

CASE NO. 19

BEFORE THE OIL CONSERVATION COMMISSION
FOR THE STATE OF NEW MEXICO

HEARING FOR THE PURPOSE OF CONSIDERING
THE ADOPTION OF REGULATIONS GOVERNING
GAS-OIL RATIOS IN THE VARIOUS PRODUCING
FIELDS IN NEW MEXICO.

TRANSCRIPT OF PROCEEDINGS AT HEARING AT
STATE CAPITOL BUILDING
SANTA FE, NEW MEXICO
MARCH 5, 1940

Pursuant to recess granted on March 4, 1940, hearing in the above entitled cause was convened at ten o'clock, A. M., of March 5, 1940, in the hall of the House of Representatives, Capitol Building, Santa Fe, New Mexico, the Commission sitting as follows:

HON. FRANK WORDEN, Commissioner of Public Lands, Secretary
HON. A. ANDREAS, State Geologist, Member
HON. CARL B. LIVINGSTON, Attorney for Commission.

APPEARANCES:

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
E. C. Arnold	U.S.G.S.	Roswell, N. M.
Hale B. Soyster	U.S.G.S.	Washington, D. C.
Raymond M. Myers	Magnolia Pet. Co.	Dallas, Texas
Ed. Downing	" " "	Kermit, Texas
S. P. Hannifin	" " "	Roswell, N. M.
Bert Aston	Franklin Pet. Co.	Artesia, N. M.
J. W. House	H.O.R.Co.	Midland, Texas
F. W. Brigance	Rowan Drilling Co.	Ft. Worth, Texas
Weston Payne	Anderson Prichard Oil Corp.	Oklahoma City, Okla.
Franck Gray	" " " "	Hobbs, N. M.
C. C. Cragin	El Paso Natural Gas Co.	El Paso, Texas
E. A. Markley	Barnsdall Oil Co.	Tulsa, Okla.
Edgar Kraus	Atlantic Rfg. Co.	Carlsbad, N. M.
M. Albertson	Shell Oil Co., Inc.	Houston, Texas
J. N. Dunlavey	Skelly Oil Co.	Hobbs, N. M.
George W. Selinger	" " "	Tulsa, Okla.
N. E. Brambill	The Ohio Oil Co.	Hobbs, N. M.
J. F. Wheeler	" " " "	Houston, Texas
Glenn Bish	" " " "	Hobbs, N. M.
J. J. Frommer	" " " "	Houston, Texas
A. B. Gibson	Cities Service Oil Co.	Hobbs, N. M.
A. E. Willig	The Texas Co.	Ft. Worth, Texas
A. J. Holland	" " "	Hobbs, N. M.
Ernest A. Hanson	U.S.G.S.	Roswell, N. M.
Harry Leonard	Leonard Oil Co.	Roswell, N. M.
F. B. Sudderth	ME Tex	Hobbs, N. M.
J. P. Cusack	J. P. Cusack, Inc.	Midland, Texas
R. T. Windfohr		Ft. Worth, Texas
J. H. Curtis	Culbertson & Irwin & R. K. Stovall	Jal, N. M.
J. R. Vandever	Sunray Oil Co.	Wichita Falls, Tex.
Wallace W. Irwin	Culbertson & Irwin, Inc.	Midland, Texas
J. B. Hendley	So. Pet.	Roswell, N. M.
Howard P. Holmes	Two States Oil Co.	Dallas, Texas
R. C. DeWoody	Great Western Prod. Inc.	Odessa, Texas
J. E. Warren	Carl B. King Drg.Co.	Dallas, Texas
W. P. Livermore	Great Western Prod. Inc.	Odessa, Texas

