

Case No.

55

Large Exhibits



(Copy)  
BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:  
THE APPLICATION OF FRED TURNER, JR., FOR AN ORDER AUTHORIZING A BONUS ALLOWABLE TO BE GRANTED TO ANY OPERATOR WHO MAKES A DISCOVERY OF A NEW OIL POOL OR A NEW PRODUCING HORIZON IN AN EXISTING OIL FIELD OR AN EXTENSION OF AN EXISTING OIL POOL BY DRILLING TWO MILES OR MORE FROM ANY COMMERCIALLY PRODUCTIVE OIL WELL.  
CASE NO. 55  
ORDER NO. 573  
ORDER OF THE COMMISSION  
TO THE COMMISSION:  
This cause came on for hearing at ten o'clock A.M., August 4, 1944, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".  
Now, on this 6th day of September, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:  
FINDINGS  
1. That the bonus discovery allowable provided for herein is reasonable and in the public interest in that it tends to foster the discovery of new reserves to replenish diminished reserves of State and Nation.  
IT IS THEREFORE ORDERED:  
That the Order herein shall be known as the:

**BONUS DISCOVERY ALLOWABLE ORDER**

1. That a bonus discovery allowable shall be granted to any operator who makes a discovery of a new oil pool or a new producing horizon in an existing oil field or an extension of the discovered portion of a known oil pool where such discovery is two miles or more from any commercially productive oil well.  
2. That such bonus discovery allowable shall be for one well, over and above the top unit allowable of the proration unit upon which such discovery well is located, and for an amount of oil in accordance with depth measured to the top of the producing formation as follows:  
Up to 1000' -- 5000 bbls. 2500 - 3000' -- 10000 bbls.  
1000 - 1500' 7500 " 3000 - 3500' 17500 "  
1500 - 2000 10000 " 3500 - 4000' 20000 "  
2000 - 2500 12500 " and 5 bbls per ft. of depth below 4000'

3. That such bonus discovery allowable shall be produced at a daily rate not greater than the figure obtained by dividing the total bonus discovery allowable by the number of days in the current year.  
4. That such bonus discovery allowable shall be produced within a two year period. Said period shall begin to run with the first sale of oil from said discovery well.  
5. A. That application for the bonus discovery allowable provided for herein shall be in quadruplicate upon Form C-102 and shall be accompanied in quadruplicate by the following:  
(1) Necessary production and geological data of such discovery well.  
(11) Plat of area for three miles around such discovery well.  
(111) And in addition thereto where the discovery is in a new producing horizon in an existing oil field, appropriate evidentiary matters in support of such fact.  
B. When such application is approved by the Commission, through its Director, two shall be retained by the Commission, one transmitted to the applicant, and one to the Lea County Proration Office.  
6. That the Order herein shall be applicable to any such discovery made since June 1, 1944.  
7. That the Order herein supercedes any order with which it is in conflict.  
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

**OIL CONSERVATION COMMISSION**

(SGD) John J. Dempsey  
Chairman  
(SGD) H. R. Rodgers  
Member  
(SGD) John W. Kelly  
Secretary  
(SEAL)

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(Copy)  
BEFORE THE OIL CONSERVATION COMMISSION  
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IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:  
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2. That such bonus discovery allowable shall be for one well, over and above the top unit allowable of the proration unit upon which such discovery well is located, and for an amount of oil in accordance with depth measured to the top of the producing formation as follows:  
Up to 1000' -- 5000 bbls. 2500 - 3000' -- 10000 bbls.  
1000 - 1500' 7500 " 3000 - 3500' 17500 "  
1500 - 2000 10000 " 3500 - 4000' 20000 "  
2000 - 2500 12500 " and 5 bbls per ft. of depth below 4000'

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2000 - 2500 12500 " and 5 bbls per ft. of depth below 4000'

(over)

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:  
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Now, on this 6th day of September, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:  
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(over)

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Now, on this 6th day of September, 1944, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises, the Commission finds:  
FINDINGS  
1. That the bonus discovery allowable provided for herein is reasonable and in the public interest in that it tends to foster the discovery of new reserves to replenish diminished reserves of State and Nation.  
IT IS THEREFORE ORDERED:  
That the Order herein shall be known as the:

