

Correspondence

Nov. 1939

November 15, 1939

Mr. J. W. Emison
Texas-New Mexico Pipe Line Company
P. O. Box 2332
Houston, Texas

Re: Case No. 15: (a) Adoption of Rules for
issuance of certificates as to legality of
oil run, etc.; (b) Adoption of rules relating
to the making up of shortage or back allowable.

Dear Mr. Emison:

In reply to your letter of November 13, on December 6 at eleven o'clock A. M., at Santa Fe, the Commission will receive the report of the Committee on Proposed Rules. The hearing on this case with evidence adduced was held July 21, 1939, at which time a Committee on Proposed Rules was designated and instructed to report to the Commission at the call of the Commission. All of those who entered their appearance at the hearing on July 21 were notified by personal letter. In the register of appearances for that hearing on that day, neither you nor the Texas-New Mexico Pipe Line Company are registered, which fact accounts for the reason of your not having a personal letter.

Inasmuch as the evidence had already been taken and the meeting at eleven o'clock A. M. on December 6 is merely for the purpose of the Commission receiving the report of the Committee on Rules, no re-publication of the Notice of Hearing was necessary as a matter of law. However, all interested parties are especially welcome and their attendance of this meeting will be appreciated by the Commission, for their suggestions may be of infinite value.

Very truly yours,

OIL CONSERVATION COMMISSION

By Frank Worden, Secretary

FW:k

State of New Mexico

- 2 -

11-13-39

We will appreciate your advising if it is the intention to consider Case No. 15, as outlined above, at the hearing to be held on December 6, 1939.

Yours very truly,

A handwritten signature in cursive script, appearing to read "J. H. Emerson". The signature is written in dark ink and is positioned to the right of the typed text "Yours very truly,".

JWE-CBA

November 13, 1939

Honorable Glenn Staley
Proration Umpire
Hobbs, New Mexico

My dear Glenn:

With reference to the two-page heading of the November Proration Schedule just received, your attention is directed to the last line of the heading, which reads:

"DONE at Santa Fe, New Mexico, this 31st day of August, 1939."

Under our revised schedule and heading, that date line should carry the date the Commission met and ordered the allowable, which date is always the date on the telegram sent you, and should have therefore read:

"DONE at Santa Fe, New Mexico, this 27th day of October, 1939."

The reason the heading should take a new date each time is because in its revised form and under emergency rules the heading, among other things, is not only an allowable for a specific amount of oil for specific half-monthly periods, but also the Commission's certificate of legal authorization. Therefore, the matter of change of date line at the bottom of the heading each month is of paramount importance.

At the very top of the heading, the last order listed, "Order No. 219A", should have read, "Order No. 219."

I wish to thank you heartily for putting me on the mailing list to receive the monthly proration schedule. It is most convenient to me for its immediate informative matter.

With kindest personal regards,

Cordially yours,

CBL:ik
cc - Honorable J. O. Seth.

Carl B. Livingston
Attorney

November 13, 1939

Honorable J. O. Seth
Attorney at Law
Santa Fe, New Mexico

Re: Case No. 15, for the purpose of adopting certain rules and regulations, recessed on the 21st day of July, 1939, until the Committee on Rules is ready to report.

My dear Judge Seth:

Enclosed please find letter dated November 9 from Glenn Staley to some of the members of the Committee on Rules with regard to the above captioned matter. Mr. Staley has set December 5, 7:30 P. M., at La Fonda, as the date for the Committee to convene, to get into final draft the Committee's report to be presented before the Commission the following day at 11:00 A. M.

It is to be noted in the proposed draft, Rule 4, that the Commission is not to go back and permit the runs of shortage any further than October 1, 1939. It would please me much if you would give this some thought and give your views to the Commission. The Commission has heretofore hoped to be able to get the pipe line companies to run a material part of the vast accumulated shortage. This opportunity appears to be on the verge of presenting itself, in that there are now inquiries for and requests for more oil than the Bureau of Mines is recommending, the demand being increased because of the European War conditions and the repeal of the Embargo. Apparently, the only way the Commission legally could allow the running of more oil, in the absence of further increase by the Bureau of Mines, would be to turn to the large accumulated back allowable. The date of October 1, 1939, which Mr. Staley suggests in proposed Rule 4, would eliminate fully ninety-nine per cent of all back allowable.

