

Case No.

190

Application, Transcript,
Small Exhibits, Etc.

Form C-104

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
REQUEST FOR ALLOWABLE

Oil Well
Gas Well
Workover Well

Place _____
Date _____
Designate UNIT well is located in _____
TOOL _____

D	C	B	A
E	F	G	H
L	K	J	I
M	N	O	P

NOTICE OF COMPLETION OF: (Lease) _____
feet from _____ Line _____ feet from _____ Well No. _____
Line;

DATE STARTED _____ DATE COMPLETED _____
ELEVATION D. F. _____ TOTAL DEPTH D. F. _____
CABLE TOOLS _____ ROTARY TOOLS _____
PERFORATIONS DEPTH _____ OR OPEN HOLE DEPTH _____

CASING RECORD
SIZE _____ DEPTH SET _____ SAX CEMENT _____
SIZE _____ DEPTH SET _____ SAX CEMENT _____
SIZE _____ DEPTH SET _____ SAX CEMENT _____

TUBING RECORD
SIZE _____ DEPTH _____ NO. QTS. _____
NO. GALS. _____ NO. QTS. _____
NO. GALS. _____ NO. QTS. _____

FORMATION TOPS
T. Anhydrite _____ T. Grayburg _____ T. Miss. _____
T. Salt _____ T. San Andres _____ T. Dev. _____
B. Salt _____ T. Glorieta _____ T. Sil. _____
T. Yates _____ T. Irinkard _____ T. Ord. _____
T. Seven Rivers _____ T. Wolfcamp _____ T. Granite Wash _____
T. Queen _____ T. Penn. _____ T. Granite _____

OIL OR GAS PAY _____ WATER _____
Pumping _____ Flowing _____
Initial Production Test _____
Test after acid or shot _____

Initial Gas Volume _____
DATE first oil run to tank or gas to pipe line _____
PIPE LINE TAKING OIL _____

REMARKS: _____ COMPANY _____
SIGNED BY _____

OIL CONSERVATION COMMISSION - BY: _____ TITLE _____

INSTRUCTIONS
OIL CONSERVATION COMMISSION
FORM C-115

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

This report shall be made monthly by each producer of crude petroleum oil. An executed copy shall be filed on or before the 20th day of each month with each of the following: Oil Conservation Commission at Santa Fe; Lea County Proration Office at Hobbs; and the pipeline company or other transporter moving oil, gas, or liquid hydrocarbons from a well or lease tanks or any other receptacle. The report shall be complete as to data covering the calendar month next preceding the date of filing.

Report on this form, the required information relative to, the production of all crude petroleum oil, natural gas, and other hydrocarbons which are produced at the well head in liquid form by ordinary production methods. Show on this report, the required information relative to, products produced from a gas well or gas wells, such as distillate and condensate.

Make a separate report for each lease.

Where a lease is comprised of two or more units, list each unit separately. When two or more units are produced into a central tank battery the amount of oil produced from each unit shall be determined by periodic tests. The oil on hand at the beginning of month, the scheduled allowable, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.

Form C-104

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
REQUEST FOR ALLOWABLE

Oil Well
Gas Well
Workover Well

Place _____
Date _____
Designate UNIT well is located in _____
FOOL _____

D	C	B	A
E	F	G	H
L	K	J	I
M	N	O	P

NOTICE OF COMPLETION OF: (Lease) _____ Well No. _____
_____ feet from _____ Line _____ feet from _____ Line;

DATE STARTED _____ DATE COMPLETED _____
ELEVATION D. F. _____ TOTAL DEPTH D. F. _____
CABLE TOOLS _____ ROTARY TOOLS _____
PERFORATIONS DEPTH _____ OR OPEN HOLE DEPTH _____

CASING RECORD

SIZE _____ DEPTH SET _____ SAX CEMENT _____
SIZE _____ DEPTH SET _____ SAX CEMENT _____
SIZE _____ DEPTH SET _____ SAX CEMENT _____

TUBING RECORD

SIZE _____ DEPTH _____

ACID RECORD

NO. GALS. _____

NO. GALS. _____

NO. GALS. _____

SHOT RECORD

NO. QTS. _____

NO. QTS. _____

NO. QTS. _____

FORMATION TOPS

T. Anhydrite	T. Grayburg	T. Miss.
T. Salt	T. San Andres	T. Dev.
B. Salt	T. Glorieta	T. Sil.
T. Yates	T. Frinkard	T. Ord.
T. Seven Rivers	T. Wolfcamp	T. Granite Wash
T. Queen	T. Penn.	T. Granite

OIL OR GAS PAY _____ WATER _____

Initial Production Test _____ Pumping _____ Flowing _____
Test after acid or shot _____

Initial Gas Volume _____

DATE first oil run to tanks or gas to pipe line _____

PIPE LINE TAKING OIL _____

REMARKS: _____ COMPANY _____

SIGNED BY _____

OIL CONSERVATION COMMISSION - BY: _____
TITLE _____

RULE 111A. REQUEST FOR ALLOWABLE (FORM C-104)

It is necessary that this form be submitted by the operators before an allowable will be assigned to any newly completed oil or natural gas well. C-110 "Certificate of Compliance" will not be approved until C-104 is filed with the Commission.

Form C-104 is to be submitted in triplicate and mailed to the Oil Conservation Commission Office, to which Form C-101 was sent. Two copies will be retained by them and the other submitted to the Proration Office, Hobbs, New Mexico.

The allowable will be assigned effective 7:00 A. M., on date of completion, provided C-104 and C-110 is received during month of completion.

The completion date shall be that date in the case of an oil well, when oil is delivered into the stock tanks, and in the case of a natural gas well the completion date shall be at 7:00 A. M., on that date that gas is available to gathering lines.

INSTRUCTIONS
OIL CONSERVATION COMMISSION
FORM C-115

The addresses of the producer, as required on this report, shall be clear and definite as to Street Number, City, State and Mailing address.

This report shall be made monthly by each producer of crude petroleum oil. An executed copy shall be filed on or before the 20th day of each month with each of the following: Oil Conservation Commission at Santa Fe; Lea County Proration Office at Hobbs; and the pipe line company or other transporter moving oil, gas, or liquid hydrocarbons from a well or lease tanks or any other receptacle. The report shall be complete as to data covering the calendar month next preceding the date of filing.

Report on this form, the required information relative to, the production of all crude petroleum oil, natural gas, and other hydrocarbons which are produced at the well head in liquid form by ordinary production methods. Show on this report, the required information relative to, products produced from a gas well or gas wells, such as distillate and condensate.

Make a separate report for each lease.

Where a lease is comprised of two or more units, list each unit separately. When two or more units are produced into a central tank battery the amount of oil produced from each unit shall be determined by periodic tests. The oil on hand at the beginning of month, the scheduled allowable, the oil on hand at the end of the month, and total capacity of lease tanks shall be reported by leases.

All amounts of oil shall be reported in barrels computed from 100% tank tables and based upon actual physical gauges.

Do not use fractions of barrels in this report.

If any space does not apply fill in the word "NONE."

Please use typewriter if possible.

OPERATOR'S MONTHLY REPORT

The well being is a correct record of oil and gas producing wells of _____ (Company or Operator)

Leio Field County for month of 19

State Land, Lease No. _____ Assignment No. _____ Government Lease No. _____ Pol. Land _____
(Following to be Reported on Unit Basis)

[illegible]

(1) Distribution to units based on: Test _____ Meter _____ Estimate _____

(2) Method of determining water production: Shoke out _____ Estimate _____ Draw Off _____

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*.

(Following to be Reported on Lease Basis)

[illegible]

	G A S	Used For Gas Lift
_____ MCF Used on Lease	_____ MCF Used on Lease	
_____ MCF Sold to _____	_____ MCF On _____ Lease	
_____ MCF Blown to Air, (By Difference)	_____ MCF Off _____ Lease	

Remarks: _____

I hereby swear or affirm that the information given is true and correct.

Signed: _____

Representing _____ Position _____
(Company or Operator)

Address: _____ Date: _____

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
GASOLINE OR OTHER EXTRACTION PLANT MONTHLY REPORT

Form C-114
Sheet 1

Report of _____ Month of _____ 19____

Address _____
(Main Office) (Plant)

REPORT ALL VOLUMES IN M.C.F. AT 14.4 LBS. PLUS 10 OZ. PRESSURE

INTAKE VOLUME

TOTAL GAS FROM OIL WELLS	(Details on Sheet 2)	Volume M.C.F.
TOTAL GAS FROM GAS WELLS	(Details on Sheet 2)	
TOTAL GAS FROM OTHER SOURCES	(Details on Sheet 2)	
TOTAL		

Disposition of Residue

Plant Fuel	Volume M.C.F.
Returned For Lease Fuel	
Sold or Other Disposition (Detail Below)	
Returned to Earth	
Vented	
Shrinkage	
TOTAL	

Detail of Sale or Other Disposition of Residue

Name of Purchaser or User	Address	Used For	M. C. F.
TOTAL			

Plant Production, Receipts, Deliveries and Stock in Barrels of 42 U. S. Gallons

Product	Opening Stock	Receipts	Production	Deliveries*	Closing Stock
Oil					
Condensate					
Gasoline					
Butane					
Propane					
Kerosene					
Other					
TOTAL					

REMARKS: _____

AFFIDAVIT

STATE OF _____
County of _____

_____, the undersigned person; who on this day personally appeared before me and is known to me to be the person whose name is subscribed to this report after being by me duly sworn on oath or affirmation states that he is authorized to make and execute this report, including all attached sheets, that this report is a true and correct reflection of the record of the operations reported herein, and that no pertinent matter inquired about in this report has been omitted therefrom.

Name of Operator _____

Subscribed and Sworn to before me
on this the _____ day of _____ 19____ (Signature) (Title)

Notary Public

In and for _____

*(Follow Instructions on Reverse Side)

Report of _____ Month of _____ 19____

Detail of Intake Volume

[illegible]

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO REFINER'S MONTHLY REPORT

Report of _____ Month of _____ 19____

Address _____

(Main Office)

(Plant)

(Barrels of 42 U. S. Gallons)

Kind	Stock On Hand Beginning Of Month	Receipts (Detail on Sheet 1-A)	Runs To Stillls, Re-Runs and/or Blended	Products Manufac- tured	Deliveries (Detail On Sheet 1-B)	Plant Use and Losses	Stock On Hand End Of Month
Crude Petroleum							
Casinghead Gasoline							
Gasoline							
Kerosene							
Gas Oil							
Fuel Oil							
Lubricating Oil							
Refinery Dists.							
Cracking Stock							
Other Products							
Processing Losses							
TOTAL							

REMARKS: _____

AFFIDAVIT

STATE OF _____

County of _____

_____, the undersigned person, who on this day personally appeared before me and is known to me to be the person whose name is subscribed to this report; after being duly sworn on oath or affirmation states that he is authorized to make and execute this report, including all attached sheets, that this report is a true and correct reflection of the record of the operations reported herein, and that no pertinent matter inquired about in this report has been omitted therefrom.

Name of Refiner _____

Subscribed and Sworn to before me

(Signature)

(Title)

on this the _____ day of _____ 19____

Notary Public

In and for _____

(Follow Instructions on Reverse Side)

Barrels

Address _____
(Main Office) (Plant)

[illegible]

Report of _____ Month of _____ 19____

Address _____
(Street) (City) (State)

TOTAL STOCK BEGINNING OF MONTH	Barrels
--------------------------------	---------

Receipts By Fields, By Leases—Total Each Field

County	Field Or Pool	Name Of Producer	Name Of Lease	Barrels

TOTAL

Receipts From Other Sources

[illegible]

TOTAL

TOTAL RECEIPTS

STOCK FIRST OF PERIOD PLUS RECEIPTS

Deliveries

To Whom	Place Of Delivery	Barrels

TOTAL DELIVERIES

TOTAL STOCK END OF MONTH

SHORTAGE

OVERAGE

TOTAL DELIVERIES AND STOCKS PLUS SHORTAGE OR MINUS OVERAGE

AFFIDAVIT

STATE OF _____

COUNTY OF _____

-----, the undersigned person; who on this day personally appeared before me and is known to me to be the person whose name is subscribed to this report; after being by me duly sworn on oath or affirmation states that he is authorized to make and execute this report, including all attached sheets, that this report is a true and correct reflection of the record of the operations reported here, and that no pertinent matter inquired about in this report has been omitted therefrom.

Name of Transporter or Storer_____

Subscribed and Sworn to before

me on this the _____ day of _____ 19____ (Signature) (Title)

Notary Public

in and for _____

**OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
TRANSPORTER'S AND STORER'S MONTHLY REPORT**

Form C-112
Sheet 1-A

Report of _____ Month of _____ 19____
Address _____

Address _____ 19____
 (Street) (City) (State)

Receipts by Fields, by Leases — Total Each Field

[illegible]

Address _____
(Street) (City) (State)

Received From	Place Of Receipt	Barrels

Address _____
(Street) (City) (State)

[illegible]

(Follow Instructions on Reverse Side)

**OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO**

CERTIFICATE of COMPLIANCE and AUTHORIZATION to TRANSPORT OIL

Company or Operator _____ Lease _____

Address _____
(Local or Field Office) (Principal Place of Business)

Unit _____ Wells No. _____ Sec. _____ T _____ R _____ Field _____ County _____

Kind of Lease _____ Location of Tanks _____

Transporter _____ Address of Transporter _____
(Local or Field Office)

Percent of oil to be transported _____ Other transporters author-
(Principal Place of Business)

ized to transport oil from this unit _____ %

REMARKS:

The undersigned certifies that the rules and regulations of the Oil Conservation Commission have been complied with except as noted above and that gathering agent is authorized to transport the percentage of oil produced from the above described property and that this authorization will be valid until further notice to the transporter named herein or until cancelled by the Oil Conservation Commission of New Mexico.

Executed this the _____ day of _____, 194 _____

(Company or Operator)

By _____

Title _____

State of _____

County of _____

Before me, the undersigned authority, on this day personally appeared _____ known to me to be the person whose name is subscribed to the above instrument, who being by me duly sworn on oath states that he is authorized to make this report and has knowledge of the facts stated herein and that said report is true and correct.

Subscribed and sworn to before me, this the _____ day of _____, 194 _____

Notary Public in and for _____ County, _____

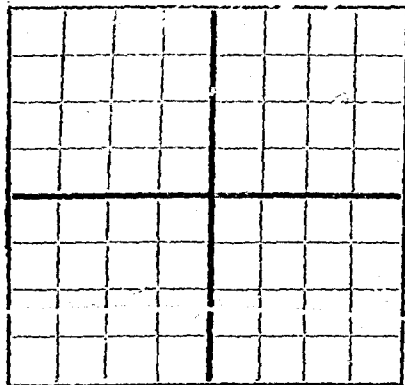
Approved: _____ 194 _____

OIL CONSERVATION COMMISSION

By _____

(See Instructions on Reverse Side)

X



AREA 640 ACRES
LOCATE WELL CORRECTLY

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

WELL RECORD

Mail to Oil Conservation Commission, Santa Fe, New Mexico, or its proper agent, not more than twenty days after completion of well. Follow instructions in the Rules and Regulations of the Commission. Indicate questionable data by following it with (?). **SUBMIT IN TRIPPLICATE. FORM C-110 WILL NOT BE APPROVED UNTIL FORM C-105 IS PROPERLY FILLED OUT.**

Company or Operator _____ Address _____
 _____ Well No. _____ in _____ of Sec. _____, T. _____
 Lease _____
 R. _____, N. M. P. M., _____ Field, _____ County.
 Well is _____ feet south of the North line and _____ feet west of the East line of _____
 If State land the oil and gas lease is No. _____ Assignment No. _____
 If patented land the owner is _____, Address _____
 If Government land the permittee is _____, Address _____
 The Lessee is _____, Address _____
 Drilling commenced _____ 19____ Drilling was completed _____ 19____
 Name of drilling contractor _____, Address _____
 Elevation above sea level at top of casing _____ feet.
 The information given is to be kept confidential until _____ 19____.

OIL SANDS OR ZONES

No. 1, from.....to..... No. 4, from.....to.....
No. 2, from.....to..... No. 5, from.....to.....
No. 3, from.....to..... No. 6, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from to feet.

No. 2, from to feet.

No. 3, from to feet.

No. 4, from to feet.

CASING RECORD

[illegible]

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. BAGS OF CEMENT	METHODS USED	MUD GRAVITY	AMOUNT OF MUD USED

PLUGS AND ADAPTERS

Heaving plug—Material..... Length..... Depth Set.....
 Adapters — Material..... Size.....

RECORD OF SHOOTING OR CHEMICAL TREATMENT

SIZE	SHELL USED	EXPLOSIVE OR CHEMICAL USED	QUANTITY	DATE	DEPTH SHOT OR TREATED	DEPTH CLEANED OUT

Results of shooting or chemical treatment.....

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto.

TOOLS USED

Rotary tools were used from..... feet to..... feet, and from..... feet to..... feet
 Cable tools were used from..... feet to..... feet, and from..... feet to..... feet

PRODUCTION

Put to producing....., 19.....
 The production of the first 24 hours was..... barrels of fluid of which..... % was oil; % emulsion; % water; and..... % sediment. Gravity, Be.....
 If gas well, cu. ft. per 24 hours..... Gallons gasoline per 1,000 cu. ft. of gas.....
 Rock pressure, lbs. per sq. in.....

EMPLOYEES

....., Driller , Driller
 , Driller , Driller

FORMATION RECORD ON OTHER SIDE

I hereby swear or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as can be determined from available records.