**BONUS DISCOVERY ALLOWABLE ORDER**

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Up to 1000' -- 5000 bbls. 2500 - 3000' -- 10000 bbls.  
1000 - 1500' 7500 " 3000 - 3500' 17500 "  
1500 - 2000 10000 " 3500 - 4000' 20000 "  
2000 - 2500 12500 " and 5 bbls per ft. of depth below 4000'

(over)



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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO  
IN THE MATTER OF THE PETITION CALLED BY THE OIL  
CONSERVATION COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF CONSIDERING:  
THE APPLICATION OF FRED TURNER, JR., FOR AN ORDER  
AUTHORIZING A BONUS ALLOWABLE TO BE GRANTED TO ANY  
OPERATOR WHO MAKES A DISCOVERY OF A NEW OIL POOL  
OR A NEW PRODUCING HORIZON IN AN EXISTING OIL FIELD  
OR AN EXTENSION OF AN EXISTING OIL POOL BY DRILLING  
TWO MILES OR MORE FROM ANY COMMERCIALLY PRODUCTIVE  
OIL WELL.  
CASE NO. 55  
ORDER NO. 273

ORDER OF THE COMMISSION  
TO THE COMMISSION:  
This cause came on for hearing at ten o'clock A.M. August 4, 1944, at Santa  
Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter  
referred to as the "Commission".  
Now, on this 4th day of September, 1944, the Commission having before it for  
consideration the testimony adduced at the hearing of said case and being fully  
advised in the premises, the Commission finds:

FINDINGS  
1. That the bonus discovery allowable provided for herein is reasonable and  
in the public interest in that it tends to foster the discovery of new reserves  
to replenish diminished reserves of State and Nation.  
IT IS HEREBY ORDERED:  
That the Order herein shall be known as the:

BONUS DISCOVERY ALLOWABLE ORDER  
1. That a bonus discovery allowable shall be granted to any operator who  
makes a discovery of a new oil pool or a new producing horizon in an existing oil  
field or an extension of the discovered portion of a known oil pool where such  
discovery is two miles or more from any commercially productive oil well.  
2. That such bonus discovery allowable shall be for one well, over and above  
the top unit allowable of the production unit upon which such discovery well is  
located, and for an amount of oil in accordance with depth measured to the top of  
the producing formation as follows:

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

and 5 bbls per ft. of depth below 4000'

3. That such bonus discovery allowable shall be produced at a daily rate  
not greater than the figure obtained by dividing the total bonus discovery  
allowable by the number of days in the current year.  
4. That such bonus discovery allowable shall be produced within a two year  
period. Said period shall begin to run with the first sale of oil from said  
discovery well.  
5. A. That application for the bonus discovery allowable provided for  
herein shall be in quadruplicate upon Form C-102 and shall be accompanied in  
quadruplicate by the following:

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

B. When such application is approved by the Commission, through its  
Director, two shall be retained by the Commission, one transmitted to the appli-  
cant, and one to the Lea County Proration Office.  
6. That the Order herein shall be applicable to any such discovery made  
since June 1, 1944.  
7. That the Order herein supersedes any order with which it is in conflict.  
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION  
(SGD) John J. Dempsey  
Chairman  
(SGD) H. R. Rodgers  
Member  
(SGD) John M. Kelly  
Secretary  
(SEAL)  
-3-

(Copy)  
BEFORE THE OIL CONSERVATION COMMISSION  
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OR AN EXTENSION OF AN EXISTING OIL POOL BY DRILLING  
TWO MILES OR MORE FROM ANY COMMERCIALLY PRODUCTIVE  
OIL WELL.  
CASE NO. 56  
ORDER NO. 274

ORDER OF THE COMMISSION  
TO THE COMMISSION:  
This cause came on for hearing at ten o'clock A.M. August 4, 1944, at Santa  
Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter  
referred to as the "Commission".  
Now, on this 4th day of September, 1944, the Commission having before it for  
consideration the testimony adduced at the hearing of said case and being fully  
advised in the premises, the Commission finds:

FINDINGS  
1. That the bonus discovery allowable provided for herein is reasonable and  
in the public interest in that it tends to foster the discovery of new reserves  
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IT IS HEREBY ORDERED:  
That the Order herein shall be known as the:

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1. That a bonus discovery allowable shall be granted to any operator who  
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Up to 1000'	5000 bbls.	2500 - 3000'	15000 bbls.
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1500 - 2000 "	10000 "	3500 - 4000 "	20000 "
2000 - 2500 "	12500 "		

and 5 bbls per ft. of depth below 4000'

3. That such bonus discovery allowable shall be produced at a daily rate  
not greater than the figure obtained by dividing the total bonus discovery  
allowable by the number of days in the current year.  
4. That such bonus discovery allowable shall be produced within a two year  
period. Said period shall begin to run with the first sale of oil from said  
discovery well.  
5. A. That application for the bonus discovery allowable provided for  
herein shall be in quadruplicate upon Form C-102 and shall be accompanied in  
quadruplicate by the following:

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

B. When such application is approved by the Commission, through its  
Director, two shall be retained by the Commission, one transmitted to the appli-  
cant, and one to the Lea County Proration Office.  
6. That the Order herein shall be applicable to any such discovery made  
since June 1, 1944.  
7. That the Order herein supersedes any order with which it is in conflict.  
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

OIL CONSERVATION COMMISSION  
(SGD) John J. Dempsey  
Chairman  
(SGD) H. R. Rodgers  
Member  
(SGD) John M. Kelly  
Secretary  
(SEAL)  
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59

3. That such bonus discovery allowable shall be produced at a daily rate not  
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by the number of days in the current year.  
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B. When such application is approved by the Commission, through its  
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cant and one to the Lea County Proration Office.  
6. That the Order herein shall be applicable to any such discovery made  
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(SGD) JOHN J. DEMPSEY, Chairman  
" H. R. RODGERS, Member  
" JOHN M. KELLY, Secretary  
(SEAL)

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(SGD) JOHN J. DEMPSEY, Chairman  
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OIL CONSERVATION COMMISSION  
(SGD) JOHN J. DEMPSEY, Chairman  
" H. R. RODGERS, Member  
" JOHN M. KELLY, Secretary  
(SEAL)







Exhibit #1-55

CARL B. KING DRILLING CO.  
P. O. BOX 270  
MIDLAND, TEXAS  
July 26, 1944

Mr. Fred Turner, Jr.  
Box 910  
Midland, Texas

Dear Sir:

In compliance with your request, we wish to advise that the cost of drilling wells approximately 5000' deep in the Lea County, New Mexico, area has increased from \$2.75 per foot in 1941 to \$3.00 per foot in 1944. For further comparison the first wells we drilled in the Pullerton Area of Andrews County, Texas, were contracted at \$2.50 per foot, and we now receive better than \$3.00 per foot for the identical drilling.

Due to the fact that most of the expense involved in drilling a wildcat well is labor, hauling and other intangible costs, it is our opinion that the cost of drilling a wildcat well in Lea County, New Mexico, is 100% greater now than it was three years ago.

If we can give you any other information, please call upon us.

Yours very truly,  
CARL B. KING DRILLING CO.  
BY: *[Signature]*

EW/d

Exhibit #2-55

GUY MARKE DRILLING COMPANY  
P. O. BOX 100  
TULSA, OKLAHOMA  
July 26, 1944

Mr. Fred Turner, Jr.  
Box 910  
Midland, Texas

Dear Sir:

Confirming our conversation, we wish to advise that all labor, hauling and rig building costs have increased in the past three years to such an extent that the cost of contract drilling has had to be increased approximately 100% in order to allow a margin of profit. We would say that the cost of drilling a wildcat well has increased 100% in the past four years.

If we can be of further service, please let us know.

Very truly yours,  
GUY MARKE DRILLING CO.  
BY: *[Signature]*

EW/hp

Exhibit #3-55

C. T. McLAUGHLIN  
P. O. BOX 100  
MIDLAND, TEXAS  
July 26, 1944

Mr. Fred Turner, Jr.  
Box 910  
Midland, Texas

Dear Sir:

With reference to present conditions in the oil industry, we wish to make a point of the fact that unless the wildcat receives some incentive in the way of either an opportunity to sell more oil or a substantial increase in the price of oil, they are not going to open up very many new oil producing areas.

