2 and 4. Wells 1 and 3 flow through a metering separator and then thence into the storage tank. Wells 2 and 4 flow through a production separator into the storage tanks. What we now propose to do is add a temporary metering separator and production from Well 5 will flow through the separator and then metered and then into the storage tanks.

Q And it can be separately metered from the other production?

A That's correct.

Q Now, the additional area or well, I believe that's

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



United States lease?

A That's correct.

Q Does Exhibit 1 reflect the offsetting operators and owners?

A Yes, it does.

Q And we have here in Section 9 the name Hudson on Exhibit 1. What does that represent, sir?

A That's a Humble Federal lease, but Mrs. M. C. Hudson has a twelve and a half percent override.

Q Are there any overrides on the southeast southeast 4?

A No, sir, no overrides..

MR. CHRISTY: Mr. Examiner, we have sent a registered letters to all offset operators and to Mrs. Hudson, and we have the return receipts, except for Mrs. Hudson, which came into my office this morning showing she was served prior to the day. And incidentally, she consented to the prior hearing. The one exception to that statement, I believe, is Gulf, who is here today.

MR. NUTTER: Has the United States Geological Survey been notified?

MR. CHRISTY: Yes. And Mr. Anderson advised Humble he had no objection. The return receipt on U.S.G.S. is there.

Q (By Mr. Christy) Mr. Harrill, in your opinion, would the granting of this application be in the interest of conservation and not violate the correlative rights of any interested party?

A Yes, sir, it would.

Q Were Exhibits 1 and 2 prepared by you or under your direct



supervision?

A Yes, sir.

Q Has this type of metering vessel been approved by the U. S. Geological Survey?

A Yes, sir, it has. It will be the same type, metering type vessel that we are using to meter the production from Wells 1 and 2.

Q That's a dump type meter?

A Yes, sir.

MR. CHRISTY: That's all.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Harrill, will production from Well No. 5 be measured separately prior to being commingled with the production from any other lease?

A Yes, sir, it will.

MR. NUTTER: Any further questions of Mr. Harrill? You may be excused.

(Witness excused)

MR. CHRISTY: We would like to offer in evidence Applicant's Exhibits 1 and 2.

MR. NUTTER: Humble's Exhibits 1 and 2 will be admitted.

MR. CHRISTY: We have nothing further for the applicant.

MR. NUTTER: Does anyone have anything further in this case?

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MR. KASTLER: Yes, Mr. Examiner. My name is Bill Kastler. I'm district lawyer for Gulf Oil Corporation from Roswell, New Mexico. And Gulf has no particular objection. In fact, we concur with Humble's application in this case. However, I would like to raise a question and state just our position in connection with Well No. 6, which, on Exhibit No. 1 in this case, is presently being drilled. This well is located in the northeast quarter of the northwest quarter of Section 16, 18 South, 27 East. This well is being drilled on a State lease owned by Gulf Oil Corporation, which is subject to the Chalk Bluff Draw Unit, which Unit was formed in 1953. It is my position and my understanding that when the Oil Conservation Commission approves a unitization for production of unitized substances, that it approves all incidental rights and powers for the production of these substances, just the same as though they were produced from a single lease. And, therefore, it seems rather questionable to me that this is a case which would come under Rule 309-A, as necessitating any exception for hearing before the Examiner. There are not sixteen wells involved, and the operators have--the unit operators will construct adequate facilities for separate test and measurement. The Chalk Bluff Draw Unit is somewhat anomalous for the following reasons: It was formed originally unitizing all substances, I think, from the surface to all depths beneath, and formed for production of Pennsylvanian gas. In 1959 the unit area was offset by Abo oil production, and Humble is the unit operator, and Hondo is one of the working interest owners,

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and Gulf is another. Wells were drilled to offset the Abo production, and first, the four wells in the east half of the west half of Section 9 were drilled and completed as good top allowable producers. Then, under a plan for further development, Wells Nos. 5 and 6 were spudded and drilling commenced recently, and the expectation is that these two wells, both will be completed around the middle of April, 1960. In the completion of Well No. 5, if your order takes care of that, it can be produced into a central tank battery. Well No. 6, which is Gulf's well, which will be contributed to the unit, unless some other provision is necessary or is made in your order, will have to be produced into a separate test tank until it's taken into a unit or participating area within the unit. On Monday, April 4th, I attended a conference in the office of the Regional Supervisor of the U.S.G.S., and present were representatives of Hondo Oil Company and Hondo Oil Corporation. The unit operator was invited to attend, but their local representative was out of town and unable to attend. However, it was settled then, that the locations--it was questionable what locations might reasonably be proven as productive of Abo oil. And for that reason, a participating area in this Abo production portion of the unit has not yet been declared. We have reached an understanding with U.S.G.S. that the locations which are reasonably proven as productive will be those on which wells which are commercially operative are completed. And immediately, Humble as the unit operator is being requested to file a proper designation of a participating area, and U.S.G.S. has



indicated that it concurs in this. That will leave Wells Nos. 5 and 6, Well No. 5 being in Section 4, and Well No. 6 being in Section 16, as outside the participating area.

We believe that the approval of the Chalk Bluff Draw Unit, back in 1953, implicitly gave all operators within the unit the right to produce their oil and gas and other substances substantially as provided in the unit agreement, and that a refusal to grant one of these applications would have disastrous consequence inasmuch as the unit agreement has already been approved.