Subscribed and sworn to before me this.....
 day of....., 19.....

 Notary Public
 My Commission expires.....
 Place..... Date.....
 Name.....
 Position.....
 Representing.....
 Company or Operator.....
 Address.....

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS REPORTS ON WELLS

Submit this report in triplicate to the Oil Conservation Commission or its proper agent within ten days after the work specified is completed. It should be signed and sworn to before a notary public for reports on beginning drilling operations, results of shooting well, results of test of casing shut off, result of plugging of well, and other important operations, even though the work was witnessed by an agent of the Commission. Reports on minor operations need not be signed and sworn to before a notary public. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of report by checking below.

REPORT ON BEGINNING DRILLING OPERATIONS		REPORT ON REPAIRING WELL	
REPORT ON RESULT OF SHOOTING OR CHEMICAL TREATMENT OF WELL		REPORT ON PULLING OR OTHERWISE ALTERING CASING	
REPORT ON RESULT OF TEST OF CASING SHUT-OFF		REPORT ON DEEPENING WELL	
REPORT ON RESULT OF PLUGGING OF WELL			

OIL CONSERVATION COMMISSION,
SANTA FE, NEW MEXICO

Gentlemen:

Following is a report of the work done and the results obtained under the heading noted above at the _____

_____ Well No. _____ in the _____
 _____ Company or Operator _____ Lease _____
 _____ of Sec. _____, T. _____, R. _____, N. M. P. M.,
 _____ Field, _____ County.

The dates of this work were as follows: _____

Notice of intention to do the work was (was not) submitted on Form C-102 on _____ 19____
 and approval of the proposed plan was (was not) obtained. (Cross out incorrect words.)

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Witnessed by _____	Name _____	Company _____	Title _____
Subscribed and sworn before me this _____	I hereby swear or affirm that the information given above is true and correct.		
_____ day of _____ 19____	Name _____	Position _____	
Notary Public	Representing _____	Company or Operator _____	
My commission expires _____	Address _____		

Remarks:

Name

Title

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL			

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the _____

Company or Operator _____ Lease _____ Well No. _____ in _____
of Sec. _____, T. _____, R. _____, N. M. P. M., _____ Field.
_____ County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

Approved _____, 19____
except as follows:

Company or Operator

By _____

Position _____
Send communications regarding well to

OIL CONSERVATION COMMISSION,

Name _____

By _____

Address _____

Title _____

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

NOTICE OF INTENTION TO DRILL

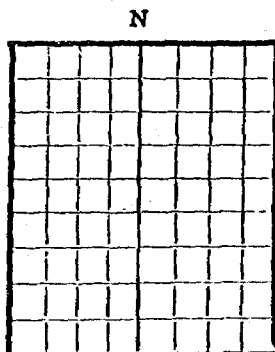
Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in triplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico,

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as _____

_____ well No. _____ in _____
Company or Operator Lease
of Sec. _____, T. _____, R. _____, N. M., P. M., _____ Field, _____ County.



AREA 640 ACRES
LOCATE WELL CORRECTLY

The well is _____ feet (N.) (S.) of the _____ line and _____ feet
(E.) (W.) of the _____ line of _____

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. _____ Assignment No. _____

If patented land the owner is _____

Address _____

If government land the permittee is _____

Address _____

The lessee is _____

Address _____

We propose to drill well with drilling equipment as follows: _____

The status of a bond for this well in conformance with Rule 36 of the General Rules and Regulations of the Commission is as follows: _____

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landed or Cemented	Seeks Cement

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about _____ feet.

Additional information:

Approved _____, 19____
except as follows:

Sincerely yours,

Company or Operator

By _____

Position _____

Send communications regarding well to:

Name _____

Address _____

OIL CONSERVATION COMMISSION,

By _____

Title _____

Form C-126

NEW MEXICO OIL CONSERVATION COMMISSION

Case-011 Ratio Report

OUTRAGED

SECRET

AND 1939

19

REQUIRED TEST

SERIAL TYPE _____ (Check One)

(See Instructions on Reverse Side)

Lease	Well No.	Date of Test	Producing Method	Chest Size	Test Pres.	Daily Allow. Bbls.	Prod. During Test			GOR Cu. Ft. For Bbl.
							Water Bbls.	Oil Bbls.	Gas GCF	

(I certify that the information given is true and correct.)

(I certify that the information given is true and correct)

DATE _____ (Declaration given is true and correct)

BY _____
Company

Title

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held September 8, 1949 beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico in the Senate Chambers.

STATE OF NEW MEXICO 10:

All named parties in the following cases, and notice to the public:

Case 190

In the matter of the application of Twin Oil Corporation for an order unitizing the NE/4 NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M. or in the alternative, authorizing the drilling of a well or wells upon the following described lands:

Beginning at a point 660 feet west of the southeast corner of NE/4 NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M., thence on a direct line north 420 feet, thence on a direct line west, 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land more or less, and fixing an allowable therefor.

Case 191

In the matter of application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BIA No. 1 Well in NW/4 SE/4 Section 2, Township 12 South, Range 33 East, N.M.P.M., in Lea County, New Mexico.

Case 192

In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yaso formation (Drinkard pool) and from the Ellenburger formation (Brinson pool) from a single well bore in the Eunice King No. 17 Well, located 660 feet from the north line and 2310 feet from the west line (NE/4 NW/4) of Section 23, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico.

Case 193

In the matter of the application of Shell Oil Company for a special exception from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, B-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

Case 194

In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the proration office, to amend Section 3-A of Commission Order #784 also known as the Gas-Oil Ratio Order of September 10, 1948, by adding the followings:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116."

or such other wording in the premises as may be determined from testimony

adduced in open hearing.

Given under the seal of the Oil Conservation Commission of New Mexico at
Santa Fe, New Mexico, on August 19, 1949.

(Seal)

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
R. R. SPURRIER, SECRETARY

Pub. Aug. 26, 1949

LEGAL NOTICE
August 26, 1949
NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to public hearings held September 8, 1949, A. M., on that day in the City of Santa Fe, New Mexico, in the Senate Chambers, in the Senate

1949

THE HOBBS (NEW MEXICO) DAILY NEWS-SUN

PAGE N

All named parties in the following cases, and notice to the public:

Case 190
In the matter of the application of Twin Oil Corporation for an order uniting the NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N. M. P. M., or in the alternative, authorizing the drilling of well or wells upon the following described lands:
Beginning at a point 660 feet west of the south-east corner of NE $\frac{1}{4}$ of Township 22 South, Range 37 East, N. M. P. M., thence on a direct line north 420 feet, thence on a direct line west, 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land more or less, and fixing an allowable therefor.

Case 191
In the matter of application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State 31A No. 1 Well in NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2, Township 12 South, Range 38 East, N. M. P. M., in Lea County, New Mexico.

Case 192
In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yesso formation (Drunkard pool) and from the Ellenburger formation (Brunson pool) from a single well bore in the Euniceaving No. 1/ Well, located 660 feet from the north line and 2310 feet from the west line (NE $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 28, Township 21 South, Range 37 East, N. M. P. M., in Lea County, New Mexico.

Case 193
In the matter of the application of Shell Oil Company for a special exception from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, E-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

tion, Tulsa, Oklahoma
J. N. Dunlevy, Shelly Oil Company, Hobbs, New Mexico
Harry Leonard, Roswell, New Mexico
The Executive Committee thereof.
The San Juan Basin Operators:
Dudley Cornell, Chairman, First National Bank Bldg., Albuquerque, New Mexico

Scott R. Brown, Secretary, 102 $\frac{1}{2}$ N. Court St., Farmington, New Mexico and
B. B. Bradish, 2939 Monte Vista Blvd., Albuquerque, New Mexico
P. B. English, Farmington, New Mexico
Paul Umbach, Korber Building, Albuquerque, New Mexico
Clifford Smith, Dallas, Texas

Joe S. Hartman, Aztec, New Mexico
the Executive Committee thereof.
Southern Union Production Company, Burt Building, Dallas, Texas
El Paso Natural Gas Company, El Paso, Texas
Lea County Water Company, Hobbs, New Mexico
and all other operators in oil

and gas or either of them, and notice to the public:
Case 189
In the matter of the application of the Oil Conservation Commission upon its own motion to revise the rules and regulations of the Commission to conform with the provisions of Chapter 168 of the New Mexico Laws of 1949, and to consider Committee recommendations

tion and take testimony in the premises.
Given under the seal of the Oil Conservation Commission, at Santa Fe, New Mexico, on August 19, 1949.
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
R. R. SPURRIER, Secretary.

SEEK NATURALIZATION
ROME, Aug. 25 (AP)—The Communist Confederation of (CGIL) announced today that will demand that parliamentationalize Italy's electric power industry.
The Next Look in Cars
The 1950 Studebaker

NE 1/4 of Section 22, Township 33 East, N. M. P. Range 37 East, N. M. P. M., thence on a direct line north 420 feet, thence on a direct line west, 210 feet, thence on a direct line south on a direct line south 420 feet, thence on a direct line east 210 feet containing approximately 2 acres of land more or less, and fixing an allowable therefor.

Case 191
In the matter of application of Amerada Petroleum Corporation for the establishment of proportion units and uniform spacing of wells for the common source of supply discovered in Amerada State, BTA No. 1 Well in NW 1/4 SE 1/4, Section 2 Township 13 South, Range 33 East, N. M. P. M., in Lea County, New Mexico.

Case No. 192
In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yaso formation (Drinkard pool) and from the Ellenburger formation (Brunson pool) from a single well bore in the Eunice area, No. 1 Well, located 660 feet from the north line and 2310 feet from the west line (NE 1/4 NW 1/4) of Section 28, Township 21 South, Range 37 East, N. M. P. M., in Lea County, New Mexico.

Case 193
In the matter of the application of Shell Oil Company for a special exception from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, B-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

Case 194
In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the production office, to amend Section 3-A of Commission Order No. 784 also known as the Gas-Oil Ratio Order of September 10, 1948, by adding the following:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the well test is completed as indicated by Commission Form C-116."

or such other wording in the premises as may be determined from testimony produced in open hearing.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on August 14, 1949.
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
R. K. SPURRIER,
Secretary.

LEGAL NOTICE
August 25, 1949

**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The State of New Mexico by its Oil Conservation Commission hereby gives public notice pursuant to law of a public hearing to be held September 7, 1949, beginning at 10:00 o'clock A. M. of that day in the City of Santa Fe, New Mexico, in the Senate Chamber.

STATE OF NEW MEXICO, To:
The Advisory Com-

LEGAL NOTICE
August 25, 1949
**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The State of New Mexico by its Oil Conservation Commission hereby gives public notice pursuant to law of a public hearing to be held September 8, 1949, beginning at 10:00 o'clock A. M. of that day in the City of Santa Fe, New Mexico, in the Senate Chamber.

STATE OF NEW MEXICO TO
OIL CONSERVATION
COMMISSION

In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the Secretary, to amend Section 3-A of Commission Order No. 784 also known as the Gas-Oil Ratio Order of September 10, 1943, by adding the following:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio, the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116."

or such other wording in the premises as may be determined from testimony adduced in open hearing. The seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on August 19, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION
R. R. SPURRIER,
Secretary.

LEGAL NOTICE
August 25, 1949

**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The State of New Mexico by its Oil Conservation Commission hereby gives public notice pursuant to law of a public hearing to be held September 7, 1949, beginning at 10:00 o'clock A. M. at that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO, To: The Advisory Committee, appointed May 6, 1949, for revision of general rules and regulations of the Oil Conservation Commission, which revision became necessary by reason of the enactment of Chapter 168 of the New Mexico Laws of 1949, as follows:

- Charles C. Gragin, Box 1492, El Paso, Texas
- Al Wilks, Box 1720, Fort Worth, Texas
- Glenn Staley, Drawer 1, Hobbs, New Mexico
- Bob Christie, Box 1348, Fort Worth, Texas
- Ralph Gray, Box 517, Artesia, New Mexico
- Lloyd Gray, Box 661, Tulsa, Oklahoma
- R. S. Dewey, Box 1600, Midland, Texas
- James Murray, Box 1577, Hobbs, New Mexico
- J. R. Cole, Box 1654, Santa Fe, New Mexico
- A. T. Hennett, First National Bank Bldg., Albuquerque, New Mexico
- Elvis A. Utz, Oil Conservation Commission, Santa Fe, New Mexico
- The Lea County Operators Committee, and J. W. House, its Chairman, and A. L. Decker, its Secretary and Wilson Oil Company, Artesia, New Mexico
- C. F. Dedford, Standard Oil & Gas Company, Fort Worth, Texas
- W. G. Ricketts, Amerada Petroleum Corporation, Tulsa, Oklahoma
- H. B. Hurley, Continental Oil Company, New Mexico
- D. A. Powell, Drilling & Exploration Company, Hobbs, New Mexico
- S. G. Sanderson, Gulf Oil Corporation, New Mexico

LEGAL NOTICE
August 25, 1949

**NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law of a public hearing to be held September 8, 1949, beginning at 10 o'clock A. M. at that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO

date the new test is com-
pleted as indicated by
Commission Form C-
116.

or such other wording in the
premises as may be determin-
ed from testimony adduced in
open hearing. the seal of the
Oil Conservation Commission of
New Mexico at Santa Fe, New
Mexico, on August 19, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

(Seal)
R. R. SPURRIER,
Secretary.

LEGAL NOTICE

August 25, 1949

NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The State of New Mexico
by its Oil Conservation
Commission hereby gives
public notice pursuant
to law of a public hear-
ing to be held Septem-
ber 7, 1949, beginning
at 10:00 o'clock A. M.
of that day in the City
of Santa Fe, New Mex-
ico, in the Senate Cham-
bers.

STATE OF NEW MEXICO, To:
The Advisory Com-
mittee, appointed May
6, 1949, for revision of
general rules and regu-
lations of the Oil Con-
servation Commission,
which revision became
necessary by reason of
the enactment of Chap-
ter 168 of the New Mex-
ico Laws of 1949, as
follows:

Charles C. Gragin, Box 1492, El
Paso, Texas
Al Wilke, Box 1730, Fort Worth,
Texas
Glenn Suley, Drawer I, Hobbs,
New Mexico
Bob Christie, Box 1348, Fort
Worth, Texas
Ralph Gray, Box 517, Artesia,
New Mexico
Lloyd Gray, Box 661, Tulsa, Okla-
homa
R. S. Dewey, Box 1600, Midland,
Texas
James Murray, Box 1577, Hobbs,
New Mexico
J. R. Cole, Box 1654, Santa Fe,
New Mexico
A. T. Hennett, First National
Bank Bldg., Albuquerque,
New Mexico
Elvis A. Utz, Oil Conservation
Commission, Santa Fe, New
Mexico.
The Lea County Oper-
ators Committee, and J.
W. House, its Chairman,
and A. L. Decker, its
Secretary and Wilson Oil
Raymond Lamb, Artesia, New
Mexico
C. F. Dedford, Stanolind Oil &
Gas Company, Fort Worth,
Texas
W. G. Ricketts, Amerada Petrol-
eum Corporation, Tulsa,
Oklahoma
H. B. Hurley, Continental Oil
Company, Tulsa, Oklahoma
D. A. Powell, Drilling & Explor-
ation Company, Hobbs, New
Mexico
S. G. Sanderson, Gulf Oil Corpora-

LEGAL NOTICE

August 25, 1949

NOTICE OF PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

The State of New Mexico
by its Oil Conservation
Commission hereby gives
public notice pursuant to
law of a public hear-
ing to be held Septem-
ber 7, 1949, beginning
at 10:00 o'clock A. M.
of that day in the City
of Santa Fe, New Mex-
ico, in the Senate Cham-
bers.

STATE OF NEW MEXICO, To:
The Advisory Com-
mittee, appointed May
6, 1949, for revision of
general rules and regu-
lations of the Oil Con-
servation Commission,
which revision became
necessary by reason of
the enactment of Chap-
ter 168 of the New Mex-
ico Laws of 1949, as
follows:

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
 The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held September 2, 1949 beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico in the Senate Chambers

STATE OF NEW MEXICO TO:
 All named parties in the following cases, and notice to the public:

Case 190
 In the matter of the application of Twin Oil Corporation for an order unitizing the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N. M. P. M. or in the alternative, authorizing the drilling of a well or wells upon the following described lands:

Beginning at a point 660 feet west of the southeast corner of NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N. M. P. M., thence on a direct line north 420 feet thence on a direct line

In the matter of application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BTA No. 1 Well in NW $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2, Township 12 South, Range 33 East, N. M. P. M., in Lea County, New Mexico.

Case 192
 In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yaso formation (Drinkard pool) and from the Ellenburger formation (Brunson pool) from a single well bore in the Eunice King No. 17 Well, located 660 feet from the north line and 2310 feet from the west line (NE $\frac{1}{4}$ NW $\frac{1}{4}$) of Section 28, Township 21 South, Range 37 East, N. M. P. M., in Lea County, New Mexico.

Case 193
 In the matter of the application of Shell Oil Company for a special exception from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, B-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

Case 194
 In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the proration office, to amend Section 3-A of Commission Order No. 734 also known as the Gas-Oil Ratio Order of September 10, 1948, by adding the following:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-118."

or such other wording in the premises as may be determined from testimony adduced in open hearing.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on August 19, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
R. R. SPURRIER
 Secretary

(SEAL)
 Pub. Aug. 26, 1949.