O. F. Hedrick	Texas Pacific Coal & Oil	Midland, Texas
C. G. Campbell	" " " " "	Midland, Texas
W.M.Fleetwood, Jr.	Barnsdall Oil Co.	Tulsa, Okla.
A. P. Loskamp	" " "	Midland, Texas.
R. D. Curtis	" " "	Tulsa, Okla.
Paul N. Colleston	Phillips Pet. Co.	Midland, Texas
Rex E. Rader	Stanolind Oil & Gas	Hobbs, N. M.
C. A. Daniels	Phillips Petroleum Co.	Amarillo, Texas.
H. F. Chapman	" " "	Odessa, Texas
R. S. Christie	Amerada Petroleum Corp.	Ft. Worth, Texas
E. H. Foster	Phillips Petroleum Co.	Amarillo, Texas
D. R. McKeithan	" " "	Bartlesville, Okla.
F. E. Heath	Sun Oil Co.	Dallas, Texas
J. S. Noland	Barnsdall Oil Co.	Tulsa, Okla.

The meeting was called to order by Mr. Frank Worden, who announced that the Governor was absent from the city, but would probably be home tomorrow, and that the meeting would proceed. Mr. Worden then called upon Mr. Livingston to read the announcement of the meeting.

BY MR. LIVINGSTON: Pursuant to the hearing of this same case on the 9th of December, 1939, on the 13th of January the Commission promulgated two orders, No. 238, the Gas-Oil Ratio Order, and order No. 237, the order for making rules for the taking of gas-oil ratio surveys, and at the same time the Commission adopted order No. 236, reserving this time for the hearing of any objections on those two orders that anyone may have. I will read only the matter pertinent to that order.

(Reading) "NOW, on this 13th day of January, 1940, the Commission having before it for consideration the evidence adduced at the hearing in said case and being fully advised in the premises, the Commission adopted the following order simultaneously with the adoption of the two orders named hereinbelow.

This case is continued to Monday, March 4, 1940, at ten o'clock A. M., at the State Capitol, Santa Fe, New Mexico, for the purpose of presenting to the Commission the objections which any party in interest may have as to the orders of the Commission described hereinbelow in order that said orders may be respectively revised as the exigencies may require:

Order No. 238 of the Commission, regulating and prescribing maximum gas-oil ratios for the various fields of the State of New Mexico.

Order No. 237 of the Commission, prescribing rules and regulations for gas-oil surveys in New Mexico.

DONE at Santa Fe, New Mexico, this 13th day of January, 1940".

BY MR. McCORKLE: The Lea County Engineering Advisory Committee, together with the Supervisory Committee, have worked up some recommendations for proposed conservation under the gas-oil ratio orders, which have been approved by a majority of Lea County operators committee, which we wish to submit to the Commission through Mr. Dewey at this time.

R. S. DEWEY,

being first duly sworn to tell the truth, the whole truth, and nothing but the truth, was examined by Mr. J. O. Seth, and testified as follows:

DIRECT EXAMINATION

Q Please state your name.

A R. S. Dewey

Q What is your profession, Mr. Dewey?

A Division engineer, Humble Oil Company.

Q How long have you been familiar with conditions in Lea County?

A For the past ten years.

BY MR. SETH: I think the Commission will recognize Mr. Dewey as a qualified engineer.

BY MR. WORDEN: Yes.

Q Will you please read the recommendations to which Mr. McCorkle referred?

A (Reading): "PROPOSED ORDER FOR GAS-OIL RATIO
NEW MEXICO

1. The gas-oil ratio of a unit regardless of the number of wells thereon, as applied in this order shall be the total output gas less the total input gas divided by the barrels of oil produced.
2. A marginal unit is one incapable of producing the acreage allowable for the pool in which the well is located.
3. The normal oil allowable of a non-marginal unit is the allowable it will receive before the gas-oil ratio adjustment is applied.
4. A standard gas-oil ratio test shall be made on each well or unit in accordance with the rules set out in Order No. 237 once each year. The tests shall be made not more than 60 days prior

to the effective date* for the pool in which the well or unit is located, as shown in Exhibit A attached."

(Explaining) Exhibit A -- this is a list of the fields in Lea County, which are listed alphabetically, first, the company; the second column, the maximum gas oil ratio; the third column, the date for the annual survey; and the fourth and last column, the suggested date for the semi-annual survey.