Our business is contracting the drilling of wells and we have found that all costs have increased to such an extent that the cost of drilling a wildcat has more than doubled during the last four years whereas the reward for finding a new oil pool has not been increased any.

Yours truly,  
C. T. McLAUGHLIN  
BY: *[Signature]*

EW/et

Order Amending Statewide Order No. 20-4555  
Page 2  
8-15-45

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

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

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

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

RAILROAD COMMISSION OF TEXAS  
Beauford H. Jester, Chairman  
Olis Calhoun, Commissioner  
Ernest O. Thompson, Commissioner

(SEAL)

ATTEST: L. D. Benson, Secretary

9. That from reports made by the natural gasoline plants throughout the State of Oklahoma and from other sources it appears that the production of natural gasoline, condensate, and other liquid petroleum not usually classified as crude oil, will be approximately 25,000 barrels daily during the months of August and September 1945, which amount is determined from such production during the past several months, the capacity of the natural gasoline plants and other factors in the production of such liquid petroleum.

10. That the Corporation Commission has considered the amount of oil that can be produced from each of the allocated common sources of supply in the State of Oklahoma without waste, and finds that during the months of August and September 1945 there can be produced from each of the allocated common sources of supply the amount hereinafter set out in this order, which together with the stripper areas will amount to 300,000 barrels of oil per day; that said amount can be produced in the manner hereinafter set out in this order without physical waste; and that there is a firm market demand for same; that production at said daily rate will tend to increase the ultimate recovery of oil and to prevent waste.

11. That in the interest of national defense and in order to promote the war effort and to fully cooperate with the Petroleum Administrator, the Commission finds that the amount of oil including natural gasoline, condensate and other liquid petroleum which can be produced without waste during the months of August and September 1945 will be 300,000 barrels per day which exceeds the amount recommended by the Petroleum Administrator as above set out, but that same will be in conformity with the program of the Petroleum Administrator since it is contemplated during the present emergency that production from all fields should only be limited to the amount that will prevent waste.

12. That approximately ninety per cent of the wells in the State of Oklahoma have very small production and are known as stripper wells; that in order to prevent their premature abandonment and to prevent the various types of waste defined in Chapter 131, Session Laws of 1931, and amendments thereto, and in accordance with the other provisions of said law, all of said stripper wells should be permitted to produce at capacity during the months of August and September 1945.

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

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

15. That in the Apache Pool, where two wells are located on forty acres as provided by the Commission's order establishing twenty-acre triangular spacing, the August and September 1945 allowance should be 150 barrels per well; that on leases where one well has been drilled on forty acres and another well is prohibited from being drilled by the provisions of Order No. 10 issued by the Petroleum Administrator for fear the allowance of the one well should be 300 barrels per day, with the requirement that all royalty and working interests in a forty-acre unit must receive their proportionate part of the production in order for the 300 barrels allowance to be effective; provided that, if it appears to the Commission after notice and hearing that a forty-acre unit is not entirely productive of oil, the Commission will reduce the allowance accordingly; provided that the Texas Company's Bulkeley well No. 3 should have no allowance of only 150 barrels per day for the months of August and September 1945 for the reason that said well is misproduced and is not producing more than 200 barrels per day for the months of August and September 1945, while the Bulkeley Well No. 5 drilled in the same forty-acre unit as a dry hole, it appears that more than half and probably three-fourths of the forty-acre unit will be productive of oil.

16. That all undergas as of July 1, 1943, and August 1, 1943, in excess of one day's allowance shall be canceled unless the operator presents to the Conservation Officer or the Commission evidence that same can be made up without waste, in which event undergas may be made up as directed by the Conservation Officer or the Commission.