Affidavit of Publication

STATE OF NEW MEXICO,
 County of Santa Fe

ss. **N.M. Oil Conservation Commission**

David J. Lloyd

being first duly sworn,
 declare and say that I am the (Business Manager) (Editor) of the **The Santa Fe News**

a weekly newspaper, published in the English and Spanish 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 consecutive weeks, and on the same day of each week in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, once each week for one weeks consecutively, the first publication being on the 26th day of August, 1949, and the last publication on the 26th day of August, 1949; and that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

David J. Lloyd
 Manager
 Subscribed and sworn to before me this 29th day of August, A.D. 1949
Thorad Padilla
 Notary Public

My Commission expires
 My Commission Expires October 12, 1952

August 22, 1949

Mr. Glenn Staley
Lea County Operators Committee
Drawer I
Hobbs, New Mexico

Dear Mr. Staley:

TRANSMITTAL.

Hearings, September 8, 1949

Enclosed please find copies of petitions:

- Case No. 190 - Twin Oil
- Case No. 191 - Amerada
- Case No. 192 - Gulf Oil Corp.
- Case No. 193 - Shell Oil Co.
- Case No. 194 - (Refer Staley letter July 27, 1949)

This may be circularized if you wish.

Very truly yours,

George A. Graham

GAG:bw
encls.

Glen Staley
Holtz

Memo

2080
Miss Hoover

TRANS Mutual:

Hearings. Sept 8, 1949

Copies of petitions:

Case no ~~189~~¹⁹⁰ Twin Oil
Case no ~~190~~¹⁹¹ Amerada
Case no ~~191~~¹⁹² Gulf Oil Corp.
Case no ~~192~~¹⁹³ Shell Oil
Case no ~~193~~¹⁹⁴ (Refer Staley letter July 27, 49)

Circularize if you

Wish

GG

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE TWIN OIL CORPORATION)
FOR AN ORDER UNITIZING THE NORTHEAST QUARTER)
OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SECTION)
4, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,)
LEA COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE,)
AUTHORIZING THE DRILLING OF A WELL OR WELLS)
UPON THE FOLLOWING DESCRIBED LAND: BEGINNING)
AT A POINT 660 FEET WEST OF THE SOUTHEAST)
CORNER OF THE NORTHEAST QUARTER OF THE NORTH-)
EAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SAID SECTION, THENCE)
ON A DIRECT LINE NORTH 420 FEET, THENCE ON A)
DIRECT LINE WEST 210 FEET, THENCE ON A DIRECT)
LINE SOUTH 420 FEET, THENCE ON A DIRECT LINE)
EAST 210 FEET, CONTAINING APPROXIMATELY 2)
ACRES OF LAND, MORE OR LESS, AND FIXING AN)
ALLOWABLE THEREFOR.)

NO. _____

COMES NOW Twin Oil Corporation, acting by and through its attorneys, Neal & Girand, of Hobbs, New Mexico, and files this, its application for an Order requiring the unitization of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and for cause would show:

1. Applicant is the owner of a valid and existing oil and gas lease covering a portion of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, described as follows:

Beginning at a point 660 feet west of the Southeast corner of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of said section, thence on a direct line north 420 feet, thence on a direct line west 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land, more or less,

bearing date of September 12, 1939, executed by the Eunice Cemetery Association as lessor, and the Twin Oil Corporation, of Dallas, Texas, as lessee, a photostat copy of said lease being attached hereto, marked Exhibit "A" and made a part hereof. That the Amerada Petroleum Corporation is the owner and holder of a valid oil and gas lease covering all of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, except the 2-acre tract described above.

2. That oil and gas were first discovered on said property on or about July 26, 1938, by Twin Oil Corporation,

under a partial assignment from the Amerada Petroleum Corporation, date of said assignment being June 23, 1938; that thereafter, on October 7, 1941, Twin Oil Corporation assigned an undivided one-half interest in and to its rights and privileges under the assignment from Amerada Petroleum Corporation to Neville G. Penrose, and thereafter, assigned the balance of its rights to Neville G. Penrose at some date subsequent to January 1, 1942.

3. Applicant would further show that the deep rights held by the Amerada Petroleum Corporation under their oil and gas lease have been explored by the Amerada Petroleum Corporation and oil and gas produced therefrom, insofar as the Northeast Quarter of the Northeast Quarter ($NE\frac{1}{4}$ $NE\frac{1}{4}$) of Section 4 is concerned, with the exception of the 2-acre lease held by applicant, as shown by Exhibit "A" attached hereto.

4. Applicant would further show that since the first discovery of oil on the Northeast Quarter of the Northeast Quarter ($NE\frac{1}{4}$ $NE\frac{1}{4}$) of Section 4, said wells have been produced under a full 40-acre allowable by the producers thereof, but at no time have the producers considered in any way the payment of royalties to the Eunice Cemetery Association, and all runs have been accounted for by the pipe-line purchaser, the Shell Petroleum Corporation, on the basis of a 38-acre tract.

5. That the two-acre tract covered by the oil and gas lease, marked Exhibit "A" attached hereto, is insufficient in area to authorize the drilling of a well thereon under the well established spacing rules of this honorable Commission.

6. Applicant would further show that the cost of developing the 2-acre tract would be prohibitive unless a full 40-acre allowable would be established for this particular 2-acre tract.

7. That requests, on behalf of the Twin Oil Corporation, to negotiate a unitization of this tract with the Amerada Petroleum Corporation have been made, and the Amerada Petroleum Corporation has refused to agree to such unitization.

8. Applicant would further show that by reason of the matters and things set out in the foregoing paragraphs of this application, the Twin Oil Corporation, the lessee under said lease, copy of which is attached hereto, marked Exhibit "A", and the Eunice Cemetery Association are suffering drainage to their lands, and unless unitization is ordered by this Commission, irreparable injury to the properties belonging to this applicant and the Eunice Cemetery Association will be suffered.

WHEREFORE, APPLICANT PRAYS That notice of this application be served upon the Amerada Petroleum Corporation, the Eunice Cemetery Association and any and all other interested parties, fixing a date for hearing hereon, and upon hearing hereon, this Commission enter its order requiring the unitization of the Northeast Quarter of the Northeast Quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 4, Township 22 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and in the alternative, that should this Commission refuse to require the unitization of the above described tract, that then this Commission enter its order authorizing the applicant, Twin Oil Corporation, to drill such well or wells as may be required to protect the drainage of its reserves, and that adequate allowance be granted the Twin Oil Corporation, so that the recovery of oil and gas from said 2-acre tract will justify the development expense, and for such other and further order as this Commission may deem fit and proper in the premises.

TWIN OIL CORPORATION

BY 
Attorney



OIL AND GAS LEASE

AGREEMENT, Made and entered into this Twelfth day of September 1939,
by and between The Eunice Cemetery Association, a New Mexico corporation, with its
principal office in the City of Eunice, Lea County, New Mexico.

of Twin Oil Corporation, a corporation, of Dallas, Texas

hereinafter called lessor (whether one or more), and
hereinafter called lessee. WITNESSETH, That the said lessor, for and in consideration of
ONE DOLLAR and other good and valuable considerations

cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the
part of lessee to be paid, kept and performed, has granted, leased and let unto the said lessee, for the sole purpose of mining and operating for oil and gas, and laying pipe lines, and
building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract

of land situated in the County of Lea State of New Mexico, described as follows, to-wit:
Beginning at a point situated 660 feet west from the S. E. corner of the
N.E. 1/4 of N.E. 1/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M., thence
on a direct line north 420 feet, thence on a direct line west 210 feet, thence on
a direct line south 420 feet, thence on a direct line east 210 feet, to place of
beginning.
of Section 4, Township 22S, Range 37E, N. M. P. Meridian, and containing 2 acres, more or less.

It is agreed that this lease shall remain in force for a term of 5 years from this date, and as long thereafter as oil
and gas, or either of them, is produced from said land under any portion of the SE 1/4 Section 4
Township 22 South, Range 37E, N.M.P.M.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect one wells, the
equal one-eighth part of all oil produced and saved from the leased premises.

2nd. To pay lessor one-eighth (1/8) of the net proceeds derived from the sale of the gas from each well where gas only is
found, while the same is being used off the premises, and if used in the manufacture of gasoline or any other product, a roy-
alty of one-eighth (1/8), payable monthly at the prevailing market price for the gas so used; and lessor to have gas free from
cost from any such wells for all stoves and inside lights in the principal dwelling house on said land during the same time by
making his own connection with the well at his own risk and expense.

3rd. To pay lessor one-eighth (1/8) of the net proceeds derived from the sale of gas produced from any oil well and used
off the premises, and if used in the manufacture of gasoline or any other product, a royalty of one-eighth (1/8), payable
monthly at the prevailing market price for the gas so used for the time during which such gas shall be used.

If no well be commenced on said land on or before the 192 day of September, this lease
shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor, or to the lessor's

credit in The Bank at
or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of

ONE DOLLARS,

which shall operate as a rental and cover the privileges of deferring the commencement of a well for 12 months from
said date. In like manner and upon like payment or tenders the commencement of a well may be further deferred for like per-
iods of the same number of months successively. And it is understood and agreed that the consideration first recited herein,
the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also
the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not
commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid,
this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume
the payment of rentals in the same amount and in the same manner as heretofore provided. And it is agreed that upon the
resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of
rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein,
then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the
whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, ex-
cept water from wells of the lessor.

When requested by lessor, lessee shall bury its pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent
of the lessor.

Lessee shall pay for damages caused by his operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right
to draw and remove casing.

If the estate of either party hereto is assigned—and the privilege of assigning in whole or in part is expressly allowed—
the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the owner-
ship of the land or assignment of rentals or royalties shall be binding on the lessee until the lessee has been furnished with
a written transfer or assignment or a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned
as to a part or to parts of the above described lands and the assignee or assignees of such part or parts shall fail or make de-
fault in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat
or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee thereof
shall make due payment of said rental.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and that the lessee shall have the
right at any time to redeem for lessor, by payment, any mortgages, taxes, or other liens on the above described lands, in the
event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

Whereof witness our hands the day and year first above written:

TWIN OIL CORPORATION

By R. R. Rios Vice - Pres.

By M. M. Rios Asst. Secy.

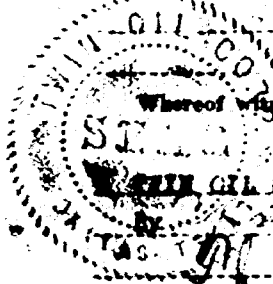
EUNICE CEMETERY ASSOCIATION

By Marj E. Smith (Chairman)

W. H. Turner (Vice-Chairman)

R. H. Rios (Secretary)

Oliver S. Rios (Treasurer)



THE EUNICE CEMETERY ASSOCIATION
4155 N.W. 14th A CORNER 15th

ACKNOWLEDGMENT TO THE LEASE

STATE OF NEW MEXICO,

County of LOS

On this the 12th day of September, 1939, before me personally appeared Mark Owen, W. H. Turner, R. L. Brunson and O. L. Boyd to me personally known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

My commission expires March 1, 1941

Estelle Mallen
Notary Public

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That _____ of _____ State of _____ the within named grant _____ in consideration of the sum of _____ Dollars ~~to be paid~~ in hand paid, the receipt whereof is hereby acknowledged, do hereby sell, assign, transfer, set over and convey unto _____ heirs and assigns the within grant.

TO HAVE AND TO HOLD THE SAME FOREVER, Subject nevertheless, to the conditions therein contained.

IN WITNESS WHEREOF, The said grant _____ ha _____ hereunto set _____ hand _____, this _____ day of _____, 1939

ACKNOWLEDGMENT TO THE ASSIGNMENT

STATE OF NEW MEXICO,

County of _____ } ss.

On this the _____ day of _____, 1939, before me personally appeared _____ to me personally known to be the person _____ described in and who executed the foregoing instrument, and acknowledged that _____ executed the same as _____ free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

My commission expires _____

Notary Public.

OIL AND GAS LEASE

FROM

TO

Date _____, 1939
Section _____, Township _____, Range _____
No. of Acres _____
Town _____, County, New Mexico
STATE OF NEW MEXICO, } ss.
County of _____
I hereby certify that this instrument was filed for record on the _____ day of _____, A. D., 1939, at _____ o'clock _____ m., and was duly recorded in Book _____ at Page _____ of the Records of said County.
By _____ County Clerk
Deputy _____

STATE OF TEXAS }
COUNTY OF DALLAS } ss.

On this 12 day of November, A.D., One Thousand Nine Hundred and Thirty-nine, before me personally appeared Chas. R. Rider to me personally known who being by me duly sworn, did say that he is the Vice President of TWIN OIL CORPORATION and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said Chas. R. Rider acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on this 12 day and year last above written.



My commission expires June 1, 1941

Jessie Ross
Notary Public in and for Dallas County, Texas.

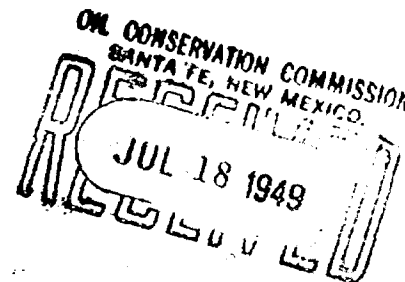
NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

Box 1345
Hobbs, New Mexico
July 13, 1949



Mr. R. R. Spurrier, Director
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Dick:

I talked to Dub Girard and he says it is perfectly
all right for the hearing on the unitization deal to be held
on August 9th.

Yours very truly,

Hand

HNS:cg

*Done as per Mr. Hand's letter
To Unitize - This
Applicant should present copy of
proposed agreement (1) to land
office, and to Commission for advice
This report should be filed
prior to operation and then copy
of report to the land office
First should talk to Girard
before agreement*

G. MELVIN NEAL
W. D. GIRAND, JR.

TELEPHONES: 54 & 854
P. O. BOX 1326

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

June 9, 1949

Oil Conservation Commission,
State Capitol,
Santa Fe, New Mexico.
Attention: Mr. Dick Spurrier.



Dear Dick:

I am enclosing herewith in quadruplicate application of the Twin Oil Corporation for a unitization of a forty acre tract. My client owns a two acre lease in the corner of this tract. The Amerada Petroleum Corporation owns a 38 acre lease on the remaining portion of the tract. If the Commission does not require the lease to be produced as a forty acre unit, severe damage will result to my client as well as to the Eunice Cemetery Association, the owner of the royalty.

I have placed an alternative plea in the application asking for authority to drill such well or wells as may be required on the two acre tract in order to protect drainage with a sufficient allowable as would make the operation an economical one on behalf of my client.

It is necessary that this matter be set down as soon as possible for the reason that the Eunice Cemetery Association is now threatening to cancel the oil and gas lease held by the Twin Oil Corporation if royalties are not paid immediately.

If there is any filing fee requirement or any notices to be published, please send the notices to us with your instructions as to the number of times to be published and where, and we will take care of the publication.

Trusting that this letter finds you well and with best personal regards, I remain

Very truly yours,

NEAL & GIRAND,

BY: 

G/l
encls.

cc: Twin Oil Corporation, Continental Building, Dallas 1, Texas;
Messrs. Wollard & Heck, Attorneys, Box 1208, Hobbs, New Mexico.

It doesn't seem as tho this
lease was ever filed with
County Clerk. Does that
affect its validity?

Graham - ^{for} ~~July~~ hearing
2nd on Aug. 9 R's
Agenda

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 190

ORDER NO. 840

IN THE MATTER OF THE TWIN OIL CORPORATION
FOR AN ORDER UNITIZING THE NORTHEAST QUARTER
OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SECTION
4, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE,
AUTHORIZING THE DRILLING OF A WELL OR WELLS
UPON THE FOLLOWING DESCRIBED LAND: BEGINNING
AT A POINT 660 FEET WEST OF THE SOUTHEAST
CORNER OF THE NORTHEAST QUARTER OF THE NORTH-
EAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SAID SECTION, THENCE
ON A DIRECT LINE NORTH 420 FEET, THENCE ON A
DIRECT LINE WEST 210 FEET, THENCE ON A DIRECT
LINE SOUTH 420 FEET, THENCE ON A DIRECT LINE
EAST 210 FEET, CONTAINING APPROXIMATELY 2
ACRES OF LAND, MORE OR LESS, AND FIXING AN
ALLOWABLE THEREFOR.

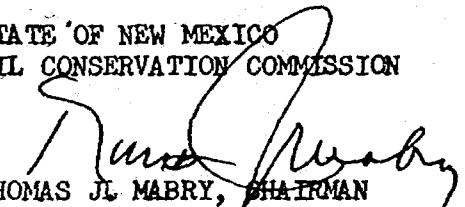
ORDER OF THE COMMISSION

On this day came on to be heard the motion of Twin Oil Corporation
to dismiss its application heretofore filed before this Commission, and
the Commission being fully advised in the premises finds that said application
should be granted,

IT IS THEREFORE ORDERED that the application of Twin Oil Corporation
requesting the unitization of their interest in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of section 4,
Township 22 South, Range 37 East, with the interest of the Amerada
Petroleum Corporation in and to the above described land be dismissed.

DONE at Santa Fe, New Mexico, this the 12th day of September 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABRY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRER, SECRETARY

G. MELVIN NEAL
W. D. GIRAND, JR.

TELEPHONE: 54 & 854
P. O. Box 1326

NEAL & GIRAND
LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

September 10, 1949



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

Attention: Mr. Dick Spurrier.

Dear Dick:

I am enclosing herewith Motion and Order in the matter of the unitization of the interests of the Amerada Petroleum Corporation and the Twin Oil Corporation.

The differences of the parties have been fully settled.