(Reading): Company	Maximum Gas-Oil Ratio	Effective Date	
		Annual Survey	Semi-Annual Survey
Arrowhead	5,000	June 1	Dec. 1
Cooper	10,000	July 1	Jan. 1
Eaves	7,000	Aug. 1	Feb. 1
Eunice	7,000	May 1	Nov. 1
Hardy	5,000	June 1	Dec. 1
Hobbs	4,000	July 1	Jan. 1
Jal	10,000	July 1	Jan. 1
Langlie	7,000	July 1	Jan. 1
Lynn	5,000	July 1	Jan. 1
Mattix	7,000	June 1	Dec. 1
Monument	6,000	Apr. 1	Oct. 1
No. Penrose	7,000	June 1	Dec. 1
So. Penrose	7,000	June 1	Dec. 1
Skaggs	5,000	June 1	Dec. 1
Skelly	7,000	June 1	Dec. 1
So. Eunice	7,000	May 1	Nov. 1
So. Lovington	2,000	Aug. 1	Feb. 1
Vacuum	2,000	Aug. 1	Feb. 1

Non-designated wells or pools 2,000"

Q Mr. Dewey, right there I notice the gas-oil ratios are limited to Lea County pools. The committee made no recommendations in respect to Eddy?

A No, this is the Lea County operators' recommendation.

Q The recommendations are intended to apply to nothing but Lea County pools?

A That is correct. There is a note to paragraph 4, previously read: (Reading note:)

as hereinafter provided. The maximum gas-oil ratio permitted each pool and undesignated area is shown in Exhibit A, attached.

9. The application of the gas-oil ratio adjustment shall be as follows:

(a) The oil allocation shall be distributed to the various pools and the pools within Lea County in the same manner, used prior to February 1, 1940.

(b) In each pool, except Hobbs and Monument, the amount of oil allocated to marginal adjusted units shall be deducted from the pool allocation. From the balance shall be deducted the oil allocated to adjusted units, both marginal and non-marginal. The remaining oil shall be distributed equally to non-marginal unadjusted units. The oil allowable of each unit having a gas-oil ratio higher than the pool permitted maximum shall be, the maximum gas-oil ratio of the pool multiplied by the normal unit allowable for the pool (as determined in sub-paragraph (a) above) and divided by the gas-oil ratio of the well, except at ---"

(Explaining) Correction, change "at" to "that".

"that a marginal unit shall not be allocated an amount of oil exceeding its capacity to produce.

9. (c) In the Hobbs and Monument Pools the proration schedule shall be calculated in the normal manner according to the order of the Commission for that field. Each unit having an allowable equal to or less than the average unit allowable for the pool shall be allowed to produce an amount of gas equal to the product of the permitted maximum gas-oil ratio of the pool multiplied by the average unit allowable; provided that a unit, the oil allowable of which has been penalized by high gas-oil ratio shall not exceed the allowable as determined by the proration formula for that particular field.

Any unit having an allowable greater than the average unit allowable for that field shall be allowed to produce only that amount of gas determined by the product of the permitted (Reporter's explanation:) ("gas" deleted before word "maximum"

and the words "gas-oil ratio" inserted after the word "maximum".
Correction made by operators before opening of hearing) "maximum
gas-oil ratio and the oil allowable assigned to it by the prora-
tion formula for that pool.

From the pool allocation shall be deducted the amount of
oil allocated to marginal and wells penalized for high gas-oil
ratio. The remaining oil shall be distributed to the remaining
unpenalized wells in accordance with the pool proration plan.

10. Legal overage and shortage shall be handled as in
the past. That is, the adjusted oil allowable shall be the
current oil allowable plus approved shortage or the current
allowable less the overage, whichever applies in the particular
case.

11. In order to encourage repressuring or the maintenance
of reservoir pressure, the volume of gas injected into the
reservoir may be deducted from the output gas in determining
the net gas-oil ratio. The exact manner of applying this
section shall be determined after a public hearing before the
Commission.