CLASSIFICATION	AUGUST DAILY ALLOWANCE	PER WELL	PER WELL MINIMUM
STRIPPER WELLS	191,098		
CLASS "A" POOL		96.0	25
Oklahoma City - Wilcox Area	47,000		
CLASS "B" POOL			
Wittich - Wilcox	4,635	5.63	40
Frederick - Deep	500	2.43	25 Marginal
Hewitt, West	2,400	96.0	25
Jesse	1,400	24.0	20
Pulls Valley - Wynnis	4,400	12.1	100 Marginal
Pulls Valley - Penningsburg	1,000	12.1	100 Marginal
	16,225		
CLASS "C" POOL			
Fitts - Greenwell	500		
Fitts - Munton	1,000		
Fitts - Upper Simpson	2,500		
Fitts - Wilcox	5,400		
UNCLASSIFIED ALLOWED AREAS			
Adams	725	100	
Anderson	250	100	
Apache	7,000		
Big Ben of Oage	1,000		
Brooksville	600	160	
Brooksville South	500	225	
Burbank, South	7,100		
Burns, South	470	75	
Cade - Deep	400	400	
Cocart	5,400		
Connet, Southwest	1,241	300	
Coyte	4,400	300	
Cumbyland - Abnola	3,500		
Cumbyland - Oil Creek	500		
Cumbyland - Kallin	6,500		
Dill, Northeast	301	300	
Earlsboro, North - Wilcox	2,800	125	
Earlsboro, Northeast	600	200	
Enoch, West	1,227	300	
Guthrie	2,000	100	
Guthrie Peninsula	300	175	
Herr's Corner	725	225	
Liberty	400	400	
Liberty, Northeast	350	350	
Mader, Northeast	500	200	
McComb, South	2,300	160	
Myers Reserve	300		
Myers, West	300	100	
Oklahoma City -			
Lower Simpson	7,500		
Upper Simpson Bulkeley	725		
North Upper River	300		
Roway - Munton	1,400		
Roway - Wilcox	8,400		
Rusk	1,400		225
Snowden, North	1,100		200
Sullivan	278		400
Tulsa - Deep	260		125
Tulsa, East	2,275		
	71,677		
TOTAL ALLOWED AREAS	136,568		
TOTAL CRUDE OIL	330,000		
TOTAL OTHER PETROLEUM LIQUIDS	9,000		
GRAND TOTAL	366,000		

# DISCOVERY ALLOWANCES

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

2. A 9,000 barrel discovery allowance shall be granted to any new source of supply encountered at a depth not exceeding 2000 feet, and only one discovery allowance shall be granted to any single well drilled not to exceed 2000 feet regardless of the number of the same source of supply, and if such a well is drilled below 2000 feet it shall be given the same allowance as hereinafter set out. Below 2000 feet the following table shall be used as a basis for computing discovery allowances.

BASIS OF DISCOVERY ALLOWANCE		BASIS OF DISCOVERY ALLOWANCE	
DEPTH FEET	DISCOVERY ALLOWANCE BARRELS PER FT. OF DEPTH	DEPTH FEET	DISCOVERY ALLOWANCE BARRELS PER FT. OF DEPTH
8001 - 9000	2.75	9001 - 9500	4.0
9001 - 9500	3.0	9501 - 10000	4.25
9501 - 10000	3.25	10001 - 10500	4.5
10001 - 10500	3.5	10501 - 11000	4.75
10501 - 11000	3.75	11001 - 11500	5.0
11001 - 11500	4.0	11501 - 12000	5.25
11501 - 12000	4.25	12001 - 12500	5.5
12001 - 12500	4.5	12501 - 13000	5.75
12501 - 13000	4.75	13001 - 13500	6.0
13001 - 13500	5.0	13501 - 14000	6.25
13501 - 14000	5.25	14001 - 14500	6.5
14001 - 14500	5.5	14501 - 15000	6.75
14501 - 15000	5.75		

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

ILLUSTRATION: On a well 6500' deep to the source of supply, the discovery allowance will be 6500 x 5.0 barrels per ft., or 32,500 bbls.

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

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

5. The discovery allowance shall be granted upon application to the Commission, requesting the discovery allowance, said application to be made within 30 days after the date of final completion of the discovery well or at the next regular attention hearing after such date, and the discovery allowance shall be granted only in the event applicant presents sufficient evidence and information to support the granting of the additional allowance as provided for in Section 3 above, provided that the Conservator Officer may grant temporary allowance under this order subject to the approval of the Corporation Commission.