With best personal regards, I remain

Very truly yours,

NEAL & GIRAND,

BY:

A handwritten signature in dark ink, appearing to read "W. D. Girand". The signature is written in a cursive, flowing style and is positioned to the right of the "BY:" text.

G/l
encls.

cc: Mr. Bob Wollard, Attorney, Box 1208, Hobbs, New Mexico;
Twin Oil Corporation, Continental Building, Dallas 1, Texas;
Amerada Petroleum Corporation, Box 2040, Tulsa 2, Oklahoma,
Attention: Mr. Harry D. Page.
(With copy of Motion and Order)

Rec'd tr - 9 Sept 20

BEFORE THE OIL CONSERVATION COMMISSION,
STATE OF NEW MEXICO.

IN THE MATTER OF THE TWIN OIL CORPORATION
FOR AN ORDER UNITIZING THE NORTHEAST QUARTER
OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SECTION
4, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE,
AUTHORIZING THE DRILLING OF A WELL OR WELLS
UPON THE FOLLOWING DESCRIBED LAND: BEGINNING
AT A POINT 660 FEET WEST OF THE SOUTHEAST
CORNER OF THE NORTHEAST QUARTER OF THE NORTH-
EAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SAID SECTION, THENCE
ON A DIRECT LINE NORTH 420 FEET, THENCE ON A
DIRECT LINE WEST 210 FEET, THENCE ON A DIRECT
LINE SOUTH 420 FEET, THENCE ON A DIRECT LINE
EAST 210 FEET, CONTAINING APPROXIMATELY 2
ACRES OF LAND, MORE OR LESS, AND FIXING AN
ALLOWABLE THEREFOR.

NO. _____


MOTION TO DISMISS

COMES NOW Twin Oil Corporation, acting by and through
its Attorneys, Neal & Girand, of Hobbs, New Mexico, and files
this its Motion to Dismiss its application heretofore filed on
or about June 9, 1949, and for cause would show:

1. That the different interests of the parties involved
have been fully settled and there is no need for a unitization
of the interests of the respective parties.

WHEREFORE, applicant prays that said application be
dismissed.

NEAL & GIRAND,

BY 
Attorneys for Twin Oil
Corporation.
(Hobbs, New Mexico)

BEFORE THE OIL CONSERVATION COMMISSION,
STATE OF NEW MEXICO.

IN THE MATTER OF THE TWIN OIL CORPORATION
FOR AN ORDER UNITIZING THE NORTHEAST QUARTER
OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SECTION
4, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO, OR IN THE ALTERNATIVE,
AUTHORIZING THE DRILLING OF A WELL OR WELLS
UPON THE FOLLOWING DESCRIBED LAND: BEGINNING
AT A POINT 660 FEET WEST OF THE SOUTHEAST
CORNER OF THE NORTHEAST QUARTER OF THE NORTH-
EAST QUARTER (NE $\frac{1}{4}$ NE $\frac{1}{4}$) OF SAID SECTION, THENCE
ON A DIRECT LINE NORTH 420 FEET, THENCE ON A
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LINE SOUTH 420 FEET, THENCE ON A DIRECT LINE
EAST 210 FEET, CONTAINING APPROXIMATELY 2
ACRES OF LAND, MORE OR LESS, AND FIXING AN
ALLOWABLE THEREFOR.

NO. _____

O R D E R

On this day came on to be heard the motion of Twin Oil Corporation to dismiss its application heretofore filed before this Commission, and the Commission being fully advised in the premises finds that said application should be granted,

IT IS THEREFORE ORDERED that the application of Twin Oil Corporation requesting the unitization of their interest in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 4, Township 22 South, range 37 East with the interest of the Amerada Petroleum Corporation in and to the above described land be dismissed.

DONE at Santa Fe, New Mexico this the 8 day of September, A.D., 1949.

Chairman

Member

R. R. Souvies

Secretary

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held September 8, 1949 beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 190

In the matter of the application of Twin Oil Corporation for an order unitizing the NE/4NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M. or in the alternative, authorizing the drilling of a well or wells upon the following described lands:

Beginning at a point 660 feet west of the southeast corner of NE/4NE/4 of Section 4, Township 22 South, Range 37 East, N.M.P.M., thence on a direct line north 420 feet, thence on a direct line west, 210 feet, thence on a direct line south 420 feet, thence on a direct line east 210 feet, containing approximately 2 acres of land more or less, and fixing an allowable therefor.

Case 191

In the matter of application of Amerada Petroleum Corporation for the establishment of proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BTA No. 1 Well in NW/4 SE/4 Section 2, Township 12 South, Range 33 East, N.M.P.M., in Lea County, New Mexico.

Case 192

In the matter of the application of Gulf Oil Corporation for an order authorizing dual completion and production from the Yaso formation (Drinkard pool) and from the Ellenburger formation (Brunson pool) from a single well bore in the Eunice King No. 17 well, located 660 feet from the north line and 2310 feet from the west line (NE/4 NW/4) of Section 28, Township 21 South, Range 37 East, N.M.P.M., in Lea County, New Mexico.

Case 193

In the matter of the application of Shell Oil Company for a special exception

Case 193 (Continued)

from the provisions of Order No. 72 relating to central tank batteries with respect to State oil and gas leases E-1830, B-9446, B-7849 and E-276 under conditions existing in the West Wilson pool, Lea County, New Mexico.

Case 194

In the matter of the application of the Oil Conservation Commission upon its own motion at the suggestion of the proration office, to amend Section 3-A of Commission Order #784 also known as the Gas-Oil Ratio Order of September 10, 1948, by adding the following:

"When remedial work on a well has been completed by an operator to correct for high gas-oil ratio in a pool having a limiting gas-oil ratio the adjusted allowable shall become effective on the date the new test is completed as indicated by Commission Form C-116."

or such other wording in the premises as may be determined from testimony adduced in open hearing.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on August 19, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER, SECRETARY

SEAL

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

PROCEEDINGS

The following matter came on for consideration before a hearing of the Oil Conservation Commission of the State of New Mexico, pursuant to legal notice, at Santa Fe, New Mexico, on November 1, 1949, at 10:00 A. M.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives public notice pursuant to law of a public hearing to be held November 1, 1949, beginning at 10:00 o'clock A.M. of that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases,
and notice to the public:

Case 189

In the matter of the application of the Oil Conservation Commission upon its own motion to revise the rules and regulations of the Commission to conform with the provisions of Chapter 168 of the New Mexico Laws of 1949, and to consider Committee recommendation and take testimony in the premises. This is a readvertisement.

✓ Case 197

In the matter of the application of Jones and Watkins applicants, for an order approving an unorthodox location for a well 1205 feet west of the east line and 740 feet south of the north line (NE/4 NE/4) of Section 10, Township 19 South, Range 29 East, N.M.P.M., Turkey Track Pool, Eddy County, New Mexico.

✓ Case 198

In the matter of the application of Amerada Petroleum Corporation for an order establishing proration units and uniform spacing of wells for the common source of supply discovered in Amerada-State BTB #1 well, in NW/4 NW/4 of Section 26, Township 12 South, Range 33 East, N.M.P.M., Bagley Area.

Lea County, New Mexico.

✓ Case 199

In the matter of the application of Roland Rich Woolley for an order approving an unorthodox location 1345 feet east of the west line and 1295 feet south of the north line of Section 3, Township 17 South, Range 30 East, N.M.P.M., Square Lake Pool, Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on October 13, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, Secretary

BEFORE:

Honorable Thomas J. Mabry,
Governor and Chairman
Honorable Guy Shepard,
Member

REGISTER:

Elvis R. Utz
Santa Fe, New Mexico
For the New Mexico Oil Conservation Commission

Frank C. Barnes
Santa Fe, New Mexico
For the New Mexico Oil Conservation Commission

Justin Newman
Artesia, New Mexico
For the New Mexico Oil Conservation Commission

Vilas P. Sheldon
Artesia, New Mexico
For the New Mexico Oil Conservation Commission

G. T. Pearson
Fort Worth, Texas
For Continental Oil Company

E. L. Shafer
Hobbs, New Mexico
For Continental Oil Company

Clarence B. Folsom, Jr.
Socorro, New Mexico
For Petroleum Engineering Dept., N. M. S. M.

E. E. Kinney
Artesia, New Mexico
For the New Mexico Bureau of Mines

Raymond Lamb
Artesia, New Mexico
For Wilson Oil Company

Milton H. Barber
Socorro, New Mexico
For Petroleum Engineering Dept., N. M. S. M.

M. T. Smith
Midland, Texas
For Shell Oil Company

Wm. E. Bates
Midland, Texas
For The Texas Company

Geo. E. Kendrick
Jal, New Mexico
El Paso Natural Gas Company

J. W. Baulch
Jal, New Mexico
El Paso Natural Gas Company

C. D. Borland
Hobbs, New Mexico
For Gulf Oil Corporation

E. J. Gallagher
Hobbs, New Mexico
For Gulf Oil Corporation

J. P. Sanderson
Tulsa, Oklahoma
For Gulf Oil Corporation

Lloyd L. Gray
Tulsa, Oklahoma
For Gulf Oil Corporation

Russell G. Lowe
Tulsa, Oklahoma
For Gulf Oil Corporation

R. S. Blynn
Hobbs, New Mexico
For the New Mexico Oil Conservation Commission

J. H. Durlavey
Hobbs, New Mexico
For Skelly Oil Company

M. O. Krouskop
Loco Hills, New Mexico
For Grayburg Oil Company

H. H. Mills
El Jemir, New Mexico
For Kewanee Oil Company

G. L. Shoemaker
Midland, Texas
Stanolind Oil Purchasing Company

F. G. White
Brownfield, Texas
For Magnolia Pipe Line Co.

Jack G. Coates
Midland, Texas
For Cities Service Oil Company

Vernon Turner
Magnolia, Arkansas
For McAlester Fuel Company

Max K. Watson
Amarillo, Texas
Natural Gas Consultant

B. M. Keohane
Roswell, New Mexico
For himself

Joseph S. Hartman
Aztec, New Mexico
For himself

W. M. Ports
Artesia, New Mexico
For Southeast Engineering Co.

M. H. Soyster
Hobbs, New Mexico
For the U. S. Geological Survey

Foster Morrell
Roswell, New Mexico
For the U. S. Geological Survey

John A. Frost
Artesia, New Mexico
For the U. S. Geological Survey

Glenn Staley
Hobbs, New Mexico
For Lea County Operators

Paul N. Colliston
Kermit, Texas
For Amos G. Carter Foundation

J. R. Cole
Santa Fe, New Mexico
For Southern Union Gas Company

Roy O. Yarbrough
Hobbs, New Mexico
For the New Mexico Oil Conservation Commission

M. L. Patterson
Odessa, Texas
For Phillips Petroleum Company

O. P. Nicola
Bartlesville, Oklahoma
For Phillips Petroleum Company

Raymond A. Lynch
Midland, Texas
For Phillips Petroleum Company

Paxton Howard
Midland, Texas
For Shell Oil Company

Frank R. Lovering
Hobbs, New Mexico
For Shell Oil Company

R. S. Dewy
Midland, Texas
For Humble Oil Company

J. W. House
Midland, Texas
For Humble Oil Company

Jack M. Campbell
Roswell, New Mexico
For himself

A. R. Mcquiddy
Roswell, New Mexico
For New Mexico Oil & Gas Association

J. A. Seth
Santa Fe, New Mexico
For Stanolind Oil & Gas Company

Clarence E. Cardwell, Jr.
Midland, Texas
For The Atlantic Refining Company

G. H. Gray
Midland, Texas
For Sinclair Oil & Gas Co.

D. V. Kitley
Midland, Texas
For The Ohio Oil Company

R. R. Luscomb, Jr.
Ft. Worth, Texas
For Stanolind Oil & Gas Company

J. K. Smith
Fort Worth, Texas
For Stanolind Oil & Gas Company

G. F. Redford
Fort Worth, Texas
For Stanolind Oil & Gas Co.

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

O. A. McCracken, Jr.
Houston, Texas
For American Republics Corporation

W. B. Macey
Artesia, New Mexico
For American Republics Corporation

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

Ben R. Howell
El Paso, Texas
For El Paso Natural Gas Company

Quilman B. Davis
Dallas, Texas
For Southern Union Gas Company

A. R. Ballou
Dallas, Texas
For Sun Oil Company

E. P. Keeler
Dallas, Texas
For Magnolia Petroleum Company

F. S. Wright, Jr.
Midland, Texas
For Magnolia Petroleum Company

Wm. E. McKellar, Jr.
Dallas, Texas
For Magnolia Petroleum Company

R. L. Denton
Midland, Texas
For Magnolia Petroleum Company

Carl Bernhart
Midland, Texas
For Amerada Petroleum Corporation

W. G. Rickott
Tulsa, Oklahoma
For Amerada Petroleum Corporation

C. V. Millikan
Tulsa, Oklahoma
For Amerada Petroleum Corporation

Harvey Hardison
Midland, Texas
For Standard Oil Company of Texas

John M. Kelly
Roswell, New Mexico
For Independent

P. D. Grommon, Jr.
Fort Worth Texas
For The Texas Company

MR. SHEPARD: Let the record show that the Protest of the Carbonic Chemicals Corporation has been made a part of the record of this hearing.

GOVERNOR MABRY: The meeting will come to order. Mr. Graham, let us know what we have here.

MR. GRAHAM: Will the Commission determine what order it wishes the cases to be heard?

GOVERNOR MABRY: Case 197 is suggested.

(Mr. Graham reads the Notice of Publication in Case 197.)

MR. MCCORMICK: Come forward, Mr. Jones.

MR. JONES: I am representing myself and Jones and Watkins.

MR. GRAHAM: You will be your own witness.

MR. JONES: I have a witness with me.

GOVERNOR MABRY: We thought, gentlemen, it might expedite the matter to get these cases out of the way before we go into the rules, which you are all more or less interested in.

W. W. PORCH, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. JONES:

MR. MCCORMICK: Your name is J. L. Jones?

MR. JONES: That's right.

MR. MCCORMICK: You are one of the partners of Jones and Watkins?

MR. JONES: Yes, sir.

MR. MCCORMICK: Go ahead and state your position.

MR. JONES: We drilled a well which was supposed to have been in the northwest of the northeast quarter of Section 10, and by a mistake of an engineer, a Mr. Bullock, who was working for the engineering company at that time, he moved it and got the location 740 feet from the south line and 1200 feet west of the east line, and that was a mistake--it was made--and unknowingly to me until after the well had been drilled and completed.

There is no brass stob in that particular area. There is a location corner there to be used. Not being familiar with that Mr. Bullock made this mistake--and I think it was an honest mistake--and naturally we would like to get the approval of the State of New Mexico to produce this well.

GOVERNOR MABRY: How far off are you from the--

MR. JONES: We are too close to our west line. The property adjoining this, however, all belongs to the firm of Jones and Watkins, of whom I am a partner. Mr. Porch, who is representing the engineering company, can give all that information as to the exact location of the well.

GOVERNOR MABRY: Very well.

MR. GRAHAM: May I ask a question?

MR. JONES: Yes, sir.

MR. GRAHAM: You own the lease upon which you intended to drill?

MR. JONES: That's right.

MR. GRAHAM: Also the lease upon which the actual location was made?

MR. JONES: That's right. They are all under the same lease number, and those are owned by me and Mr. Watkins.

MR. GRAHAM: What is the adjoining lease situation?

MR. JONES: The adjoining lease situation to the north, and we are not crowding the line, is owned by R. E. McKee. And the lease to the south and east--no the lease to the south and to the west of us--is owned by Jones and Watkins. The lease to the east is owned by Harry Leonard of Roswell. We are crowding the west line, in fact it is offsetting our own lease.

MR. GRAHAM: It offsets your own lease?

MR. JONES: That's right. Mr. Porch, will you give the--

MR. GRAHAM: Go ahead and give your testimony.

A. What Mr. Jones has given insofar as the location is concerned is correct to the best of my knowledge. Mr. Bullock, the engineer who was working for our firm, The Southeast Engineering Company, of whom I am partial owner, this man was sent to the field among the first locations made. He has since left the company, but as Mr. Jones says, I believe it was an honest mistake.

GOVERNOR MABRY: Just a moment, I don't know who might be interested in this, but can you hear? It is pretty difficult in this old hall, isn't it? I suggest if anybody is interested in this case that they pull up a chair and get close where they can hear these witnesses. Nobody interested, of course it is all right. Go ahead.

MR. PORCH (continuing): This man was sent to the field to make this location, and I questioned him as to the location when he came back and made the certified plat. Mr. Jones says there is no general land office stakes in that area, and I believe he made the location as best he could. Later, however, there seemed

to be a development that the location was wrong, so I personally went out there and resurveyed it and made the second certified plat as to the location.

MR. MCCORMICK: How far is it from the west line of that forty?
A. 115 feet.

MR. GRAHAM: Are there any other wells on that same forty?

A. No, sir.

MR. SHEPARD: Is there any wells on the forty to the west of it?

A. No, sir, there isn't yet.

MR. SHEPARD: And the northwest of the northeast is owned by Jones and Watkins?

MR. JONES: So far as I know, yes, sir.

MR. SHEPARD: Thank you.

GOVERNOR MABRY: Anybody have anything to offer in this case on this docket?

MR. NEWMAN: Justin B. Newman, of the Oil Conservation Commission, when Mr. Jones said the well was 740 feet from the south line,

Mr. Jones, you meant 740 feet from the north line?

A. Yes, I beg your pardon.

MR. NEWMAN: I just wanted to be sure the record was straight on that.

GOVERNOR MABRY: Anyone else to be heard on this. It will be taken under advisement, and we will take the next case. Case No. 198.