12. When remedial work has been completed on a unit back
allowable will be granted from the date of starting such work
for a period not exceeding 60 days calculated on the basis of
the standard gas-oil ratio test made subsequent to remedial work.

13. In any reservoir, within a pool in them(Reporter's
note: The word "the" struck out, and the word "Lea" inserted
in lieu thereof. Correction made by operators before opening
of hearing). "Lea county in this State, the content of which
is designated by the Commission as predominantly gas, the wells
producing therefrom shall not be subject to the gas-oil ratio
adjustment provided for herein for oil wells; provided that no
such well or unit shall be permitted to produce more oil than
the normal allowable of a unit in the county.

14. Units producing gas only from a reservoir not designa-
ted as a gas reservoir, as provided in Section 13 above, shall
be allowed to produce only as much gas as would result in a
reservoir voidage on a volumetric basis equal to that voided

now producing shall be penalized on the basis of the gas-oil ratio listed on notarized Form C-104A until standard gas-oil ratio survey becomes effective for the pool as shown in Exhibit A, attached.

19. In any case where it appears that serious inequities as to property right, or irreparable damage to a well or wells may be caused by the application of the gas-oil ratio adjustments above defined, the Commission shall postpone application of such penalties upon proper application for a hearing from the party or parties who may be injured, until such time as a hearing has been held and a decision reached. The decision of the Commission as a result of such hearing shall be retroactive to the date at which the gas-oil ratio adjustment became effective as to other wells in the field.

20. The above suggested rules and regulations shall, upon presentation of appropriate evidence, before this Commission in hearings called at the request of any operator and in accordance with the provisions of Section 5,"

BY MR. KRAUS: That should be "Section 15".

BY MR. DEWEY: (Reading) "Section 15, Chapter 72 of the Session Laws of 1935, be subject to such exception and modification in particular cases as the Commission may deem advisable or necessary to prevent waste or confiscation of property."

BY MR. SETH: It has been suggested there be added at the end of paragraph 17 "All in Lea County, New Mexico". I think the paragraph shows it, but there will be no objection, and it has been suggested that addition be made.

BY MR. DEWEY: I would like to insert, at the end of paragraph 17, "All in Lea County, New Mexico".

Q Mr. Dewey, at one place these recommendations refer to a gas-oil ratio survey now being made. Is there one being made, and under what supervision, at this time?

A Under different time schedules; it is under the order for a complete survey of all wells.

Q How much work has been done, approximately?

A I understand in the neighborhood of eight or nine wells.

- Q Is this recommendation of the operators committee intended to be merely tentative, pending the result of the figures on that survey?
- A It has to be tentative until complete information is obtained.
- Q Is that survey going ahead at this time?
- A Yes, it is going on at the present time.
- Q For the purpose of the record, will you state the importance of this survey, that is, for the conservation of reservoir energy?
- A It is well recognized that ultimate recovery depends, to a great extent, upon the amount of conservation that takes place in the production of oil, so that the gas-oil surveys that are being taken now will lead to the conservation of oil, in the production of oil.
- Q The purpose of establishing the gas-oil ratios is to do precisely that, and thereby increase the ultimate recovery of oil?
- A Yes, sir.
- Q Is it necessary, in a field where gas is present, to produce some amount of gas with every barrel of oil?
- A There is always a certain amount of gas in solution with the oil, and it is impossible to produce that oil without producing the amount of gas in solution in the oil.
- Q And the purpose of this recommendation is to hold the amount of gas produced within reasonable limits?
- A That is right. It can't be reduced beyond a certain point -- it is physically impossible.
- Q What effect does production -- rather, the depletion of a pool have on the gas-oil ratio?
- A As pools become more and more depleted, the tendency is for the pressures to lower and the gas-oil ratios to increase, so that the older pools usually have higher gas-oil ratios than the newer pools.
- Q Mr. Dewey, as an engineer, do you believe that these regulations would tend to enable every lessee, oil operator and property owner to recover his share of the oil beneath his property, and also tend to give him the right to use his just and equitable

share of the reservoir energy?