So, what we are asking is, then, that the Rules be clarified so that it won't be necessary for individual owners of lands within a unit to approach the Commission for administrative approval after hearing for commingling of its production within the unit area. And, secondly, we wish your Order, which is drawn in this case, to be broadened to the effect that Gulf's Well No. 6, which is the unit well, and which will also be separately measured and metered through test separators or a production separator set for that purpose, would be allowed to produce also into the central tank battery.

MR. NUTTER: Mr. Kastler, I appreciate your statement. In approving the unit agreement in 1953, the Oil Conservation Commission did approve the Chalk Bluff Unit area, as outlined in the unit agreement. However, the Commission, and I believe I can speak for the Commission in this regard, the Commission regards the unit area as comprising a number of individual leases, and must maintain



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that the unit comprises individual leases until such time as they are dedicated to a single participating area. And as soon as they are in a single participating area, then we can go along with the theory of Gulf, that this is a single lease. The participating area does become a single lease for the purposes of allocation of production and so forth. In approving the unit agreement, the Commission specifically stated that they didn't waive their rights, duties or obligations as far as conservation and allocation of production is concerned. And the Commission does also feel that one of the obligations is to determine the accurate amount of production from each lease. And until such time as there has been a participating area established for these various wells, we would have to regard them as being on separate leases, and determine the production from each one of these leases prior to commingling.

Now, the application here today is for permission to commingle the production from the southeast quarter of the southwest quarter, Section 4, it being No. 5 Well, with the production from Nos. 1, 2, 3 and 4 Wells, and does not include the Gulf oil No. 6 located down here in Section 16. The Order does not authorize the commingling of Well No. 16 with the other wells. If a participating area is established in the near future, and No. 6 is in the participating area with these others, then it can be commingled administratively. But until such time as the participating area is established, this No. 6 Well will have to be measured separately.

MR. KASTLER: Thank you for that. I would like to state,





however, that the unit operating agreement and the unit agreement provide that the participating areas that are formed shall be effective as of the first of the month in which a well has been made productive warranting it. So, it will have until the first of the month in which that well was completed.

MR. NUTTER: This is correct. We recognize that the participating area is actually formed on a retroactive basis, but until the participating area has been formed, there isn't any participating area, and they are separate leases.

MR. KASTLER: Thank you. I notice, and I would like to state for the record, that the unit operator has, as of April 4, 1960, filed a subsequent application with the Commission for the approval, a blanket approval, which would appear to tend toward resolving the difficulty.

MR. NUTTER: Yes, sir, we are caught with that, Mr. Kastler, and I believe that application which was filed on April the 4th or 5th is being set for hearing on April 27.

MR. KASTLER: Thank you.

MR. CHRISTY: That's all we have.

MR. NUTTER: Does anyone have anything further with Case 1940? Take the case under advisement.



STATE OF NEW MEXICO )  
 ) ss  
 COUNTY OF BERNALILLO )

I, THOMAS T. TOMKO, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript by me, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 11<sup>th</sup> day of April, A.D. 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Thomas T. Tomko  
 Notary Public

My Commission Expires:

Jan 7, 1964

BEFORE EXAMINER NUTTER  
 OIL CONSERVATION COMMISSION  
 EXHIBIT NO. \_\_\_\_\_  
 CASE NO. \_\_\_\_\_

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examiner hearing of Case No. 1940, heard by me on 4-6, 1960.

Nutter, Examiner  
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 1940  
Order No. R-1630-A

APPLICATION OF HUMBLE OIL & REFINING  
COMPANY FOR AN AMENDMENT OF ORDER  
R-1630 TO AUTHORIZE THE PRODUCTION  
INTO COMMON FACILITIES OF AN ADDITIONAL  
EMPIRE-ABO POOL WELL IN EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 6, 1960, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 19th day of April, 1960, the Commission a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That by Order No. R-1630, the applicant was authorized to commingle the Empire-Abo Pool production from two separate leases comprising in pertinent part the E/2 W/2 of Section 9, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, both of which leases are in the Chalk Bluff Draw Unit.

(3) That the applicant seeks an amendment of said Order R-1630 to provide that the Empire-Abo Pool production from a well in the SE/4 SW/4 of Section 4, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, may be produced into common facilities with the commingled Empire-Abo Pool production authorized by said Order R-1630.

(4) That approval of the subject application will neither cause waste nor impair correlative rights, provided that the production from the said well in the SE/4 SW/4 of Section 4 is separately measured prior to commingling.

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CASE No. 1940  
Order No. R-1630-A

IT IS THEREFORE ORDERED:

(1) That Order R-1630 be and the same is hereby amended to authorize the commingling of the Empire-Abo Pool production from a well in the SE/4 SW/4 of Section 4, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, with the Empire-Abo Pool production authorized to be commingled by said Order R-1630.

PROVIDED HOWEVER, That the Empire-Abo Pool production from the subject well shall be separately measured prior to commingling.

(2) That the well-test and meter-test requirements of Order No. R-1630 shall also apply to the well in the said SE/4 SW/4 of said Section 4.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



*John T. Burroughs*

JOHN BURROUGHS, Chairman

*Murray E. Morgan*

MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*

A. L. PORTER, Jr., Member & Secretary

esr/