(Mr. Graham reads the Notice of Publication in Case No. 198.)
MR. KELLOUGH: My name is Booth Kellough. I am an attorney for the Amerada. This is our application for 80-acre spacing in the

area commonly referred to as the Hightower Area in Township 12 South, Range 33 East, Lea County, New Mexico. We have two witnesses, Mr. Carl Barnhart, the geologist, and Mr. Bob Christie.

our engineer. I am going to attempt to limit my examination to Mr. Barnhart to geological matters, and Mr. Christie to engineering matters. And in that way present the whole picture to the Commission, but not all by the one witness.

MR. SHEPARD: Do you want your witnesses sworn?

MR. KELLOUGH: Yes.

MR. SHEPARD: Swear them, Mr. Graham, please.

(Witnesses sworn.)

CARL BARNHART, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. KELLOUGH:

Q. Please state your name to the Commission.

A. Carl Barnhart.

Q. Where do you live, Mr. Barnhart?

A. Midland, Texas.

Q. By whom are you employed?

A. Amerada.

Q. In what capacity are you employed?

A. Geologist.

Q. And how long have you been a geologist for the Amerada?

A. Fifteen years.

Q. Mr. Barnhart, are you familiar with a well commonly referred to as the Amerada-State BTD No. 1 and located in Section 26, Township 12 South, Range 33 East, Lea County, New Mexico?

A. Yes.

Q. Mr. Barnhart, I hand you what has been marked Exhibit 1 and ask you to state to the Commission what that Exhibit is?

A. It is a map showing the location of the Amerada State BTD and the drilling wells surrounding it. Also outlined is an area which we anticipate to be productive.

Q. The four sections outlined in red, is that the area which is asked to be spaced in this hearing?

A. That's right.

Q. And that shows all wells which have been drilled or are now drilling in that area?

A. Right.

Q. Does that also indicate the lease ownership?

A. Yes.

Q. And from this map it appears that Amerada owns leases covering the entire Section 23, 26, and 27; and that Gulf Oil Corporation owns leases covering Section 22, is that right?

A. Yes.

Q. Now, from that map, Mr. Barnhart, will you please describe to the Commission the location of State BTB?

A. It is located in the center of the northwest of the northwest of Section 26, 12 South, 33 East.

Q. Mr. Barnhart, I hand you what has been marked Amerada Exhibit No. 2 and ask you to please state to the Commission what that Exhibit is?

A. It is a print of the Schlumberger Survey on Amerada No. 1 BTB from the depth of zero to total depth of 11,199.

MR. KELLOUGH: We offer Exhibits No 1 and 2 in evidence.

GOVERNOR MABRY: They will be received.

Q. What is the completion date of the Amerada BTB No. 1 Well?

A. The original completion date is August 26, 1949.

Q. Did that well discover a new common source of supply or a new pool, Mr. Barnhart?

A. Yes.

Q. What is the producing formation which is discovered in that well?

A. It is lower Devonian in age, probably Devonian.

Q. Will you state to the Commission in your own words, describe to the Commission, how the State BTP Well was completed, giving the depth of the producing formation in your explanation?

A. The well was drilled to a total depth of 11,199 feet and bottomed in the basement complex.. The well was then plugged back to 10,270 feet, 5½ inch casing run to 10,270 feet. The casing was then perforated from 10,170 feet to 10,180 opposite a porous zone in the Devonian. It swabbed 35 barrels of oil in 23 hours natural. It was treated with 250 gallons of acid and flowed 1286 barrels of pipeline oil in 24½ hours, and then started making 15 per cent water through these perforations. On the basis of this test, the original initial production was filed for a total of 1386 barrels of oil plus 16 barrels of water in 24 hours flowing through a 24/64 inch tubing choke with a gas oil ratio of 270. The casing perforations from 10,170 to 180 were squeezed off, and the well was then perforated from 10,155 to 165, treated with 250 gallons of acid and completed--recompleted, that is--August 31, 1949, for a flowing potential of 781 barrels of pipeline oil in 19 and 3/4 hours through 1/4 inch tubing choke and with a gas oil ratio of 280, and a corrected gravity of 56.9.

Q. Then the well is now being produced through perforations from 10,155 to 10,165 feet?

A. That is correct.

Q. And what would you say the top of the formation discovered in that well is?

A. The top of the Devonian on our interpretation is at 10,090 feet.

Q. And what would you say the top of the effective pay is?

A. We call the top of effective pay at 10,128 feet.

Q. And what, in your opinion, is the base of the effective pay?

A. On our base interpretation we call the water oil contact at 10,195 feet.

Q. Mr. Bernhart, did the samples which you cut in that well show anything with reference to the permeability?

A. As best we could interpret from well cuttings, we did interpret the samples as carrying good porosity and probably very good permeability.

Q. Would you recommend that Sections 22, 23, 26 and 27 be included in the spacing order which you are now asking for?

A. Yes.

Q. In your opinion, Mr. Bernhart, from the information which you have from this BTB Well, does the probable productive limitation of the common source of supply or the pool discovered in that well cover at least the four sections just named?

A. In our interpretation it would be reasonable to assume that the pool would cover at least those four sections.

Q. Now, referring to the map, marked Exhibit 1, will you please state--will you please point out to the Commission any other wells in the area you recommend to be spaced and tell the Commission the present status of those wells.

A. In Section 22 in the southeast of the southeast, Gulf is drilling a well at approximately 9,000 feet present depth. In the northwest of the southwest of Section 22, pardon me, Section 26, Amerada was drilling a well at 9,000 feet. Both wells are projected to the Devonian pay of the BTB.

MR. KELLOUGH: That is all the questions I have of this witness.

GOVERNOR MABRY: Very well.

MR. MCCORMICK: Your pay is 67 feet?

A. Yes.

MR. MCCORMICK: How much did it cost you to drill a well to that depth?

MR. KELLOUGH: Excuse me, please, I am not objecting to the question, but we have our engineer here who will go into the matter of well cost, and I believe he is more familiar with it than Mr. Barnhart, but if Mr. Barnhart knows, it is all right to answer the question.

A. I don't have that exact cost figures available.

MR. MCCORMICK: Are you familiar with the ownership of the south half of 26?

A. As shown on our land maps, Amerada owns the south half.

MR. MCCORMICK: It is fee land, isn't it?

A. Yes, it is fee land.

MR. MCCORMICK: Have you consulted, or has any member of your company consulted with the royalty owners about this matter, the royalty owners under the south half of 26?

A. Not to my knowledge, no.

MR. MCCORMICK: That is the only fee land in the four sections. The rest is State land?

A. The rest is State land.

MR. MCCORMICK: Why do you recommend 80-acre spacing?

A. I believe on the basis of the permeability and the porosity that we found in well cuttings plus the action of the well, which Mr. Christie will give you later, that 80-acres will drain, that is, one well will drain 80 acres.

MR. MCCORMICK: Is there more permeability there than in other pools that are using 40-acre spacing?

A. There is more permeability. Of course, we are limited in

knowledge of the Devonian production, but this is more permeable from oil cuttings than our average Permian pay fields. This is a solution type of porosity, whereas most of our Permian porosity is inter-crystalline porosity.

MR. MCCORMICK: Just what does that mean?

A. Larger openings.

MR. MCCORMICK: Are you familiar with the Hamilton Area?

A. Yes.

MR. MCCORMICK: It is now called the Knowles?

A. Yes.

MR. MCCORMICK: How does this compare to that as to permeability and porosity?

A. Very similar.

MR. MCCORMICK: Is it the same producing horizon?

A. Yes, approximately, both being Devonian in age.

MR. MCCORMICK: That has 80-acre spacing, does it not?

A. I don't believe it has been set up, as far as I know, no rules have been made in the Knowles Area.

MR. MCCORMICK: That is all I have.

GOVERNOR MANN: Thank you, sir.

MR. ADAIR: If the Commission please, I would like to ask the witness one question. The Commission has pending before it now an application for similar rules in an area just north of the BTA Area here. I would like to ask Mr. Barnhart if this is a separate pool or a separate source of supply from the area that is productive to the north surrounding this BTA well?

A. I would say yes, based on the extreme difference in water oil contact of the two areas. This well structurally is 700 feet higher than the BTA. The oil water contact is 835 feet high. Based on that primarily, I interpret them as separate pools.

MR. ADAIR: That is all, sir.

MR. KELLOUGH: That is all, Mr. Barnhart.

ROBERT J. CHRISTIE, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. KELLOUGH:

Q. Will you please state your name to the Commission.

A. Robert J. Christie.

Q. Where do you live, Mr. Christie.

A. Fort Worth, Texas.

Q. And by whom are you employed?

A. Amerada Petroleum Corporation.

Q. And in what capacity?

A. Division Petroleum Engineer.

Q. How long have you been an engineer for Amerada?

A. Approximately sixteen years.

Q. And you have previously testified before this Commission as an engineer?

A. I have.

Q. Mr. Christie, regarding this State BTB Well, do you have any information with reference to pressure, bottom hole pressure?

A. Yes, sir, we ran a bottom hole pressure test on the BTB Well No. 1 on September 15 of this year. The static pressure after being shut in for sixteen days was 3,884 pounds per square inch. The well was opened on a quarter inch choke, tubing choke, and the pressure immediately dropped from 3884 to 3853, which is a drop of 31 pounds, and the bottom hole pressure stayed at that figure during the duration of the test, which was run for 24 hours.

MR. MCCORMICK: What is the significance of that, Mr. Christie?

A. It indicates to me a very effective water deep.

Q. Mr. Christie, does that also indicate anything with reference to permeability?

A. During that 24-hour test, the well produced approximately 1,000 barrels, or between 41 and 42 barrels per hour. That indicates relatively good permeability, I would think, with that rate of production and no more drop in bottom-hole pressure at 31 barrels.

Q. What is the gravity of the oil?

A. Approximately 57 degrees API.

Q. Do you know the cost of this well?

A. The cost is approximately \$250,000.00.

MR. McCORMICK: That is on the initial well?

A. That is on the initial well.

MR. McCORMICK: What will a field well cost?

A. We estimate that future wells to that same depth will cost approximately \$225,000.00.

Q. Mr. Christie, in your opinion, what is the area which may be effectively drained by one well?

A. Based on our PI test and on geological information on the permeability, it is my opinion that one well will drain at least 80 acres.

Q. From the information which you have obtained from this well together with the well cost, is it your opinion that 80 acres is an area which may be economically drained and economically developed by one well?

A. Yes, sir, it is.

Q. And you recommend that the Commission order 80-acre proration units?

A. Yes, sir.

Q. What recommendation do you have with reference to well

spacing and the location of wells in this area?

A. We would suggest the wells be drilled in the northwest quarter or southeast quarter of each 160 acres in the outlying area and that the 80-acre proration units be extended east and west, that is, have them running east and west.

Q. In that connection, may I ask you if Exhibit No. 1 does not show--I beg your pardon. I wish to make this statement for the Commission, the Exhibit does not show, but the records show that in the southeast of Section 26 you will notice there are two 80-acre tracts; one the north half of the southeast, and the other the south half of the southeast. And the records show there is separate ownership of those two tracts.

MR. McCORMICK: You mean of the minerals?

MR. KELLOUGH: I mean of the minerals, yes.

MR. McCORMICK: What about in the southwest quarter?

MR. KELLOUGH: It is the same mineral ownership according to the records. In every other section in the area, that is, as far as the three sections in which Amerada owns leases, the ownership is at least in 160 acres. The only 80-acre division according to the records is in the north half and south half of the southeast quarter. That may or may not be material.

GOVERNOR MABRY: Is that all from this witness?

MR. KELLOUGH: I have one or two questions, please.

Q. Do you know whether or not there has been a name recommended for this pool?

A. The nomenclature committee have recommended the name of Hightower for this area.

Q. Do you have any recommendation to make with regard to allowables?

A. We would suggest for the present, at least until we perhaps

find out more about the reservoir through future drilling, that the allowable be set as the allowable for that depth pool on a 40-acre unit, which would be, I believe, 187 or 189 barrels.

Q. 196?

A. 196, that's right.

Q. And you make that recommendation as a temporary matter, pending further development of the area, is that right?

A. Yes, sir.

Q. Do you have any recommendation to make with reference to any special field rules?

A. The only field rules that I would suggest would be a tolerance in the location of the well of 150 feet. —

MR. MCCORMICK: You are allowed that tolerance any way under present rules, are you not?

A. I believe so, yes, sir. The other rules we would prefer that the Statewide rules apply at the present time.

Q. Then you have no special field rules to recommend?

A. No, sir. ✓

Q. Do you recommend and do you request this Commission to make this order applicable to the entire common source of supply, which has been discovered in this well, even though it may be determined to be within or without this four section area?

A. I believe it would be desirable to maintain that pattern within the entire pool.

Q. So that it is your request and recommendation to the Commission that any well drilled to this common source of supply whether within or without the area be drilled on this pattern?

A. Yes, sir.

Q. Now, in your opinion, will 80-acre proration units prevent

waste and avoid the drilling of unnecessary wells and promote conservation?

A. I believe it will, yes, sir.

MR. KELLOUGH: That is all I have.

GOVERNOR MABRY: Any questions of this witness from anyone else?

MR. ADAIR: Do you have any bottom hole analysis?

A. No.

MR. MCCORMICK: Does anyone represent the Gulf here who wishes to make any statement?

GOVERNOR MABRY: If not the case will be taken under advisement, and the witnesses excused.

MR. GRAHAM: May I ask one question?

Q. What is the status of 191 which is now being continued?

MR. KELLOUGH: Mr. Adair, of the Texas Pacific, is the one that knows about this. The status of--

MR. SHEPLEY: I assume you are referring to the Texas Pacific Coal and Oil Company's State BT Well. It is drilling, as I understand, in the upper part of the Mississippian Formation, and we have approximately 1,000 feet, I understand. It will be about 30 days to complete the well.

MR. GRAHAM: My question really had to do with Amerada's application in the BT Well.

MR. KELLOUGH: Mr. Graham, as I recall it was included in connection with this application that as soon as that well was completed, the Texas Pacific would advise us and the matter could be set down. But that is separate and distinct from this hearing. As far as I know, the agreement is the same with reference to the other case, but that has no bearing at all on this particular case.

MR. GRAHAM: In the same area?

MR. KELLOUGH: But a separate source of supply.

MR. ADAIR: The Commission's action on your application on BTB will not serve as any predicate on the application pending in BTA?

MR. KELLOUGH: That is up to the Commission. Geologically the matters are different, and that is the point I want the Commission to be sure and understand.

MR. MCCORMICK: I think the Commission understands that.

MR. KELLOUGH: The witness testified on that.

GOVERNOR MABRY: Will you read the next case, please.

(Mr. Graham reads the Notice of Publication in Case No. 199.)

MR. SHELDON: My name is Vilas P. Sheldon representing Roland Rich Woolley.

(Mr. Sheldon sworn.)

MR. GRAHAM: Proceed, Mr. Sheldon.

MR. SHELDON: Mr. Roland Rich Woolley, operating a lease in the name of and for A. S. Woolley, now owns and operates the 160 acre lease in the Square Lake Pool of Eddy County. This lease now has four producing wells, each one of which is drilled in the center of a 40-acre proration unit. Production has declined to a rather low figure. I don't have it here, but Well No. 2 in the northeast 40-acre unit is now producing at a very low rate, and Woolley proposes that No. 2 Well be plugged and abandoned and that an additional well, which will be an unorthodox location, be authorized some 25 feet out of the center of the 160. It would then be 1345 feet from the west line and 1295 feet from the north line of his lease. It would not crowd any other operator. It would be just in the center of his own lease. The purpose for the request is to possibly produce some oil that could not be produced with the present wells.

MR. McCORMICK: Mark that as Exhibit 1, please.

MR. SHELDON: I would like to introduce Exhibit 2 which is a map showing the 160 acres in question and all surrounding acreage and the wells. And I would like to introduce as Exhibit 3 a copy of the letter from the Oil and Gas Supervisor of the Geological Survey.

GOVERNOR MABRY: Will you give us the substance. It will be in the record.

MR. SHELDON: It says they have no objection.

GOVERNOR MABRY: Is it recommended, or do they have no objection?

MR. SHELDON: No objection is offered. The drilling of this well may afford opportunity for additional recovery.

GOVERNOR MABRY: All right.

MR. SHELDON: It is on Federal land. That is all I have to offer. If there are any questions?

GOVERNOR MABRY: Any questions of this witness, gentlemen? Anyone?

MR. GRAHAM: One question. On what particular 40 will this location be?

MR. SHELDON: It will be in the northeast quarter. That is stated, Mr. McCormick, on the map.

MR. McCORMICK: Yes, I don't see the section numbers on here.

MR. GRAHAM: Will you come up and point this out to us, please.

MR. SHELDON: It is in Section 3. I am sorry.

(Off the record discussion)

MR. SHELDON: It is the northeast of the northwest of Section 3.

MR. McCORMICK: I think that is all.

GOVERNOR MABRY: If there are no other questions and no objection, this will also be taken under advisement.

MR. SHELDON: Thank you, sir.

(Off the record discussion.)

GOVERNOR MERRY: The rules are coming up and will be gone through one at a time, and I have asked the other member of the Commission, Mr. Spurrier is absent because of a death in the family, and I am going to ask if I can be excused. We will go through the rules, and objections will be noted as to any rule or a portion of a rule, and then we will get in a huddle in the Commission and go into the thing more fully. If there should be any great number of objections, I would like to know about it and hear you, but I have other commitments, and with your permission, and unless somebody thinks it is very important, I will go ahead and take care of other matters and let Mr. Shepard, with the aid of counsel, take the Hearing, and to make a record as to objections and as to specific rules and parts of rules so that we can without much delay determine what we will do about it. I guess it is all right.