A That was the intention in drafting these rules, to be fair with all interests, to give them the opportunity to recover the ultimate oil and use their share of the reservoir energy.

Q Was it the consensus of opinion that these regulations would tend to do that?

A They will tend to do that; they are probably not perfect, but the tendency is in that direction.

Q Would it likewise tend to prevent waste?

A Yes, sir, tend to prevent waste.

CROSS EXAMINATION BY
Mr. Howard Holmes, of Two States Oil Co.

Q In addition to the fact of depletion, with regard to gas-oil ratios, wouldn't some other factors have to be considered?

A There are a great many factors.

Q Does structural position have anything to do with the question of ratios?

A Yes, it has a modifying influence.

Q There are also some particular sand or lime conditions which would effect ratios?

A That is true.

Q And are there places where there is considerable oil in place -- in storage -- where it is necessary to produce quite a volume of gas to get the oil there?

A There are places where the oil and gas and water are so intimately connected it is impossible to produce one without the other. It is very difficult to control the gas-oil ratio.

CROSS EXAMINATION BY
Mr. George Livermore:

Q That condition is taken into consideration in these recommendations?

A We attempted to take it into consideration. I don't think we are able to evaluate all individual properties in that respect, but we attempted to consider that fact in making the recommendations for particular areas.

RE-DIRECT EXAMINATION By Mr. Seth:

Q Paragraphs 19 and 20 tend to give a chance for fair consideration in those unusual conditions, isn't that true?

A It is certainly impossible, where conditions are so diversified and there are so many wells, to obtain sufficiently accurate information in a short time to consider all points that may occur, and for that reason these two paragraphs have been inserted here with the idea that where there are peculiar or per pertinent conditions concerning a property, the operator may present them to the Commission, without trying to cover them in a general way.

Q And he will not be penalized while he is presenting his case?

A These rules request he should not be penalized while doing that.

Witness dismissed.

BY MR. WORDEN: Anyone else present who have objections to any of these paragraphs that we might take up at this time and get a little further information, or get a slant on somebody else's views? I would like to have an expression, if there is such.

(No reply from those present to Mr. Worden's request)

BY MR. ASTON: Are you ready to hear from Eddy County?

BY MR. WORDEN: We will be as soon as we are able to dispose of this. I would like to keep on one subject until it is finished.

BY MR. HOWARD HOLMES: There are going to be some objections taken to the recommendations as made, of course. What is the procedure with regard to that question?

BY MR. LIVINGSTON: Mr. Holmes, if I may answer you for the Commission. You asked the Commission as to any objections as to the proposed recommendations. They may be made in such way as anyone sees fit. I think also they should be substantiated by evidence, wherever possible, so that the Commission, in adopting any order, can fully consider any order they may adopt as well as statements made by anyone.

BY MR. HOLMES: That should be filed when?

BY MR. SETH: You mean, if the Commission should adopt these rules, what procedure should you take to get an exception?

BY MR. HOLMES: That is one. The other case is where it is perfectly obvious that there will be no exception taken.

BY MR. SETH: These recommendations provide you should file formal objections.

BY MR. HOLMES: That is, if the order is adopted. We are talking about before the order is adopted.

BY MR. SETH: I think you ought to have them right here, now.

BY MR. ANDREAS: You should submit a complete history of the well, the time it was spudded in, the location, and everything.

BY MR. HOLMES: What I was particularly thinking about was the complete --

BY MR. ANDREAS: A complete history of your well.

BY MR. HOLMES: You would suggest that should be filed in writing?

BY MR. ANDREAS: Yes, sir.

BY MR. WORDEN: You gentlemen have heard the reading of this proposed set of rules. The Commission desires at this time to thank the engineers who compiled it, and we will take them under advisement and render our decision some time in the future. Is there anyone else here at this time who wishes to offer anything, or any changes or improvements regarding these? We would be glad to have them at this time.