The suggested draft as represented in Mr. Staley's letter is still lacking in one essential particular - which is to say, to provide for a rule as to certification by the Commission in the introductory portion of the monthly proration schedule that

Honorable J. O. Seth

-2-

11/13/39

the production of oil represented in the schedule, both current and back allowables, is authorized. This is for the sake of simplicity. This very thing is being done in the current proration schedule under temporary rules, but, of course, we must have some authorization in the permanent rules to be established. In this respect, the introductory portion of the monthly proration schedule for the current month, among other things, provides:

"This is to certify as to authorization of the production of oil both for current allowable and back allowable in the proration schedule attached hereto and made a part hereof.

"Allowables for wells completed during the first bimonthly period are not shown in the proration schedule attached hereto and made a part hereof, but are shown in a supplemental proration schedule for the second bimonthly period; and when said supplemental proration schedule is identified as a supplement to the proration schedule attached hereto and signed by the Commission as hereinafter, said supplemental proration schedule shall have the same legal effect as to authorization of production as though originally a part of the proration schedule attached hereto and made a part hereof."

Very truly yours,

Cari B. Livingston
Attorney

ObL:ik

THE ATLANTIC REFINING COMPANY

PETROLEUM PRODUCTS

P. O. Box 808

Carlsbad, New Mexico

DOMESTIC PRODUCING DEPT.

IN REPLY REFER TO FILE

November 10, 1939

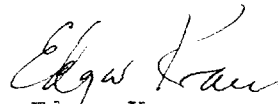
Hon. Carl B. Livingston
Oil Conservation Commission
Santa Fe, New Mexico

Dear Carl:

By telephone call Wednesday and copy of letter sent to the members of the committee which should reach you by this time you will have been advised of the plan whereby the committee including yourself can discuss and eventually crystallize rules and regulations which can be recommended to the Commission. By meeting on the evening of December 5, we will have an opportunity to exchange views. Up to now, only written discussions have been exchanged.

Looking forward to seeing you at that time if not sooner, and trusting that the present very evident political difficulties do not interfere with the usual efficient and business-like operations of the land office, I am

Yours very truly,


Edgar Kraus

EK:T

November 9-1939

Mr. W.S. Hubbard
Humble Oil & Rfg. Co.
Houston, Texas

Mr. Don Grites
Shell Pet. Corp.
Houston, Texas

Mr. Edgar Kraus
Atlantic Rfg. Co.
Carlsbad, N.M.

Gentlemen:

Mr. Carl Livingston, attorney for the Oil Conservation Commission of the State of New Mexico has suggested that your committee meet with him at 7:30 P.M. December 5 at the La Fonda, Santa Fe, New Mexico to discuss rules governing the rugging of oil shortage from fields in South-eastern New Mexico. A rough draft of suggested rules is as follows:

1. That the Proration Schedule ^{sheet} be issued on the first of each month for the full month instead of bi-monthly as in the past. Over and Short Statement to be combined with the monthly Proration Schedule.
2. Wells completed between the first and sixteenth of each month ^{allowable for} shall be included in a supplemental ^{report} to the monthly schedule. This supplement ^{shall} be issued on the sixteenth of each month.
3. The combined schedule suggested in paragraph "1" above shall show accrued shortages for two succeeding months and such shortages shall be made up ^{within} the same period of time; or if overage occurs, which is unavoidable and lawful, then such overage should be compensated by reduced allowables within a like period of time. After two succeeding months' shortages shall be eliminated from the schedule unless the operator furnishes a written statement to show that he could not sell, or the pipe line would not run the allowable, or that remedial work for the purpose of conserving reservoir energy had caused the shortage.

Proration schedule

monthly

succeeding

- 3 4. Shortage incurred prior to October 1, 1939 due to lack of pipe line connection or the inability to sell the allowable, shall be cumulative and allowed. Such shortages shall be shown in the cumulative column on the Proration Schedule and the amount of cumulative shortage authorized to be run shall be added to the current allowable and total shown as net allowable.
- 4 5. In no event should shortages when authorized, be produced in such manner or in such daily amounts as to constitute waste.