(Governor leaves the Hearing.)

MR. SHEPARD: Will you read the next case, Mr. Graham?

(Mr. Graham reads the Notice of Publication in Case No. 189.)

MR. GRAHAM: This is a continuance from the September 7th meeting.

MR. MCCORMICK: Mr. Campbell, do you have something to offer in evidence at this time?

MR. CAMPBELL: My name is Jack M. Campbell. I am Chairman of the Legal Advisory Committee to the Commission, and on behalf of that Committee and the Engineering Committee appointed by the Commission to study these rules, I desire to offer into evidence Exhibit 1, which is a report, dated October 14, 1949, as joint report of the Engineering Committee and the Legal Advisory Committee to the Commission. I would like to state in

connection with this Exhibit that it does not contain all of the rules and regulations, which must be promulgated by the Commission, in that the order by which these rules would be promulgated was not set out in it, and the retention of existing orders and the retention of existing orders is not contained in this particular report. But it is offered as the joint report of those two Committees.

MR. MCCORMICK: Exhibit 1 will be received in evidence. And, gentlemen, at this time on behalf of the Land Commission and Mr. Shepard, I would like to make a few preliminary remarks for record. Following the enactment of Chapter 168 of the Laws of 1949, the Commission appointed an Engineering Committee, of which Mr. Dewey of Midland, Texas, was the Chairman. This Committee was requested to draft proposed rules and regulations. After that Committee made its preliminary report, a hearing, which might be called an interim hearing, was held here after due notice on the 7th of September. All interested parties were given an opportunity to make suggestions and objections at that time, and then the Engineering Committee was requested to prepare its final draft. The Engineering Committee later had a meeting with the Legal Committee, also appointed by the Commission of which Mr. Jack M. Campbell was the Chairman. And Exhibit 1 is the final recommendation of the two joint Committees. The purpose of this meeting is to hear the final objections and suggestions to the proposed rules, and it isn't contemplated that there will be another hearing after this. Now, gentlemen, I think it would expedite matters if we would go over these rules one by one, and if there are no objections, it will be noted. Now, we do not care or desire to have suggestion or objections to be made as to matters of punctuation or grammar.

because the final draft will be thoroughly checked for that. And we will save some time if we will just stick to the fundamentals. Also, I think it is well to bear in mind that these are only general rules and regulations, and that special rules and orders and regulations can be adopted at particular pools, which take precedence over the general rules. So if you believe that some particular rule here would work adversely to one situation you have in mind, that is not necessarily grounds for revising the general rules, because if it is of sufficient importance, a special rule can be made for that which will take precedence over the general rule. The purpose of having general rules is to have something which applies Statewide until the special rule or exception is made to apply to a particular situation. So with that preliminary statement, we will now go over the proposed rules one by one. Mr. Shepard, will you take over now, please?

MR. SHEPARD: Let's make all our suggestions and objections as brief as possible. We won't everyone to be heard, but let's kind of try to refrain altogether from foolish arguments and get through as quickly as we can. Is there any objection to the definitions?

MR. DAVIS: My name is Guilman B. Davis of the Southern Union Gas Company. First, I am kind of lost here today. Lewis Lee, who has studied the regulations and done considerable work on them, will be here at noon and perhaps will have some other statements to make. But since we intend to just go down the line with these, I have one or two suggestions in the definitions. First, as a matter of clarification, "adjusted allowable," we suggest it be changed to read, "adjusted allowable shall mean the allowable production of the regular proration units after

all adjustments are made or applied," eliminating the rest of that sentence. I think it will clarify that statement just a little bit if we eliminate gas oil ratio adjustment are adjusted to protect correlative rights. Shall I just go down the line with these suggestions,

MR. SHEPARD: Yes, go right ahead. Just a minute, Mr. Davis, will you come around here so that the reporter can get it.

MR. DAVIS: The next suggestion that we have was under the allowable production definition. We would suggest that it read as follows: "Allowable production shall mean that number of barrels of oil or standard cubic feet of natural gas authorized to be produced from the respective wells or proration units of an allocated pool." We would add the language, "wells or proration units," and then eliminate "authorized by the Commission," because I think perhaps those proration schedules would take care of that. The next is back allowable. We would suggest back allowable shall mean the authorized accumulative under production or shortage for a given well or proration unit.

MR. McCORMICK: What is the difference?

MR. DAVIS: Well, it was our thought you might have a well without necessarily having a proration unit. It would have over or under shortage on production, in other words, a well and proration unit not necessarily being synonymous. As a matter of explanation, we didn't receive a copy of these rules that the Legal Committee went over until we arrived here. And after I got back from Dallas, we went over them pretty thoroughly. Now, this is just a question I am raising on bottom hole or sub-surface pressure. Perhaps you can tell me whether I am right or wrong. Where it says "pounds per square inch," should it be gauge or absolute or whether it makes any difference.

MR. McCORMICK: I don't understand what you mean.

MR. DAVIS: In other words, you say "shall mean the pressure in pounds per square inch," is that square inch gauge or absolute?

A VOICE: It should be gauge.

MR. McCORMICK: You mean after the word "inch," you should insert "gauge"?

A VOICE: Before "pressure" put "gauge."

MR. McCORMICK: All right.

MR. DAVIS: The definition for bradenhead gas well, we would eliminate the word "underlying" as being a restrictive word which I don't believe was intended. It says, "successfully cased off from an underlying oil or gas reservoir." It seems to us it would be sufficient to say "from an oil or gas reservoir" without reference to the word "underlying," being a very restrictive word, and I don't believe it is desirable in the definition.

MR. McCORMICK: It would be underlying the well, wouldn't it?

(Off the record discussion.)

MR. DAVIS: Common purchaser for natural gas. We would eliminate each, on the third line, "within each common source of supply." We would make it "within a common source of supply."

A VOICE: It has been written here from the statute.

MR. McCORMICK: Yes, it is, we can't change that.

MR. DAVIS: Then, "from which it purchases," being the last four words of that sentence, we would strike that. I don't think that is in the statute.

MR. McCORMICK: That is in the statute, too. That is an exact copy of the statutory definition.

MR. DAVIS: Well, I will pass over that. I don't know what happened there. I might suggest this is just probably a matter of form that the Committee will take care of but where we refer

(see Section 14 (d)), Chapter 108, Session Laws 1949). It might be a good idea to say, Section 14 and other subsections under that. Just add the words et cetera. That is just a suggestion. Since we are referring to a Section of the Act, it might be a good idea to go ahead and show that other subsections do affect them. We were wondering on the next page the definition of cubic foot of gas, or standard cubic foot of gas, why it wouldn't be better to just say for the purpose of these rules a standard cubic foot shall mean a volume of gas contained in a cubic foot of space and computed at a base pressure of 15.025 PSI absolute without going back to the 10 ounces, above the average barometric pressure of 14.4. I don't know myself just what the barometric pressure is,

MR. SHEPARD: Nobody knows what that is except some of the gas engineers anyway.

MR. DAVIS: From our standpoint, it would seem clearer if you eliminated that part and just said 14.4 pounds.

(Discussion.)

MR. SHEPARD: Mr. Davis, Mr. Gray just informed me that the Engineering Committee had a meeting last night and made a few last minute changes. It might save some time if we had them state their changes. Some of the things they have changed might eliminate some of your recommendations.

MR. DAVIS: I think it would be a good idea,

MR. SHEPARD: Mr. Dewey, will you come forward?

MR. DEWEY: Mr. Commissioner, the Engineering Committee had the first opportunity last evening to review the printed recommendations of the Legal Committee and the Engineering Committee, and the first opportunity to go over Exhibit 1, and had certain suggestions relative to changes that in their opinion might be

made. I would appreciate the opportunity to present them.

MR. SHEPARD: Go right ahead.

MR. DEWEY: The question has been raised here relative to why a definition for bradenhead gas well needs to be included in the rules and regulations due to the fact that no mention has been made of a bradenhead gas well in the law. If you will refer to Rule 112, it is our thought that under multiple zone completions that it might be well to amplify the first sentence to read as follows: The multiple zone completion of any well--and these are the words to be inserted--including a bradenhead gas well, may be permitted only by order of the Commission upon Hearing. That is one recommendation.

MR. MCCORMICK: Do mean that any well that was going to install a bradenhead would have to get a permit from the Commission?

MR. DEWEY: If it was going to be produced and operated as a source continuous gas supply, we think it should. It is a form of multiple zone completion.

MR. MCCORMICK: Only if it is a multiple zone completion.

MR. DEWEY: As a matter of fact, we believe it is a type of multiple zone completion, and that properly it should be included in the rules covering multiple zone completions.

(Discussion.)

Under the definition for casinghead gas, we recommend that the Commission consider adding after the word "indigenous" in the first line or after the word "to" at the first of the second line the three words "and produced from," so that it will read "casinghead gas will mean any gas or vapor or both gas and vapor indigenous to and produced from a pool classified as an oil pool by the Commission." This definition of casinghead gas has rather unique meaning in these rules in that it defines a gas well when

it is produced from the gas cap of an oil pool.

MR. MCCONNICK: Do you recommend any change on that last sentence?

MR. DEWEY: No, sir, we do not. Referring to Rule 506, gas-oil ratio limitation, it our recommendation that in the last sentence of the first paragraph the word "natural," the third word in the line, "natural," be changed to "casinghead," and the word "oil" be inserted before "proration" in the next to the last word. So that the last sentence would read "in allocated pools or producing wells, whether oil or casinghead gas, shall be placed on the oil proration schedule." While I am discussing Rule 506, I would like to suggest another change, which doesn't have anything to do with casinghead gas particularly. But I should like to add this limiting clause at the first of the second paragraph: "Unless heretofore or hereafter specifically exempted after Hearing by the Commission," and then last of the sentence remains the same. And then further on down in the eighth paragraph, we recommend that it be stricken entirely. That paragraph currently reads: "All gas produced in allocated oil pools specifically exempted from gas-oil ratio limitations shall be marketed unless specific exemption is obtained from the Commission." We think that the change would be preferable to drop that. There seems to be some question of conflict between the two thoughts. We were trying to clarify the meaning. The definition for gas-lift. We suggest that the word "the" be changed to "a" in the second line. In the definition gas-oil ratio. We suggest the insertion be made, insert the word "high" before gas-oil ratio and the insertion proration unit. It should read, "high gas-oil ratio proration unit shall mean proration unit with at least one producing oil well" and so forth. The multiple completion

definition. We recommend the insertion of the word "common" before source of supply, so that the definition shall read, "multiple completion shall mean the completion of any well so as to promote the production from more than one common source of supply with the production from such common sources of supply completely segregated." Under the definition shortage or underproduction, we suggest changing the wording by striking out the words in the last line, "to equal the amount," and to substitute the words, "amount equal to that authorized." And then it would read, "shortage or underproduction shall mean the amount of oil or the amount of natural gas during the proration period, by which given proration unit failed to produce an amount equal to that authorized on the proration schedule." In the shut-in pressure definition, we suggest that a change in wording be made so that the definition will read as follows: "Shut-in pressure shall mean"--then insert the wording "gauge--pressure" and delete the word "noted" following "pressure" and insert "in pounds per square inch." The definition would then read, "Shut-in pressure shall mean the pressure gauge in pounds per square inch at the well head when the well is completely shut-in." Not to be confused with bottom hole pressure. Likewise, in the definition on the first page of bottom hole or sub-surface pressure, we suggest that the word "gauge" be inserted before "pressure" so that the definition would read, "Bottom hole or sub-surface pressure shall mean the gauge pressure in pounds per square inch under conditions existing at or near the the producing horizon." Under the definition of deep pool, we suggest a change of wording or a change of language such that the definition will read, "Deep pool shall mean a common source of supply situated below 5,000 feet. Under unit of

proration for gas, we suggest a change in the definition to read, "Unit of proration for gas shall consist of such geographical area as may be prescribed by order of the Commission." I think that is all the suggested changes we have in the definitions.

(Discussion)

MR. DEWEY: In Rule 8 we noticed that the word "natural" should be in there. It is just a misspelling of the word.

(Further discussion about the deep pool definition.)

MR. DEWEY: Under Rule 101 in the last paragraph, we suggest a change there so that that line will read, or that last paragraph will read, "Both forms--for one well bond and blanket form bond--are available from the Commission's office in Santa Fe." We thought we ought to put a verb in there. We didn't attempt to change the meaning. Under Rule 104, well spacing, we have a suggested change in the language. It merely a rearrangement of the wording.

MR. MCCORMICK: Which paragraph, Mr. Dewey?

MR. DEWEY: It is Rule 104 and paragraph a. I will read the suggested change. Each well drilled for oil shall be located on a tract of approximately 40 surface, contiguous acres substantially in the form of a square, and here is where the change comes in, or on a governmental quarter quarter section in accordance with the legal subdivisions of the United States Public Land Surveys containing not less than 36 acres. It is just a change in the arrangement of the words there so that in accordance with the legal subdivision of the United States Public Land Surveys will apply to the last part of it--and apply only to the governmental quarter quarter section.

(Discussion.)

MR. MORRILL: Anything more or less than 40 acres is thought. I will check that for you at noon and give you the official dope on it.

(Further Discussion.)

MR. DENEY: In paragraph b under Rule 104, the same change is contemplated, or a comparative change is contemplated in the wording so that paragraph--a change is contemplated in the wording of that paragraph so that the words, "in accordance with legal subdivision of the United States Public Land Surveys," would be inserted the word, "sections," rather than where it is. I will read the pertinent part of it as it would read after the correction was made: "Each well drilled for gas subsequent to the order adopting this rule shall be located on a tract consisting of approximately 640 surface, contiguous acres substantially in the form of a square, or on a governmental section in accordance with legal subdivision of the United States Public Land Surveys containing not less than 600 acres." There would be no further change in the paragraph.

(Discussion)

MR. DENEY: We suggested a change in the distance from 1320 to 990 and from 2640 to 1980. Was there anything else in that paragraph, Lloyd? Going to paragraph c we thought there was a good deal of unnecessary language in there. We couldn't see just why it was needed, and we wanted to ask some of the members of the Gas Committee why it was necessary to put in particularly about gas pools accessible to established gas transportation facilities not controlled by orders heretofore or hereafter made. We didn't think that added a great deal to it in our interpretation of it. That might be a reason behind the words we didn't catch. Our thought was that part of it could read, "provided," and then strike out the next part of it, "provided each

well drilled for gas shall be located on a tract consisting of at least 160 surface, contiguous acres", and eliminate the wording after that. Does anybody know the reason to keep the current wording?

A VOICE: Wasn't that designed to take care of the 640-acre spacing in the San Juan Basin?

MR. CAMPBELL: Yes, sir, it was to eliminate Lea County from the 640-acre Statewide spacing, because a pattern had already been established at 160 acres there. Mr. Neal, who suggested that, isn't here. I don't recall any discussion on that particular wording. I don't think there had been any.

MR. DEWEY: We thought this part of it could be dropped without losing anything from it. We may have been mistaken in that. The part that reads as follows, we thought could be stricken, "that in presently producing gas pools accessible to established gas transportation facilities, not controlled by orders heretofore or hereafter made." We thought that part of it might be dropped without harm.

A VOICE: Wouldn't that come in conflict with the first part?

MR. MCCORMICK: Yes, it would, there would be no distinction.

MR. DEWEY: If that is the case, that is probably why it was written that way.

(Further Discussion.)

MR. DEWEY: We have no objection to its being in there except that we didn't think it served too good a purpose, but if it has a purpose, we will pass over this.

(Reporter's Note: The above discussion had to do with paragraph b of Rule 104, rather than paragraph c as stated by Mr. Dewey.)

MR. DEWEY: Under paragraph c we suggest the insertion after the

word, "drilled," of the following words, "for oil subsequent to this order." Paragraph g would then read, "wells drilled for oil subsequent to this order not in conflict with the two preceding paragraphs, and so on through. Now coming to the next page in the second paragraph, we weren't able to determine the precise meaning of the word--of the three subdivisions there, 1, 2 a and b. And it was our thought that the wording there might well be changed to clarify the meaning. We thought we could read that in several different ways and get different interpretations out of it.

MR. McCORMICK: What are your suggested changes?

MR. DINEY: He had a good many of them suggested, but we never arrived at a good wording. We didn't know whether our interpretation--our interpretation was that there was just one valid reason for an unorthodox location, and that was due to topographical conditions, and that 2 a and b were really part of one. And we weren't sure about this radius of 660 feet, whether it shouldn't be changed to read 330 feet for oil and 990 feet for gas, or whether it should be left at 660 feet.

MR. McCORMICK: The purpose of that was to allow applications for unorthodox locations purely on topographical reasons to be handled by the Secretary without a hearing. But where they wanted to crowd the line in order to get some oil that they couldn't get by drilling in an orthodox location, then they would have to have a hearing, and any interested parties would be given an opportunity to object.

MR. DINEY: Mr. McCormick, in that case, wouldn't it be preferable it should read as follows under 1, "The necessity for the unorthodox location is based on topographical conditions, and provided the ownership of all oil and gas leases within a radius of

660 feet or some other footage of the proposed location is common with the ownership of the oil and gas leases under the proposed location." That is, that the last part of that is part of the proviso.

MR. MCCORMICK: That is what it was intended to be. It is conjunctive there. You would have to comply with 1 and 2a and b.