BY MR. LIVERMORE: There are a great many of us vitally interested in the attitude of how paragraph 19 is handled -- the Commission's attitude in this matter, and a great deal of testimony, or complaints of conditions, will be governed according to what your attitude is going to be along that line. Now, any reaction you see fit to give us on that will help us out in the matter so that we will know how to proceed from this point. Mr. Worden, a great many, at the present time -- I am speaking for those in southeast Lea County -- the information you have on record is taken from the forms on gas-oil ratios turned in here, were true ratios at the time they were taken, but we have a field that has a tendency to increase the gas-oil ratios over night, and when the engineers get in there, they will find a great many

ratios in excess of what was put on those reports. Others in the same condition -- I am rather reluctant -- at the time the reports were made they were true ratios, and I think you understand that a great many operators take ratios at various intervals, anywhere from six months on, therefore their ratios are higher than show in the reports, which were true at the time they were taken, but they are not now, and some operators know they are not. They are rather reluctant to commit themselves on what the ratios are if they are going to be penalized, until such time as you have had an opportunity to examine the area and see what the conditions are. Operators down there do all in their power to try to correct this condition. There is a big experiment under way that is going to require a few months, and if that pans out, all interests will be conserved. In the meantime, we do not know what to do, and we are reluctant to put our necks on the chopping block.

BY MR. WORDEN: I think we can assure you, and every other producer, the Commission is not going to do anything deliberately that will put you out of business. What the Commission is trying to do is to help you, and every other producer operating in that area. We realized at the time we issued that order that we would have problems, and the only way we could sift the wheat out, segregate those problems, make things work out, was to make a blanket order. That is what we are trying to do now. As far as the Commission is concerned, I will say we are going to be fair. Until we have a chance to take this up with the Chairman of the Commission, probably sometime this week, as soon as he returns, we cannot say just what the policy will be.

BY MR. LIVERMORE: At the present time some of the operators are being penalized.

BY MR. WORDEN: We appreciate that and are going to try to get to their cases in the next few days. We are not going to put you out of business if it is possible not to. Anyone else here who wants to be heard?

BY MR. NEVILLE PENROSE: We have one property in the gas area, in

T. 22-37, 240 acres, with four wells. These wells make about 2400 barrels per month, approximately 20 barrels apiece. The wells were drilled several years ago. We bought the property last fall. The wells always made considerable gas. When we bought the property last fall we cut the production from 2400 barrels down to 2,000, in order to conserve gas. I paid \$50,000 for the property, paid \$10,000 in cash and borrowed \$40,000 on the property, every month to return the money at the rate of \$1,000 a month. The first of February, under this order, we were cut to about six or seven hundred barrels a month. As it happens, last summer about \$12,000 was spent on this property, trying to equalize the gas-oil ratio. That was not successful. We are now trying to find out what we could do to effect this end, but we have no assurance it can be satisfactorily done. We do intend to do all we can to remedy this condition. In the meantime, we have this money we have to pay out, and with six or seven hundred barrels, we are suffering very greatly through this order.

BY MR. ANDREAS: Will you submit that evidence in writing as to those wells?

BY MR. PENROSE: I will be glad to.

BY MR. HANSON, of the Department of the Interior: The Department of the Interior is vitally interested in this particular conservation measure, in so far as it applies to federal lands. It is understood we will have time and opportunity to review this order before it is promulgated?

BY MR. WORDEN: Yes, sir. Anybody else want to submit any evidence on wells in that trouble zone being heavily penalized, we would like to have any and all of them submit it in writing, giving a history of the well, conditions as they were before we issued this order, and as they are since we issued the order, so that we will have something we can work on. We have a couple already in that have been presented. We would appreciate it very much if any, and all, having that trouble, would submit their evidence in writing.

BY MR. MILLS: We have a few exceptions to request, and I want to make

sure this is the time to submit written request for those exceptions.

BY MR. ANDREAS: Yes, you can submit them here.

BY MR. WORDEN: If there are no other parties to be heard from in the Lea County case, we will start on Eddy County.

