

By Rose M. Kann  
February 24th, 1937.

TRANSCRIPT OF THE PROCEEDINGS OF  
THE HEARING CALLED FOR DECEMBER  
11th and DECEMBER 12, 1936.

(The Commission was in session all day December 11th, 1936 and the morning of December 12th, 1936. When they convened at 2:00 o'clock in the afternoon of December 12th, it was unanimously agreed all the testimony presented up to that time be destroyed, which was done, and the following is a short session held on the afternoon of December 12th, 1936.)

REGISTRATION

<u>NAME</u>	<u>COMPANY</u>
Frank Vesely E. H. Wells	Commissioner of Public Lands } For the State Geologist ) Commission
F. J. Vesely Carl B. Livingston	State Oil and Gas Inspector Attorney
Leo R. Manning	Geo. F. Getty Oil Co.
J. E. Roth	Tide Water Associated Oil Co.
Harvey Hardison	The California Company
Lucius M. Lamar	The California Company
M. Albertson	Shell Petroleum Corp.
C. B. Williams	The Texas Company
R. Van A. Mills	Continental Oil Co.
J. C. Johnston	Continental Oil Co.
H. L. Johnston	Continental Oil Co.
B. A. Bowers	Walker Oil Corp.
Ernest A. Hanson	U. S. G. S.
S. P. Hannifin	Magnolia Pet. Co.
R. S. Dewey	Humble Oil & Rfg. Co.
W. E. Hubbard	Humble Oil & Rfg. Co.
Luther A. Neal	Landreth Production Corp.
T. E. Heath	Sun Oil Company
Edgar Kraus	Atlantic Rfg. Co.
Colin C. Roe	Skelly Oil Co.
J. N. Dunlavey	Skelly Oil Co.
D. D. Bodie	Empire Oil & Rfg. Co.
W. E. Cunningham	Oil Well Drilling Co.
J. P. Cusack	J. P. Cusack, Inc.
J. W. Jordan	Repollo Oil Co.
Glenn Bish	The Ohio Oil Co.
J. S. Griffith	Humble Oil & R. Co.
James M. Murray	Me-Tex Co.
Robt. S. Christie	Amerada
J. K. Hufindick	The Texas Co.
Paul N. Colliston	Continental Oil Co.
J. O. Seth	Stanolind Oil Co.
S. Sanderson	Gulf
Lloyd L. Gray	Gulf
Jack H. Rankin	Repollo
George W. Selinger	Skelly Oil Co.
C. N. Millikan	Amerada Pet. Corp.
Paul A. McDermott	Repollo Oil Co.

Meeting called to order by Mr. Vesely, Commissioner of Public Lands.

The call of the meeting was read:

NOTICE FOR PUBLICATION

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico on the 11th day of December, 1936 at 10:00 o'clock A.M., for the purpose of considering the following:

Case No. 6. Proration Agreement of Operators for the Hobbs Field, Lea County, New Mexico, or other plan of proration for this field.

Given under the seal of said Commission at Santa Fe, New Mexico on November 12th, 1936.

OIL CONSERVATION COMMISSION

Clyde Tingley  
Governor

Frank Vesely  
Commissioner of Public Lands

(SEAL)

E. H. Wells  
State Geologist

JUDGE SETH: Offer in evidence the existing Hobbs Proration Agreement:  
(Copy of Hobbs Proration Agreement in the files of the Oil Conservation Commission.)

Mr. Wahlstrom of the Stanolind Oil Company sworn in.  
Judge Seth examining Mr. Wahlstrom:

Q. Are Mr. Wahlstrom's qualifications admitted?

Mr. Vesely: Yes.

Q. How many years experience have you had in the oil pools in Southeastern New Mexico, and those closely related to Texas?

A. Nine years.

Q. Have you made a study of the limestone formations?

A. I have.

Q. Are you familiar with the present Hobbs' proration plan?

A. I am.

Q. Have you made a detailed study of the effect of the present Hobbs' Proration Plan?

A. Yes.

Q. Have you a plan you think would result in a more equitable recoverable oil in place under each unit?

A. Yes.

Q. What plan is that?

A. I would recommend use of straight acreage plan of proration.

Q. Based on conditions now existing in Hobbs?

A. Yes.

Q. You believe such plan would result in more equitable distribution of oil now remaining in pool?

A. Yes.

Q. Has it been suggested that a plan based on sixty percent acreage and forty percent potential would be more equitable than the present plan?

A. I believe a move in the right direction.

Q. You believe 100% acreage would more nearly approach a real equitable distribution of the remaining oil in place?

A. Yes.

MR. VESELY: That is all, thank you.

MR. GRAY SWORN IN.

JUDGE LOWE EXAMINING MR. GRAY:

Q. How long have you been connected with the development of the production of oil in Southeastern New Mexico, particularly the Hobbs area?

A. Approximately five years.

Q. How close a contact?

A. Locally in the Hobbs Pool for a period of  $4\frac{1}{2}$  years.

Q. You are familiar with all surrounding conditions in the field?

A. Yes.

Q. You are familiar with the plan under which the field was developed and produced?

A. I am.

Q. You think that plan resulted in -3-

and equitable withdrawals of the fields properties according to the reserves?