MR. DENEY: That was one thing that wasn't clear to us, that the two were conjunctive, and the only reason that it could be automatically granted were the conditions set out, and it hinged on the prime basic fact of the topographical situation. That clarifies that if it can be reworded to do that.

MR. MCCORMICK: I think we can change the wording to do that.

(Discussion.)

MR. MCCORMICK: I suggest that the Engineering Committee do make a final recommendation on that after you have consulted.

MR. DENEY: You want us to try and reword this?

MR. MCCORMICK: If you do make a recommendation for changing the wording, give it to us in writing.

MR. DENEY: Under Rule 107, casing and tubing requirements. Towards the end of the first paragraph, currently it reads, "except the one to be produced." That is the end of the sentence in the first paragraph. We suggest that the change be made to read, "except the one or ones to be produced." With the thought in mind in that case, that in case of a multiple zone completion there may be more than one producing source of supply. And the change is made to incorporate that provision of allowing two zones to produce under the multiple zone system.

MR. SHEPARD: We will stand adjourned until 1:30, and then we will start in again.

(Adjournment for the noon hour.)

(Mr. Dewey indicated the following correction: under Rule 116 where it says "leases" in the next to the last line the first word should be changed to "lessees.")

MR. SHEPARD: The meeting will come to order. I would suggest we let Mr. Dewey go ahead and suggest what he has. We will not make any comment on that until he gets through, and then we will go through it section by section and invite all comments and suggestions anyone cares to make.

MR. CAMPBELL: Mr. Commissioner, may I make a suggestion. There are a great many changes that can be suggested with regard to the usage of certain words and that sort of thing, and there are some that are substantive that people want to be heard on in this Hearing. Might I suggest the Commission consider the possibility of holding the record open on changes involving mere usage of words and let those be submitted by letter. But any individual that feels that there is something not clear insofar as phraseology is concerned, and the Commission hear only the matters that relate to the substance of the regulations in this open Hearing.

MR. SHEPARD: I think that is a very good suggestion. Go ahead, Bob.

MR. DEWEY: All right. Under Rule 201, notice we would like to change the word in the fifth line from "leases" to "lessees," and we would like to change the last number in that paragraph from 908 to 1108, that is, see Rule 1108 instead of 908. Under Rule 308, we make this suggestion, that the rule read as follows: "Operators shall report monthly on Form C-115 the amount or percentage of water produced without oil by each well making 2 per cent or more water in accordance with

periodic tests." We don't anticipate that they will have to get out every month and make a new test, but they should be made at more or less regular intervals. In Rule 309, we suggest that the title be changed from "Central Tank Batteries" to "Common Tankage;" and that in the third line that "central tank battery" be changed to the words "common tankage." The thought being that a tank battery is not necessarily in the center of a lease, and the common tankage may be anywhere on the lease. It is common tankage for eight units rather than a central tank battery. In Rule 312, treating plant, we think that this draft of the proposed rules inadvertently deleted the last two paragraphs that were in the former rules about treating plants, and that they should be included in the rules and regulations as finally adopted.

MR. CAMPBELL: You mean you plan to use Rule 313 in the previous draft as it is in that draft?

MR. DEWEY: Yes, we think that inadvertently they forgot the last two paragraphs.

MR. CAMPBELL: It is the balance of one paragraph and another one.

MR. DEWEY: That's right. Just carry it through completely as it was in the former draft. In Rule 403, we suggest that the title be changed to read "Natural Gas from Gas Wells to be Measured" rather than "metered." And the text be changed in the first line to read, "All natural gas produced shall be accounted for by metering or by other methods approved by the Commission," and so on. We would like to suggest to the Commission that in the final adoption and publishing of the general rules and regulations that the special rules and regulations that are still in force shall all be published in the Appendix to the General Rules. And in that connection,

these General Rules relating to carbon dioxide in New Mexico would also be placed in the Appendix. He would like also to call your attention to the fact that the Committee has made no effort to modify the current General Rules relating to carbon dioxide in New Mexico. There is one point on the last part of those carbon dioxide rules in the last paragraph that might well be considered for change, and that is "drilling depth." I think that comes in the last paragraph, in the last sentence, "In no case shall the operator drill no more than two-thirds of the distance through the horizon which he intends to produce." I want to call that to the Commission's attention. We don't know how it got into the other rules. Under Rule 503, Authorization for Production and Purchase and Transportation, we suggest a change in the wording or rearrangement of the wording rather than a change. We think it is a clarification. In the eighth line the words "purchase and transportation" be deleted at that point, and that after the word "schedule" instead of a period, the sentence be completed to read, "and the purchase and transportation of oil so produced." I will read the rule as we suggest it, "The Commission will consider all evidence of market demand for oil to be produced from all oil pools during the following month. The amount so determined will be allocated among the various pools in accordance with existing regulations and among the various units, in each pool in accordance with regulations governing each pool. In allocated pools, effective the first day of each proration period, the Commission will issue a proration schedule which will authorize the production--now the change comes at this point--of oil from the various units in strict accordance with schedule and purchase and transportation of oil so produced."

I would like to suggest that in the fifth line from the bottom of that same paragraph that the words "or of the natural gas" be stricken from the text so that that sentence will read now, "A supplementary order will be issued by the Commission to the operator of a newly completed or recompleted well and to the purchaser or transporter of the oil from a newly completed or recompleted well, establishing the effective date of completion, the amount of production permitted during the remainder of the proration period, and the authority to purchase and transport same from said well." On the following page in the first paragraph, we would like to have the Commission consider the striking out of the last sentence entirely, "No purchase in excess of the production set forth on the monthly proration schedule is authorized for any proration period from a proration unit having gas-oil ratio adjustment." We don't see that that is needed. In the third paragraph on that page, we would like to change the word "four" about in the middle of the paragraph to "three," because there are three methods enumerated below, and there are four justifications set out, but only three of them enumerated. We would like to change that to three.

(Discussion.)

MR. DENEY: In the last part of that same paragraph, we would like to change the wording slightly. Take the last sentence in that paragraph, "Unless application was filed for back allowable within 60 days after the occurrence of the shortage, no back allowable for such shortage shall be granted." That is the way it should read. There is a grammatical mistake in the third line from the bottom of the paragraph. Well should be ~~are~~. Going to Rule 506--well, we discussed Rule 506 previously.

Going to Rule 1105 and Rule 1106, we recommend that both rules be stricken completely from the text. We don't think that the Commission requires that information. It has been furnished in the past, but we understand they don't contemplate it will be necessary to furnish that information in the future. Coming to Rule 1126, we would like to change that so that it reads, "See Section 1, Rules 701, 702, 703, and 704."

I would like to ask other members of the Committee if I have overlooked anything in going through this thing that we should discuss or present to the Commission at this time.

(No response.)

MR. DEWEY: If not, I think that is all we have.

MR. LLOYD GRAY: There might be some question in the Committee about whether there should a lot, when we were talking about those quarter quarter sections in the spacing deal.

MR. DEWEY: It is a very controversial subject.

MR. GRAY: On my copy I have a "lot" put in there. I thought you might poll the Committee and see if it was the general consensus.

(Mr. Dewey polls the Committee on that question.)

MR. DEWEY: I will have to retract what I said about lots in that connection. I will re-read the rule then the way it should be. Do you remember the number of that, Lloyd?

MR. LLOYD GRAY: 104, wasn't it?

(Further discussion.)

MR. MCCORMICK: I would like to suggest we go to all the other rules first and come back to Rule 104. That is the most controversial of all. Then we can gauge our time better.

MR. DEWEY: Are there any other questions the Committee has?

(Discussion as to Part C.)

MR. SHEPARD: Let's start in then on miscellaneous rules. We

will go through them and take any objection you may have. But as to phraseology and wording, I would suggest that everybody submit that in writing. I don't believe it is hardly fair to take up the time now in arguing over phraseology of these rules. Rule 1, anybody have anything to offer on Rule 1?

MR. LYNCH: My name is R. A. Lynch, representing Phillips Petroleum Company. I would suggest we add a sentence to either Rule 1 or Rule 2 to make it clear that in proper cases the Commission may call a Hearing for the purpose of granting an exception or for the purpose of granting a particular exception to any of these rules. That would save adding on to each rule, except where the Commission grants an exception. I would suggest the following wording, "The Commission may grant exceptions to these rules, after notice of hearing, when the granting of such exceptions will not result in waste, but will protect competitive rights or prevent undue hardship."

MR. SHEPARD: Anybody else? OK, Rule 3.

MR. McKELLAR: My name is William E. McKellar, representing Magnolia Petroleum Company. This states that notice will be given in the manner and form as will be prescribed by the Commission. The statute states the manner in which the notice shall be given. I think the rule should track the statute. The Commission has discretion only as between the two methods laid down in the statute.

MR. LEE: My name is Lee. I represent Southern Union. Just another technical point under the statute, I think, but it is good. The statute says, "including revocation, change, renewal, or extension in lieu of the word exception." I am adding the point that the word "revocation" is included in the statute instead of the word "exception." The statute uses the word "extension"

Another point. In the third line, there is a qualifying phrase, under the provisions of Rule 1, which seems unnecessarily restrictive.

(Reporter's Note: Mr. Lee is referring to Rule 2.)

MR. SHEPARD: Any one else? OK, Rule 3. Any one have anything to say? On Rule 3?

MR. DAVIS: I think perhaps the word "revoking" should be added there. The statute reading, required the making or revoking, and so forth. In the second line.

MR. SHEPARD: I wish that everyone that wants to change the phraseology would please submit it in writing. We will probably be here a month if we don't. Anybody else have anything to say on Rule 3. Rule No. 4? Rule 5? Rule 6? 7? 8? 9? OK, going to C, Drilling, Rule 101? 102? 103? 105? We will come back to 104. 106? 107? 108? 109? 110? 111?

MR. LLOYD GRAY: It seems to me that five degrees and absolutely requiring straightening of the hole is a little bit too restrictive. There are times when it is almost impossible to keep a hole within five degrees, and under special circumstances, I think an operator should have some alternative, such as submitting a directional survey showing that the bottom of his hole is only going to be proper.

MR. SMITH: My name is J. K. Smith, Stanolind Oil & Gas Company. I would like to suggest the first three lines in Rule 111 be stricken. I think that might take care of the situation. The Commission could still control it by directional surveys.

MR. SHEPARD: Anyone else? OK, 112? 113? 114? 115?

MR. LLOYD GRAY: I believe that the requirement that the operating pressure, or working pressure, be at least equivalent to bottom hole pressure is a little bit unnecessary. Many times we have

wells with a high bottom hole pressure and a very low surface pressure. It appears to me we should have fittings that would withstand the pressures that we are going to have to operate with.

MR. LOVERING: I don't believe it is possible for anyone to anticipate with any degree of accuracy what pressures they will have to operate under. Reservoir conditions change within a given pool and make a big difference in operating pressures from well to well. I think in view of the safety required that we should pay heed to those blow outs and fires and what not that cause so much waste on the Gulf Coast, and I think we should follow suit and have added protection, and there is no other way to get it.

MR. LLOYD GRAY: I think I would agree there should be some definite figure put in there, putting in a working pressure which is normally half the test pressure I believe is a little bit on the conservative side. The only thing I would suggest is that the test pressure of the fittings be at least 150 per cent of the bottom hole pressure.

(Discussion.)

MR. LEE: I want to go back to Rule 114. I just noticed the last sentence in the first paragraph requiring some kind of legal fence. I just want to inquire what a legal fence is, if we know.

MR. SHEPARD: It was defined by statute.

MR. LEE: Where has it got to go, though? What I am really concerned about is the provision in one section of the statute to the effect that it waives the liability for personal injuries, property damage that some individual might assert against someone for violating rules of the Commission. It strikes me that this provision in attempting to eliminate some physical hazards

might be imposing actual hazards of liability against those of us engaged in drilling wells. We can't tell from this where the fence is supposed to be. I was talking about the last sentence of the first paragraph of Rule 114, which reads, "All pits and other hazards shall be adequately protected by a legal fence." And at the same time, pointing out that this was a little bit ambiguous, you couldn't know exactly what requirement is imposed upon you, coupled with the fact that the statute undertakes in one section to preserve the rights of people against us drilling wells when we violate a rule of the Commission. I suggest that unless we know more about what this means than I know about it that we could safely afford to delete that sentence. It may be that the fence had to go completely around the rig, or perhaps just around the pit. It says, all pits and other hazards shall be adequately protected by a legal fence. I just think we ought to strike that.

MR. SHEPARD: Rule 116?

MR. MCKELLAR: This provision here as to pipelines, where you have to report on leaks and breaks in the pipeline, is there any minimum there. If you lose 50 barrels of oil in your field gathering lines, would it be necessary to report that? They provide a hundred barrel minimum pertaining to lease lines, but nothing said about a minimum as pertaining to gathering lines. It would help our pipeline if they would clarify that.

If we lose five or ten barrels of oil, you don't want to be bothered by a report coming in on that, do you?

MR. SHEPARD: Anybody else have anything on 114? We go to 116?

MR. MCKELLAR: That comment was pertaining to 116.

MR. SHEPARD: OK, anybody else? 117? OK, a Abandonment and Plugging of Wells, Rule 201?

MR. LLOYD GRAY: I don't know hardly how it should be changed,

but the requirement there that you have to notify all offsets, I think they mean lessees. They say lessees and property owners. That could be a terrible obligation to notify all property owners, particularly on a wildcat and when you have got a rig still over the location, and even in old completed areas where the offset leases might have been abandoned after being used for years and divided up as to royalty interest. It might be very difficult to notify all property owners.

MR. SHEPARD: Anybody else on 201? 202? 203? 204?

e Oil Production Operating Practices, Rule 301?

MR. KEELER: My name is E. P. Keeler with Magnolia. Rule 301 among other things, provides for an annual gas-oil ratio test to be taken on the anniversary month of the completion of the discovery well. No provision is made in the rules for the filing of the results of such tests with the Commission, and also no provision is made in regard to a deadline as to when those reports should be filed. We believe that there should be some deadline in there. For example, possibly the fifteenth day--the report should be submitted by the fifteenth day of the month following the month in which the tests were taken, or any other date, just so it is definite. And also in the last sentence, which reads, "The Commission will drop from the proration schedule any proration unit for failure to make such test as hereinabove described until such time as a satisfactory test has been made, or satisfactory explanation given." We think there should also be some phrase in there that it can also be dropped from the schedule for failure to report such tests to the Commission as are provided.

CHAIRMAN SHEPARD: Anybody else? Rule 302? 303? 304? 305? 306? 307? 308? 309? 310? 311? 312? F. Natural Gas

Production Operating Practice 401?

MR. LLOYD GRAY: Commenting on Rule 312, I think there is a typographical error we fail to show the last two paragraphs of it. It is much shorter than it should be.

CHAIRMAN SHEPARD: Rule 401? 402? 403? 404? 405? 406? We will skip the CO₂ and go down to 501, Regulation of Pools. 502?

MR. McKELLAR: You can only produce, as I understand it, 125 per cent of the daily allowable in any one day. I want to test this. You can only produce this 125 per cent of the daily allowable in the event you are behind with your daily allowable, is that the intent of the Committee?

MR. DEWEY: It was our intention that that was the maximum rate that you were allowed to produce. We could give you an authorization to over produce beyond the schedule, but to catch up and balance out at the end of the month, you could produce nothing to exceed 125 per cent.

MR. LOVERING: That ruling is going to have to work both ways. You will have to be able to make up production, and you will have to make up anticipated reductions of production due to testing and so forth. I think that has got to work both ways.

MR. McKELLAR: Under that interpretation, should it be possible to say on the 25th of the month you have produced your oil for the month, then the question would be can you run that pipeline on through the end of the month, or would it be hot oil. Under my interpretation, you couldn't.

MR. SHEPARD: Anybody else? 503? 504? 505? 506? 507?

No. II, Gas proration and Allocation. Rule 601? 602? 603?

604? Rule 701? 702? 703? 704? J. Oil Purchasing and Transporting. 801? 802? 803? K. Gas Purchasing and

Transporting. Rule 901? 902? L. Refining. Rule 1101?
1102? 1103? 1104? 1105? 1106? 1108?

MR. LLOYD GRAY: On No. 8 I would have the same comment as I
had on 201. It might be a burden to have to notify all the
property owners.

MR. SHEPARD: 1109? 1110? 1111? 1112? 1113? 1114? 1115?
1116? 1117? 1118? 1119? 1120? 1121? 1122? 1123? 1124?
1125? 1126? 1127? H. 1201? 1202? 1203? 1204? 1205? 1206?

MR. CAMPBELL: Mr. Commissioner, before getting to well spacing,
I have a proposed paragraph that I would like to submit for
the record, which would not be a part of the rules or regulations,
but which would be part of the general order by which the rules
and regulations are promulgated. I think this situation might
arise where oil or gas is being produced now under authority
from the Commission by special rule in many cases, where that
special rule may be rescinded under the new order, and in the
interim period between the time these new rules go into effect,
and the time they can come in and make application and get a
new exception, there is a danger such oil will be illegally
produced. For instance, if he is using gas for gas-lift, and
it isn't going to a gasoline plant, because no plant is avail-
able, he will have to get an exception under the rules, and
probably will be able to. But there is an interim period, and
we feel he should be protected in the sale of the oil, which
is already legally being produced, but technically illegally
would be produced by these rules going into effect, and before
he could get an exception. So, I would like to submit this.
I have it written, and you won't have to take it in the record.
It reads as follows: "These rules and regulations shall become
effective at 7 a.m. on _____ date, an exception from these

rules and regulations is hereby granted for a period of twenty days from said effective date, however, as to all presently existing oil and oil-gas wells that have been in the past and are presently operated or the products thereof utilized in a manner differing from the requirements herein, but in compliance with former rules of the Commission, if during said twenty day period the operator of any such well files with the Commission an application for a permanent exception for such well or wells from the requirements of these rules and regulations, a temporary exception hereby granted shall continue in force until such time as the Commission has heard and has issued its order on such application for a permanent exception."

