

Correspondence

Mar-Apr-May 1939

April 12, 1939

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

My dear Judge Seth:

Your letter of March 21 addressed to Mr. Carl Livingston, enclosing carbon copy of letter by you to Mr. Glenn Staley dated March 21 proposing certain modifications in the semi-monthly proration schedule based upon the Commission's semi-monthly orders for allocation of oil to be produced, has come to my attention.

In so far as I can see, the suggested changes in the heading of the proration schedule are well taken.

Very truly yours,

Frank Worden, Secretary

FW:k

Gov. John E. Miles, Chairman
State Geologist A. Andreas,
Member

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

March 23, 1939

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

My dear Judge Seth:

This is to acknowledge receipt of your letter of March 21, enclosing copy of letter written to Mr. Glenn Staley. This will be brought to the attention of Mr. Worden upon his return.

You are correct in your suggestion of leaving out reference to the Hobbs Pool Agreement, for in the allocation order form as it stands up to now, in next to the last paragraph, specific reference is made to the ratification by the Commissioner of the Hobbs Operators Agreement dated January 1, 1938. That was true at one time. The ratification of the Hobbs Operators Agreement therein referred to was in General Proration Order No. 1, adopted June 29, 1935, pursuant to public hearing on June 28, 1935. However, Order No. 48, Proration Plan for Hobbs Field, adopted December 29, 1936, pursuant to hearing of December 11, 1936, takes the place of the Hobbs Proration Plan ratified in Order No. 1. Section 22, Order No. 48, provides: "This order supersedes any provision of Order No. 1 with which it is in conflict."

Since there are now a number of operators' agreements in effect, adopted by the Commission upon hearing as orders of the Commission, there would be no more use to refer to one than the other. Originally, of course, there was only the Hobbs Proration Agreement, and I presume reference to the Hobbs Agreement in the monthly orders was merely carried over from usage of those days.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
111 SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY

March 21, 1939.

Honorable Carl Livingston,
State Land Office,
Santa Fe, New Mexico.

Dear Carl:

I enclose a copy of a letter I
have just written Glenn Staley at the
request of him and Mr. McCorkle, which
I believe should receive your consider-
ation.

Very truly yours,



JOS:IG
Encl.

J. O. SETH

ATTORNEY AND COUNSELOR AT LAW
SANTA FE, NEW MEXICO

March 21, 1939.

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

Dear Glenn:

I have your letter of the 18th and a copy of proration schedule order No. 164.

In my judgment, the whole form of the order appearing on the first two pages of the proration schedule is erroneous and has been erroneous for a long time, though I have never given the matter any thought until I received your letter.

Each of the orders appearing on the first two pages bears the original date of June 29, 1935, although order No. 164, for instance, covers distributions for the period March 16th to 31st, 1939.

This, of course, is an awkward arrangement and does not clearly express what is intended.

While any change should of course receive the approval of the commission, my suggestion is that the first two pages read something like the following:

" WHEREAS, on the ____ day of February, 1939, the oil Conservation Commission ordered that beginning at seven o'clock A. M., March 1, 1939, and until changed by order of the commission, not more than 109,700 barrels of oil daily shall be produced in the various fields of the State; and,

WHEREAS, by various orders heretofore made, after notice and hearing, methods of allocating the production in the various fields of the State and among the wells in such fields has been fixed by the commission;

NOW, THEREFORE, pursuant to said orders, the production in the various fields and from wells in such fields for the period beginning at seven o'clock A. M., March 16th, 1939, and continuing until seven o'clock A. M., April 1, 1939, and until further ordered, shall be as follows: "

Then you should follow with the allocation shown on pages 1 and 2 of the order. I would omit all references in these monthly allocations to the Hobbs Pool Agreement, and then follow with

Mr. Glenn Staley.

-2-

3/21/39

the last paragraph appearing on page 2 of order 164 and with the following sentence:

"The term 'unit' as used herein shall mean 40 acres on which there is at least one producing well, and the term 'marginal unit' is a unit which will not produce the top unit allowable for the field."

And then follow with:

"Done at Santa Fe this _____ day of March, 1939.

Oil Conservation Commission
Frank Worden, Secretary."

As above stated, I believe this should be submitted to the Oil Conservation Commission and to Mr. Livingston, and I am taking the liberty of sending Mr. Livingston a copy of this letter, as Mr. Worden is out of town for a week or ten days. I believe you are correct in omitting the last paragraph appearing on page 2 of the former orders with reference to yourself. The matter I think should be put out under the name of the Secretary of the Commission.

Very truly yours,

JOS:IG

cc Mr. A. M. McCorkle,
Stanolind Oil and Gas Company,
Houston, Texas.

cc Honorable Carl Livingston,
State Land Office,
Santa Fe, New Mexico.

Hobbs, New Mexico

Date _____

Re: Company _____
Lease _____
Well No. _____
Unit Letter _____
S.T & R. _____

AUTHORIZATION TO PRODUCE COMPANY

Oil Company

This letter is your authority to produce _____ barrels of crude oil in excess of the current allowable from the above designated unit. This excess production is accumulated shortage of allowable oil as indicated in the attached letter.

AUTHORIZATION TO PURCHASE COMPANY

Crude Oil Purchasing Co.

This letter is your authority to purchase _____ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as indicated by the attached letter.

AUTHORIZATION TO TRANSPORTING COMPANY

Pipe Line Company

This letter is your authority to transport _____ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as shown by the attached letter.

OIL CONSERVATION COMMISSION

LEA COUNTY OPERATORS COMMITTEE

By: Roy Yarbrough
Oil & Gas Inspector

By: Glenn Staley, Representative

New Mexico
Oil Conservation Commission
Santa Fe, New Mexico

GOVERNOR JOHN E. MILES, Chairman
STATE GEOLOGIST A. ANDREAS, Member
STATE LAND COMMISSIONER FRANK WORDEN, Sec'y



Re: Nominations for oil to be taken during the following month.

Gentlemen:

Request is hereby made of all pipe line companies and purchasers of oil that each of them please make each month their nominations for the oil which they expect to take for the following month. Such nominations will serve to aid the Commission in issuing its orders of allowable for the month in which the oil is to be run.

You may send your nominations to the Santa Fe office of the Commission and as early as possible in order that the Commission will be sure to have all this information before it in issuing the monthly orders for allowable.

Your cooperation will be profoundly appreciated.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____