A. I do.

Q. Your contention that the plan would result in equitable withdrawal?

A. Yes.

Q. You suggest that we continue operation of that field under what plan?

A. I believe the present plan would be best we could have to continue operations.

Q. Any other plan might work an inequity?

A. It is difficult to definitely state any plan would work inequities.

Q. If there is to be any modification of the plan, should it be gradual or the old plan overthrown at once?

A. Very gradual.

Q. That way we feel our way along?

A. Yes.

Q. It has been suggested that we reduce the potential feature to 40 and increase acreage to 60, do you think that preferable to discarding potential entirely?

A. Yes, I do.

Q. Think that would be a step in the right direction?

A. Yes.

That is all.

GLENN STALEY SWORN IN.

JUDGE SETH EXAMINING MR. STALEY:

Q. State your name.

A. C. G. Staley.

Q. You have been proration umpire at Hobbs under the previous proration plan and the present one?

A. Yes.

Q. How many years in Hobbs?

A.  $6\frac{1}{2}$  years.

Q. Has there been any schedule units in the field in use under the proration plan?

A. There has.

- Q. All units have letter and reference section, is there a regular scale designating units in section.
- A. Yes, it is done this way. Each unit has a letter beginning with A. in the Northeast 40 acres, lettered back and from letter A to P in Southeast 40 acres.
- Q. Does the key appear on the Hobbs Engineering Plan recently issued?
- A. No, on all maps made.
- (Exhibiting map)
- Q. There letters beginning in the Northeast last fall, same system in the sections and townships from East to West and back and forth?
- A. Yes.
- Q. What is a unit in Hobbs under the present system, what size?
- A. Forty acres.
- Q. In the main, according to purpose rather than survey?
- A. Yes.
- Q. Are one or two direct angular units in scale following late survey?
- A. There are.
- Q. Are the units set out in proration schedule 154 fair and equitable?
- A. I think they are.
- Q. We offer that portion of the proration schedule in evidence, but only that portion showing actual units.
- MR. MCCORKLE EXAMINING MR. STALEY:
- Q. Have the greater part of the wells in the Hobbs Pool been acidized?
- A. They have.
- Q. Acidization help potentials?
- A. Yes.
- Q. In regard to such leases not acidized, would you consider it fair and reasonable for the Commission now to permit within a reasonable time such lease to be acidized?
- A. I do think it fair.
- JUDGE LOWE EXAMINING MR. STALEY:
- Q. You have been umpire, how many years?
- A. 6½ years.
- Q. During that period of time you closely observed all wells?

A. Yes.

Q. How are present potentials determined?

A. Determined by three hour test, using last hour potential of the well.

Q. How adjusted from time to time?

A. Drop bottom hole pressure of individual wells.

Q. You think the potentials you now have substantially reflect the potentials of those wells?

A. Using what information we have, yes.

Q. We introduce these in evidence.

JUDGE SETH:

Q. When were potentials last taken?

A. About three years ago, I think.

JUDGE LOWE:

Q. You believe from your observation and knowledge of the field, taking potentials determined which you have arrived at, taking the original potentials, declaring the connection of bottom hole pressure, do equity between operators in that field and result in substantial equal withdrawal of the various units on the basis of 60-40?

A. I think relatively, it would be fair plan of distribution for market outlet.

Hearing adjourned.

December 15th, 1937, hearing pursuant to adjournment before the Commission.

JUDGE SETH EXAMINING MR. WAHLSTROM WHO HAS BEEN PREVIOUSLY SWORN IN.

Q. Have you and your committee of engineers considered a set of field rules for the Hobbs Pool?

A. Yes.

Q. These rules relate to the engineering, the taking of potentials and similar matters?

A. Various proration matters.

Q. Did this committee agree to such rules?

A. Yes, they did.

Q. Has a copy of these rules been delivered to Mr. Wells, State Geologist?

A. Yes. He has a copy.

Q. In your opinion, these rules are proper for carrying out any proration order the Commission may put into effect in the Hobbs Pool?

A. Yes.

Q. Will these rules have the effect of permitting proper production of oil in the manner that is fair and equitable to all operators in the pool and in such manner to prevent waste?

A. I believe they would.

Q. Would these rules give an opportunity to effectively carry out any order of the Commission which they may put into effect which has the taking of well potential as any part of the basis of proration?

A. Don't quite understand.

Q. Will these rules provide for the taking of potentials of wells in the event the Commission makes well potential a factor in any allocation used?

A. Yes.

Q. Will provide the taking of potentials in a matter fair and equitable among the various owners in the field?

A. Yes.

Q. Did the Engineer's Committee agree to recommend the adoption of these rules?

A. Yes.

Q. There has been in effect in the Hobbs Pool for some time rule No. q-A covering the plan declaring the manner and adjusted wells potentials, a copy of which is tendered herewith as an Exhibit?

A. Yes.

(Exhibit in the files of the Oil Conservation Commission)

Q. Adjustment some basis of bottom hole pressure?

A. Right.

Q. In your opinion it is the proper one to be adopted considering the conditions of the Hobbs Pool?

A. I believe so, yes.

Q. Would you say the adoption of such further modification by the

Commission as future studies may render necessary?

A. That is my idea.

(Hearing adjourned)