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

CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

REPRODUCED BY: Chairman

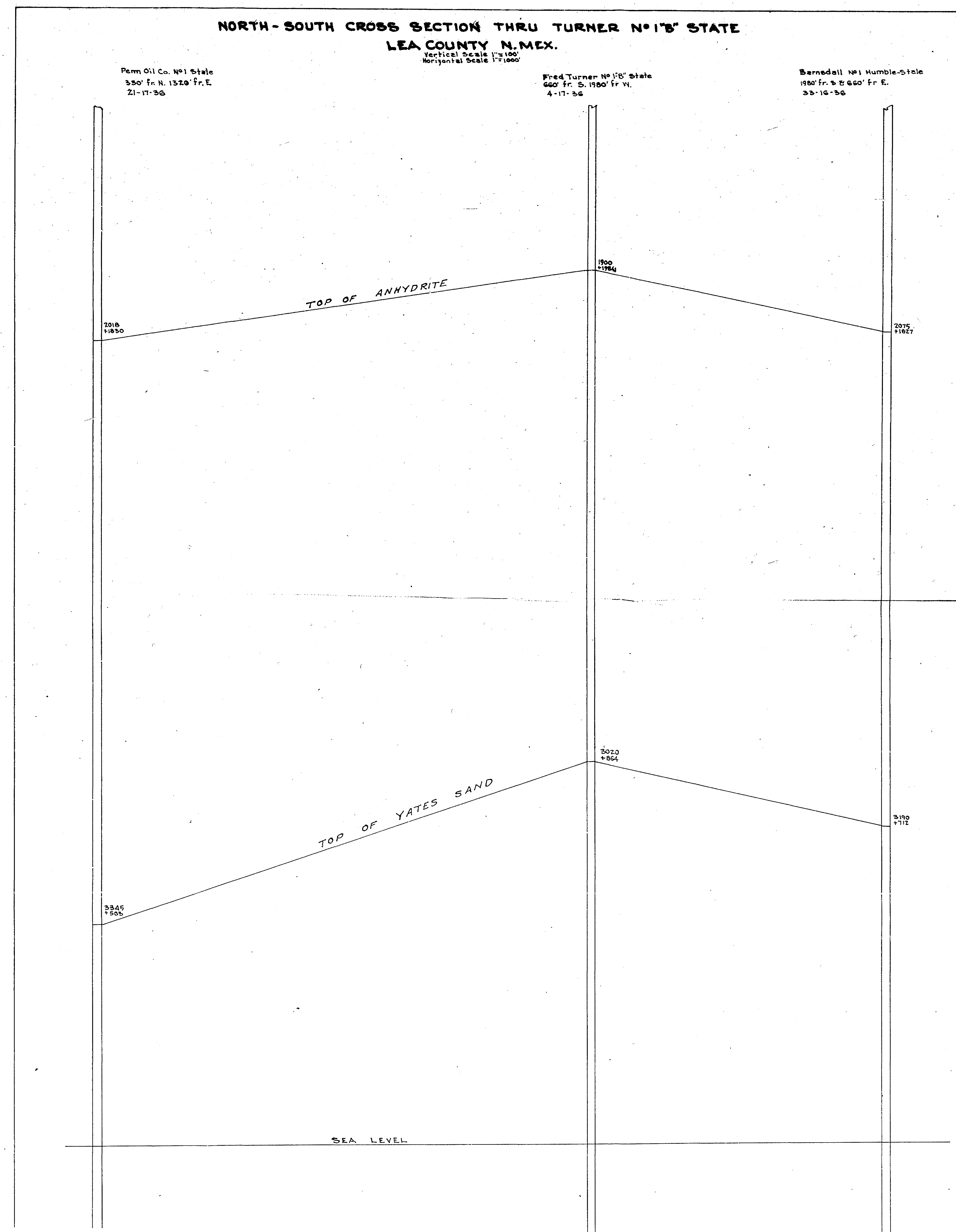
RAY C. LEWIS Vice-Chairman

ATTEST: Commissioner

CARL B. KING, Secretary

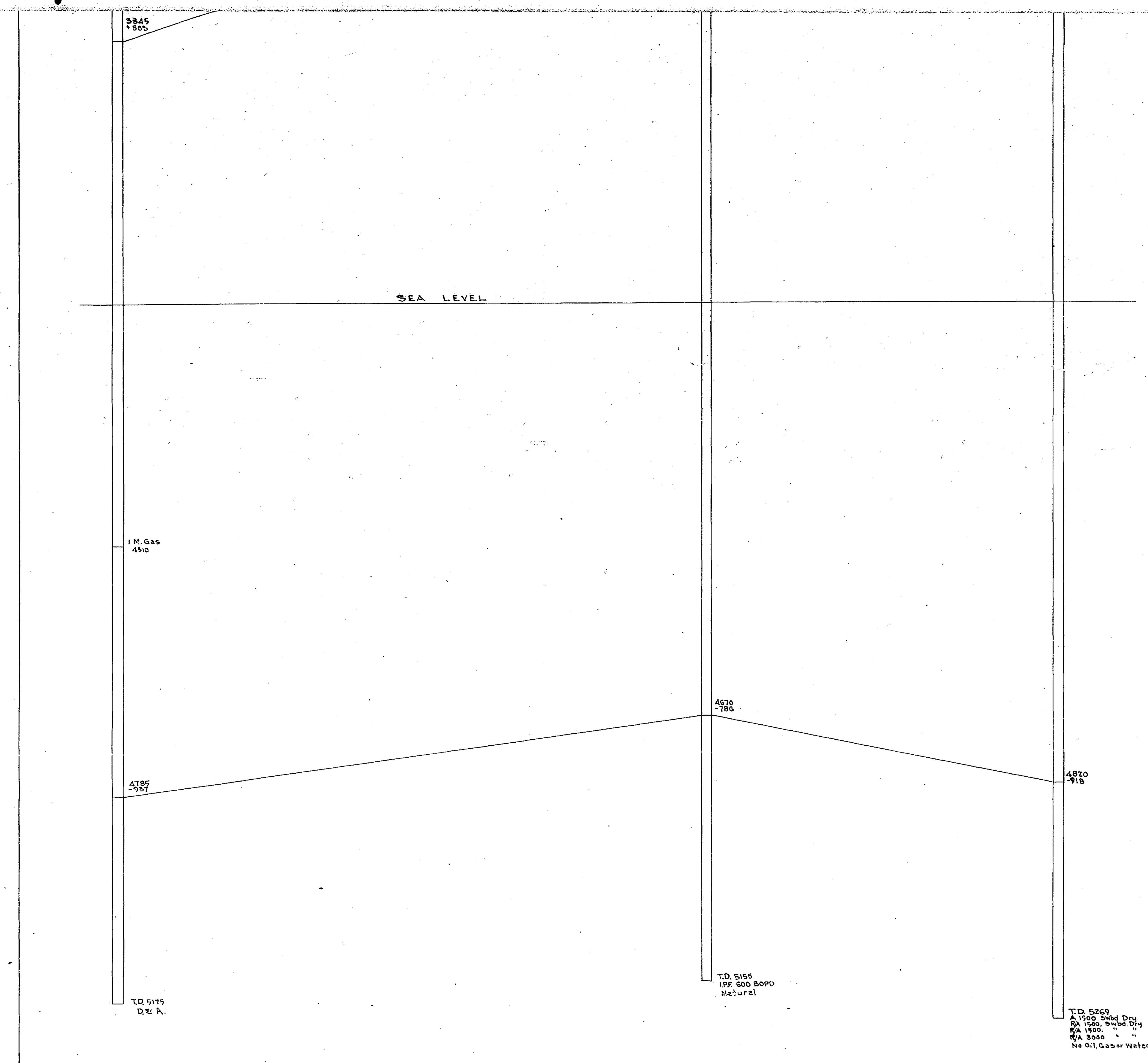
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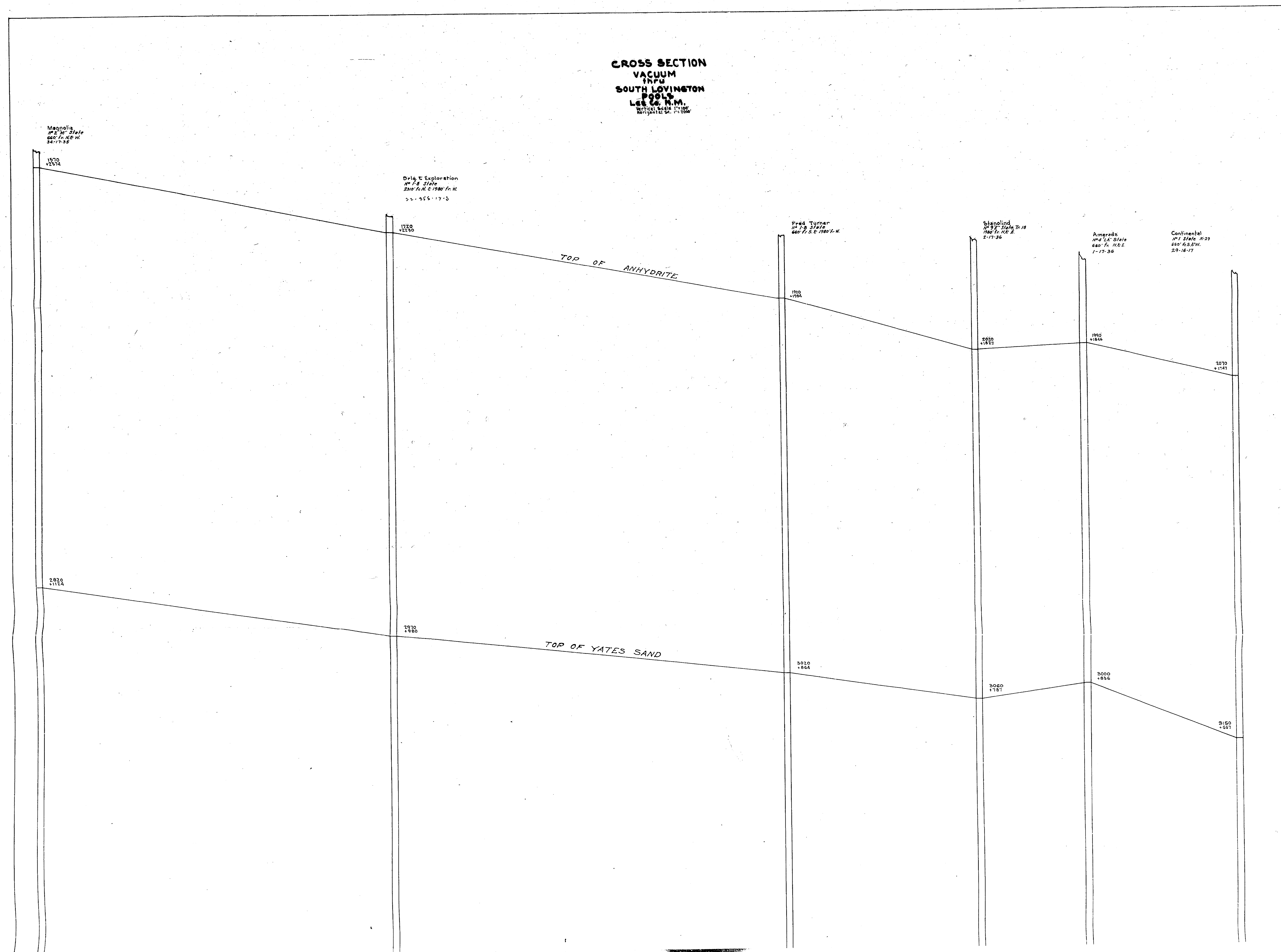
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**SINCLAIR PRAIRIE OIL MARKETING COMPANY**

NATIONAL BANK OF TULSA BUILDING

**TULSA, OKLAHOMA**

July 27, 1944

Mr. Fred Turner, Jr.  
P. O. Box 910  
Midland, Texas

Dear Mr. Turner:

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

Yours very truly,

SINCLAIR PRAIRIE OIL MARKETING COMPANY

By

*J. B. Moroney*  
Vice-President

Exhibit-9 58



RAILROAD COMMISSION OF TEXAS

AUSTIN

(11)

July 29, 1944

BEAUFORD M. JESTER  
CHAIRMAN

Mr. Fred Turner, Jr.  
Midland, Texas

Dear Fred:

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

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

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

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

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

With all good wishes, I am

Yours most sincerely,

*Beauford M. Jester*

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