BERT ASTON, representing Franklin Petroleum Company, and Aston & Fair:

I want to submit a unanimous recommendation from the Eddy County operators. In view of the fact that in this request, which we believe was very well prepared, and in view of the fact that in the final analysis, it does allocate a gas-oil ratio in all pools not designated, the unanimous request of the Eddy County operators is that we be allowed to operate under this order, if it is accepted by the Commission, with the deleting of that portion, which would be paragraph 9 and paragraph 17, which refers particularly to Lea County and its problems -- all of 9, including a, b and c, and all of 17.

We make this request in view of the fact that we have at this time no proper setup, engineering committee or department in Eddy County. Lea County has in the past given us the benefit of their cooperation, for which we wish to express our appreciation, and we would like to profit a little, plagiarize a little and use a portion of this request as to Eddy County, with those exceptions, that in Exhibit A, we request the full gas-oil ratio based on a very fragmentary survey which we have been able to make with our inadequate engineering facilities, as follows:

Artesia	2,000 cubic feet,	Sept. 1	March 1
Jackson-Grayburg	4,000	" "	" "
Leonard	2,000	" "	" "
Loco Hills	2,000	" "	" "
Maljamar	4,000	" "	" "
Red Lakes	2,000	" "	" "
Robinson	2,000	" "	" "
Shugart	2,000	" "	" "
Barber	2,000	" "	" "

Getty 2,000 cubic feet.

BY MR. ANDREAS: I notice in Maljamar you do not have that segregated as they do now, north, and south?

BY MR. ASTON: No.

BY MR. ANDREAS: 4,000 applies to that same area.

BY MR. ASTON: They just said "Maljamar", and I am not familiar with that new gas-oil ratio. They are preparing to take one down there. I am not an engineer, but I had an engineering group in there, and we did the best we could to obtain some information as rapidly as possible. There is nothing more we have to offer except to make that recommendation, if the Commission please.

BY MR. MILLS, of the Continental: May we ask for an explanation from the gentleman who just spoke, why he wants to drop out paragraph 9, and why he does not write an additional paragraph 9 for Eddy County.

BY MR. ASTON: Paragraph 9, as I read it, applies particularly to Lea County problems. (Consulting with Eddy County operators) It has been called to my attention by some other operator that we do need paragraph 9 - a and b, and it was 9-c that should be deleted.

BY MR. ANDREAS: Mr. Aston, do you suggest eliminating the entire paragraph 9-c, the three paragraphs under 9-c, or the first?

BY MR. ASTON: We would like to retain 9-a and b, and insert "Eddy County" where it says "Lea County", and deleting "c" under 9, which is applicable only to certain pools in Lea County.

BY MR. ANDREAS: Mr. Aston, in 9-b don't you want to eliminate "except Hobbs and Monument"?

BY MR. ASTON: Yes.

BY MR. ANDREAS: In 9-c do you want to eliminate only the first paragraph? There are three paragraphs.

BY MR. ASTON: Don't the other two paragraphs refer to --

BY MR. ANDREAS: Is there anything wrong in retaining to two paragraphs for Eddy County?

A Yes, the last two paragraphs can apply. They are, of course, in that instance, referring to the paragraphs just above.

However, they would apply to our operations in the same manner.

To make it clear, it has been suggested we request the elimination of the first paragraph on page 3, which is paragraph 9-c, and retain the balance, with the exception of paragraph 17, which is strictly applicable to certain areas.

BY MR. ANDREAS: If there is no further testimony or objection or recommendation to be submitted, we will consider case No. 19 closed as to testimony, and the Commission will take the recommendations under advisement.

C E R T I F I C A T E

I hereby certify that the foregoing and attached seventeen and a fraction pages of typewritten matter are a true, correct and complete transcript of the shorthand notes made by me on the 5th day of March, 1940, in the hearing before the Oil Conservation Commission in Case No. 19, and by me extended into typewriting.

Witness my hand this 6th day of March, 1940.

Esther Barton