Yours very truly,

Glenn Staley,
Chairman

cc: J. Miles,
Governor State of N.M.
Santa Fe, N.M.

A.M. McCorkle
Chairman Lea County Operators Committee
Ft. Worth, Texas

✓ Carl B. Livingston
Attorney Oil Conservation Commission
Santa Fe, N.M.

November 6, 1939

Honorable Edgar Kraus
 Atlantic Refining Company
 P. O. Box 808
 Carlsbad, New Mexico

Re: Case No. 15, for the purpose of adopting certain rules and regulations, recessed on the 1st day of July, 1939, until the Committee on Rules is ready to report.

Re: Committee on Rules.

My dear Edgar:

In response to your letter of November 3, I concur with you in your view that the Committee should meet for a session prior to the actual hearing in the above case, in order to have something in the way of rules definitely crystallized into proposed rules to report to the Commission.

I hope we can meet sometime before around the period for hearing, for this reason: Around the period of important hearings (and there are three hearings set for December 6), there are always several people in town, many of whom at the same time bring their business to the State Land Office. Among this business are always a lot of legal matters which take up virtually all of my time except when I am actually sitting in a hearing. If the Committee could simply convene for a session in peace and quiet, we could work effectively in a comparatively short time. I shall be happy to adjust my time with the meeting of the Committee at whatever time or place the Chairman may name. The foregoing matter is merely a suggestion.

In setting the meeting for hearing on December 6, it was assumed that the Committee would be ready by that time. If, of course, the Committee is not ready at that time, no doubt the Commission would grant further time, but it would seem to me that the Committee by December 6 would have ample time.

Very truly yours,

OIL CONSERVATION COMMISSION

CBL:ik

cc - Honorable Glenn Staley
 cc - Honorable D. B. Crites
 cc - Honorable W. E. Hubbard

By

Carl S. Livingston
 Attorney

PHILLIPS PETROLEUM COMPANY

LEGAL DEPARTMENT

RAYBURN L. FOSTER
GENERAL ATTORNEY

WALTER L. BARNEE
H. C. PEYTON
ED. WAITE CLARK
BRICE T. SUTTON
R. E. BOGGESS
GEORGE L. SNEED
ATTORNEYS

DON EMERY
VICE PRESIDENT
AND GENERAL COUNSEL

R. H. HUDSON
COUNSEL TO LEGAL DEPARTMENT

R. B. F. HUMMER
GENERAL ATTORNEY

R. K. HUDSON
M. M. MAHANY
NEWTON MONTGOMERY
DARLENE G. ANDERSON
L. R. SMITH
ATTORNEYS

BARTLESVILLE, OKLAHOMA

November 4, 1939

Mr. Carl B. Livingston, Attorney,
Oil Conservation Commission,
State of New Mexico,
Santa Fe, New Mexico.

In Re: Case No. 15, for the purpose of
adopting certain rules and regu-
lations, recessed on the 21st day
of July, 1939, until the Committee
on Rules is ready to report.

Dear Mr. Livingston:

I sincerely thank you for your letter of October 31st, advising me that in an executive meeting held on that date, the Commission set December 6, 1939, at eleven o'clock A. M., as the date for receiving the Committee's Report on Rules in the above matter.

Yours very truly,


R. B. F. Hammer

RBFH:LR

cc- Mr. C. P. Dimit

THE ATLANTIC REFINING COMPANY

PETROLEUM PRODUCTS

P. O. Box 808
Carlsbad, New Mexico

DOMESTIC PRODUCING DEPT.

IN REPLY REFER TO FILE

November 3, 1939

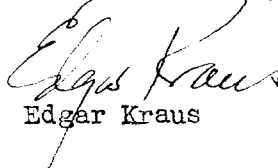
Hon. Carl B. Livingston
Attorney for Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Your letter with its notification of a hearing on December 6, at which time the report of the committee on rules and regulations concerning overages and shortages will be heard, is before me.

With special reference to the appended note, I think it might be advisable to call the committee for a short session prior to the actual hearing, since we have had no opportunity to meet together, our only contact being by correspondence with Mr. Staley. I would suggest that he call a meeting of the committee at such a time as is convenient to you so that we can all discuss the matter prior to a formal report.

Yours very truly,


Edgar Kraus

EK:T
CC: Mr. C. G. Staley