MR. SMITH: Mr. Commissioner, I would like before we go into this well spacing also, I would like to call attention to Rule 202 on the question of requiring a marker to be set up when a well is plugged. I would like to interpose our objection to the marker. We consider it a hazard. It might conceivably be held we would be required to put a legal fence around a four-foot marker.

MR. SHEPARD: Well, let's revert to Rule 104.

MR. CORNELL: My name is Dudley Cornell. I am Chairman of the San Juan Basin Operators' Committee. The Committee includes small and large operators in the San Juan Basin, and I believe we include all of the producers of natural gas in the Basin. To adopt an engineering factor of safety, let's say that our membership includes 90 per cent of the producers of natural gas. We desire to protest the provisions of Section 104 (b), which provides for a 640 acre State spacing rule. We sent notices to our entire membership, giving about three weeks' notice of a meeting yesterday on this and received a number

of letters back, and I have not contacted one single operator, large or small, in the San Juan Basin, who is in favor of the 640 acre spacing. At our meeting yesterday, we had present on our executive committee Paul Umbach, of Stanolind Oil & Gas, R. B. Probish of Skelly Oil, Paul English, Dudley Cornell, Scott Brown of Western Natural Gas, and Joe Hartman, land owner of Intec, and the vote was unanimous to oppose this spacing requirement. As a substitute we would suggest a 160 acres for the spacing order. It would simply mean that you skip down through the first part of this section and tie in to the last part where each well drilled for gas shall be located on a tract consisting of at least a 160 acres. I believe the revision would be very simple. Doubtless, the purpose of a Statewide order is to cover the majority of your conditions and situations and have a minimum of exception leases. Now, in setting this State order at 640, you are requiring an exception for the majority of your locations in the San Juan Area at least. You have a State order entered for 160-acre spacing in Fulcher Basin and Kutz Canyon, in which there are approximately 95 wells. After considerable testimony a year ago, another order was entered establishing 320-acre spacing for the Blanco Field. It seems to me to establish a State rule of 640 you are putting a burden of proof on the majority of the situations, requiring your small operators, especially, to come in and make application to adjust all locations where it isn't necessary. We had several independent operators, who expressed a desire to supplement my remarks. I haven't prepared any technical evidence here. I believe that simply a glance at the map of Kutz Canyon and Fulcher Basin will show there is a narrow belt of production with a northwest-southeast trend, and with a 640-acre

spacing approximately in the center of the section, you probably wouldn't have had gas production or deliverability of over five or six million in the state combined, we feel sure, if you had followed a pattern of that sort. Actually, we don't see that any further rule is necessary. We think that your first well if you have a new gas field developed, a hearing can be held and a special order entered for that well, based on the field conditions, and the test of the well, and pressures, such testimony as the Commission has. I think the majority of the members I have contacted are opposed to any of the spacing orders of that sub-paragraph b, but have no objection to 160-acre spacing.

CHAIRMAN SHEPARD: Anybody else care to comment on Rule 104?

MR. MADDOX: I am an independent operator in San Juan County, New Mexico. I have two large blocks of acreage up there. One tract in particular is 805 acres. I have owned it for the past 30 years, upon which geological information shows this land to be favorably located. It is so situated I could get 360 locations in the form of a square in one 320, but I wouldn't be permitted under 640-acre spacing to have any locations. I feel that that 640-acre location in the San Juan Basin at the present time when we are in initial stages of development up there, and we haven't the engineering data we will probably accumulate in the years to come, and until we do have that and the definite proof that the wells will be pulling from one another on 160-acre spacing, I think it should remain at 160-acre spacing.

MR. ENGLISH: Can we find out who asked for the 640-acre spacing?

CHAIRMAN SHEPARD: We will try and find out, Paul, and let you know.

MR. LLOYD GRAY: I could answer your question. The matter came up in a Committee meeting, and it was the consensus of opinion that 640 was reasonable under the circumstances. I think when we are making general rules, we ought to consider the statute, and I think the statute says we avoid the drilling of unnecessary wells. And so, we have come on a 40-acre spacing for oil wells, and I think when we consider the mobility of gas as compared to oil, and the different viscosity of gas as compared to oil that most of the engineers will agree that the recovery is reasonable on a 640-acre spacing if 40 acres is satisfactory for oil. As I see it, this is a general picture. If there is local conditions which would indicate that such wasn't the case, you should come in and get a special order.

MR. ENGLISH: Mr. Chairman, who does he represent?

MR. SHEPARD: The Gulf Oil Corporation.

MR. KEOHANE: On Rule 104 with the change where it says, "or lot," I believe containing not less than 36 acres could be drilled. In the north of Lea County in 16-37 and 16-38, we have a series of lots that run across the north side of the township that run 52 acres. I wonder if the Engineering Committee gave any thought to the fact that they would be allowed to run 52/46 inasmuch as your recovery is based on the oil under your acreage?

MR. SHEPARD: Anyone else?

MR. MORRELL: Mr. Chairman, I am inclined to agree with Mr. Keohane that the limitation of 36 acres could and should be deleted from paragraph a of Rule 104. Otherwise, when you read it, you can't drill a well on a lot less than 36 acres. With respect to 640-acre units for gas under sub-paragraph b, I have heard considerable discussion pro and con.

The only con that I have received was that it would be easier to reduce the size of the gas unit by starting with the 640 than it would be to increase it if you started with 160. There is some question of merit though in that position. Actually, at the present time, we are in essence providing for 160 acres for existing facilities in Lea County. We have in the San Juan Basin a 160-unit field, and another a multiple, just two. A 320 acre field. We had a hearing in a case this morning for a 80-acre spacing on an oil well, which was a multiple of 40. If the gas unit was 160, it could be multiples of 160 on a special order. Actually, the size of spacing units involves economics as well as waste, in other words, the cost of drilling. This waste there is whether or not additional wells are warranted. At a shallow depth a 160 acres is satisfactory, or even in some cases that may be too broad. So I am inclined, personally, so far as the Federal acreage is concerned to go along with the 160-acre gas spacing for Statewide rule with permission to upon request and hearing make it any multiple. Now, I do not concur in the figure of 660 feet to a boundary line of a 160-acre gas unit as set forth in the middle line of paragraph b. The Survey has made a definite aim to arrive at uniform spacing for several years. After a series of letters to large number of operators of Lea County, we got that ironed out. And some operators who were drilling 660 feet locations on a 160-acre spacing are now drilling the 990. We have it in effect. I judge some fifty gas wells were drilled on that spacing in Lea County. It is my suggestion that 990 be written into the regulations, and if conditions warrant 660, let that be the exception. Under Rule 104, sub-paragraph d, in the last paragraph, reference is made to adjusting allocation to acreage on

a proportion to the uniform spacing pattern whether the exception is granted. Why should it be limited only to an exception, and if we take the 26 acres out of paragraph g and make all acreage or allowables on an acreage--direct acreage proportional basis. Now, we should recognize that for years we have been getting along very finely in New Mexico without worrying about it. And it has recently only come up after some production was found below 5,000 feet below the surface. Now, we are getting up into multiples of three, four, five and six times the normal 40-acre unit allowable. The ratio is increasing. The thought I had to offer to the Commission here is, why not presently let well enough alone and let present conditions ride with regard to production above 5,000 feet for the shallow pools. But below 5,000 feet make your allocation on a direct acreage proportion to 40 acres. I heard one comment that that would swamp the proration office in getting out the monthly schedule, but I see no difficulty there. When the operator comes in with a well completion notice, he will state his acreage, and it would be set up on the books on a percentage basis and would be right there. It would not be difficult, and it certainly is to me necessary to protect the correlative rights involved. I have in mind in particular this same matter Mr. Keohane mentioned on the Texas line on the east side of Lea County. It happens to be that the majority those are Federal lots, so we are directly interested in that. The last paragraph of 104, sub-paragraph d, under the subject of Well Spacing, mentions allowable, but when we get over to proration and allocation, we find nothing restated regarding that adjustment. I think something should be added to sub-paragraph g, possibly Rule 503, for the adjustment of allocation in direct proportion to the

acreage of that unit to 40 acres. A suggestion has also been made that in connection with definitions, some of the definitions have been in effect and attempt to make a rule. We have definitions for top unit allowable. If they remain under definitions, I think they should be restated under the sections on proration, which is where we should look to find out what the unit of proration is. One other comment is of a general nature. In the next to the last draft of the proposed rules and regulations, there is a list of special orders heretofore issued, which are continued in effect with the issuance of proposed rules and regulations. One I have noted appears to me to require inclusion is Order 784, which is your latest gas-oil ratio order, from which you have taken and put in the proposed regulations in the appendix the list of top-limit gas-oil ratio pools. That Order 784 also specifically exempted certain pools--Hardy, Rhodes, Cooper-Jal, Langlie-Mattix--, and said they were primarily gas pools. That should be restated here so that there would be no hiatus here with respect to those fields. We want El Paso to keep on taking gas and want to take care of the situation Mr. Campbell brought into the Hearing. That is all I have right now.

MR. MCCORMICK: Mr. Morrell, I understood that the Engineering Committee suggested that they place limiting gas-oil ratios on all pools at this time. I may be mistaken about that, but I understood you wanted to start over from scratch and put gas-oil ratios on all pools and let them file exceptions.

MR. LLOYD GRAY: As I understood it in our meeting last night, we wanted to exempt pools that heretofore or hereafter have been exempted by order of the Commission after hearing. Now, there are several of those pools; like Cooper-Jal and

Penrose-Skelly.

MR. CAMPBELL: I would like to call your attention to a matter that will undoubtedly arise. I think if you will refer to that Order 784, the justification for exempting those pools from any gas-oil ratio limits was that they were gas reservoirs. We now have gas provisions in the act, and persons operating in those pools perhaps should consider the effect of declaring that those are not oil reservoirs but are gas reservoirs and might now be subject to the regulations under the gas section of the statute.

CHAIRMAN SHEPARD: Anybody else.

MR. HARTMAN: I am just a land owner up in San Juan County, and I have talked to quite a number of people up there, and I have yet to hear one of them say that they thought that 640 acres was the right spacing for a gas well. I know there are instances up there if it took a full section to drill a well, there would be 50 or 60 people to sign a lease. And I know you couldn't get 50 or 60 to agree, and you would just stop the drilling. It seems to me down in Lea and Eddy County you have 160 acre spacing, why should we be discriminated against in San Juan County?

I know further than that there are oil pools up there that have been found on a 40-acre piece of ground, and if this rule of a full section had been in force, that 40-acres of oil would never have been found. We are very much opposed to 640 acre limitations of drilling up there.

MR. ENGLISH: May I ask a question? Who wants 640-acre spacing?

CHAIRMAN SHEPARD: That is what we are trying to find out.

MR. ENGLISH: That is what I would like to find out. It looks like the Government wants 640 acres, and they don't have one damn dime invested in the deal. I would like to find out what they do want.

CHAIRMAN SHEPARD: Anybody else?

MR. LYNCH: I represent Phillips Petroleum Company. We recommend that the Commission not adopt any Statewide rule with reference to spacing of gas wells, but that the matter be left to the discretion of the Commission to be prescribed by special field rules after notice and hearing in each field.

CHAIRMAN SHEPARD: Anybody else?

MR. LYNCH: There is one little inconsistency I might point out. We have skipped over it. Rule 1125 with reference to carbon black forms, it includes a report of the monthly volume of natural gas delivered to the Carbon Black Plant. I believe Rule 44 prohibits the use of natural gas from gas wells for the manufacture of carbon black. I think there is an inconsistency there.

MR. COMPTON: I represent The Texas Company. In discussing the general rules I find even the Committee that has worked on this apparently is not entirely sure what rules are being rescinded or canceled. I believe, for example, it is the intention of the Committee that we maintain the Eunice-Monument proration unit. If that is true, it is also necessary we maintain the portion of Order 72, which defines the boundary line between Monument and Eunice. With that thought in mind, it might be well for the operators to check all the old rules and be sure all the old rules which we now have of a special nature are not rescinded by the general rules.

MR. LOVERING: I would like to have another word on this Rule 104. We recommend that the basic unit for gas wells be established. We recommend for that unit 160 acres, which can be amended for any particular pool upon evidence and engineering data. The question arises on not how many acres a man has in his parcel

or plot of ground, it is a question of how many wells would adequately drain that reservoir. That would depend upon the porosity and permeability in the gross section of your reservoir. Surely, there is a big difference between an 8 billion foot well and a 200 million foot well. In some cases 160 acres will adequately drain it; in others, 320 or 640. It might be 1,000 acres with the right type of permeability like you have in Arabia, where you can drain a field adequately by having one well to every 2 or 3 thousand acres. Those conditions vary a whole lot and could exist here. We are in favor of establishing a basic unit, and I go along with Foster Morrell with the idea of increasing it in multiples for particular field when engineering data indicate it should be done. In the interests of economy, both in the cost of drilling and in producing that gas, and also in regard to ultimate production and the waste of the products thereof.

MR. ENGLISH: Mr. Commissioner, when I went up in the San Juan Basin, we were drilling wells wherever we damn pleased, and everybody got a well, and everybody seemed to be happy. For some unknown reason, they have got an idea now without anybody being able to tell you why that only the Pictured Cliffs was any good. We fought all over about the damn Mesa Verde. We finally find out that 320 acres might be a good idea. The other day when we were having all of our trouble about a pipeline out of here, the Government picks up the figures that the Stanolind had issued to us about 3 million feet to the acre in the Blanco Field, and they took that figure, and we have had a Hell of a time getting a pipeline out of the San Juan Basin because we had 3 million feet instead 30 million feet. Now they come back and said you used the blackest figure we had. Thirty

million is what we want. We got 320 acres in that field. Here comes somebody that comes along and says 640-acre spacing. Why not one well to a township? Then we wouldn't have to drill very many wells. I don't know what the Hell you are hunting for. The other time they were hunting we found out they were trying to work some sub-surface structure. I am not interested in it. Now you want 640-acre spacing. Next month it will be one to a township. Let's just drill one to a township, and I will go some place else and forget about the San Juan Basin. That is the way I feel about it. Everybody that doesn't have money invested just has got a lot of damn talk, but the people that have got a lot of money in the ground are trying to sell their gas.

CHAIRMAN SHEPARD: Anybody else?

MR. LYNCH: Mr. Chairman, although these proposed rules might not be perfect, I think we are all under a debt of gratitude to these two Committees, the Engineering Committee and the Legal Committee. I think our appreciation should be expressed to them.

CHAIRMAN SHEPARD: On behalf of the whole Commission, I want to express our deepest appreciation to these two Committees. They have worked practically all the year, even before the drawing up of this gas law, which started most of this thing, and I think they are really entitled to a vote of thanks, not only from the Commission but from the whole Industry. And I hope that you people will get your written suggestions just as soon as possible so that we can close these rules up. We will call November 15th the deadline. Have them in by then because they will all be completed.

MR. LYNCH: Mr. Chairman, you don't want written reports or

recommendations made here?

CHAIRMAN SHEPARD: No. Anything that might be left out here today.

MR. MCCORMICK: I do think that the Engineering Committee should make a memorandum on those changes you have suggested, because they won't be clear from the record, I don't think. And anyone else who has a particular matter on phraseology should submit it, because it isn't easy to get those matters down by interlineation as we have tried to do here today. Your suggestions should be sent to the Commission here in Santa Fe.

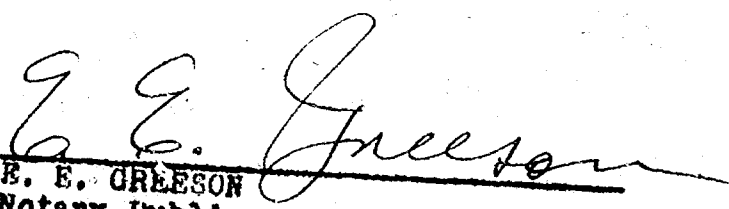
MR. MORRELL: Would it be in order to second the Motion on the good work of the Committee?

CHAIRMAN SHEPARD: Well, if there is nothing further, we will stand adjourned.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) SS

I HEREBY CERTIFY That the attached transcript of
hearings before the Oil Conservation Commission is a true
record of the same to the best of my knowledge, skill, and
ability.

DONE at Albuquerque, N. M., November 8, 1949.


E. E. GREESON
Notary Public

My Commission Expires 8-4-52.

November 2, 1949

Mr. Glenn Staley
Lea County Operators Committee
Drawer I
Hobbs, New Mexico

Dear Mr. Staley:

We enclose herewith, signed copies of the following:

Case No. 190, Order No. 840
Case No. 193, Order No. 839
Case No. 196, Order No. 838

We are also enclosing signed copy of the Renewal Permit, in connection with Case No. 104, Walter Famariss, Jr.

Very truly yours,

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

November 2, 1949

Oil Conservation Commission
P. O. Box 1545
Hobbs, New Mexico

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Very truly yours,

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

November 2, 1949

Mr. W. D. Girand, Jr.
Heal & Girand
Heal Building
Hobbs, New Mexico

Dear Mr. Girand:

We enclose herewith, signed copies of the following:

Case No. 190, Order No. 840

Case No. 104 - Renewal Permit - Walter Famariss, Jr.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encl.