

LEA COUNTY OPERATORS COMMITTEE

FORT WORTH, TEXAS

July 11, 1940.

Honorable John E. Miles, Governor,
Chairman, New Mexico Oil Conservation Commission,
Santa Fe, New Mexico

Dear Sir:

As Chairman of the Lea County Operators Committee, I am hereby respectfully requesting that the Oil Conservation Commission of the State of New Mexico call a hearing at Santa Fe, New Mexico, on the 29th day of July, 1940 or at any other proximate date which might be more convenient to your honorable body, for the purpose of hearing evidence for the promulgation of a final order governing gas/oil ratios for the various fields of the State of New Mexico in lieu of gas/oil ratio order #250.

For your information, I am attaching copy of recommendations the Lea County Operators have adopted and which will be presented to the Oil Conservation Commission at this hearing for consideration in adopting a permanent gas/oil ratio order for the various fields in Lea County, New Mexico.

Yours very truly,


CHAIRMAN.

AMM:JU

cc: Honorable Frank Worden
State Land Commissioner and Conservation Commissioner

Honorable A. Andreas,
State Geologist and Conservation Commissioner

Honorable Carl B. Livingston,
Attorney for Oil Conservation Commission.

EXHIBIT A

EFFECTIVE DATE OF GAS/OIL RATIO SURVEYS

<u>FIELD</u>	<u>TOTAL WELLS</u>	<u>COMM. MAX. G/O RATIO</u>	<u>EFFECTIVE DATE</u>	
			<u>ANNUAL SURVEY</u>	<u>SEMI-ANNUAL SURVEY</u>
Arrowhead	73	5,000	March 1	September 1
Cooper	90	10,000	April 1	October 1
✓ Corbin	1	<hr/>	March 1	September 1
Eaves	19	7,000	April 1	October 1
Eunice	491	7,000	June 1	December 1
Halfway (nmw 2,000)	4	<hr/>	March 1	September 1
Hardy (nmw 5,000)	117	7,000	October 1	April 1
Hobbs	251	4,000	October 1	April 1
Jal	19	10,000	March 1	September 1
Langlie	126	7,000	December 1	June 1
Lynch (nmw, 2,000)	10	<hr/>	March 1	September 1
N. Lynch (nmw 2,000)	2	<hr/>	March 1	September 1
Lynn	25	5,000	March 1	September 1
Mattix	143	7,000	December 1	June 1
Monument	493	6,000	August 1	February 1
North Penrose 0 (nmw 7,000)		<hr/>	January 1	July 1
(177		7,000		
South Penrose 0 (nmw 7,000)		<hr/>	January 1	July 1
Rhodes (nmw 2,000)	6	5,000	April 1	October 1
Skaggs	3	5,000	March 1	September 1
Skelly	68	7,000	January 1	July 1
South Eunice	65	7,000	March 1	September 1
West Eunice	6	<hr/>	March 1	September 1
South Lovington	34	2,000	July 1	January 1
Vacuum		2,000	July 1	January 1

The New Mexico (Lea County) operators respectfully recommend to the New Mexico Conservation Commission the adoption of a permanent gas/oil ratio order which will incorporate in its provisions the following points or ideas:

All operating gas/oil ratio tests shall be taken by or under the supervision of the State Oil Conservation Commission.

1. Operator

The operator shall: (1) in accordance with existing rules and regulations of the Conservation Commission, equip each well to make conveniently a gas/oil ratio test, and shall equip same in accordance with an approved hookup; (2) furnish the Deputy of the Commission a complete list of his wells showing the type of metering equipment best adaptable for accurate gas measurement in accordance with rules contained herein. Such information shall include the size of vent line, size of orifice flange or connection available, and if possible, the desirable size of orifice in the orifice plate; (3) furnish sufficient and qualified lease labor to install and manipulate all lease equipment, including the installation and/or changing orifice, raising or lowering vent lines, etc., in preparation for and during gas/oil ratio tests conducted in accordance with this order.

2. Oil Conservation Commission

The Oil Conservation Commission shall: (1) Assemble the information supplied by the operators as recommended above, and arrange test schedule; (2) Assign engineers to supervise tests. Only in the event of an emergency shall company engineers be used as witnesses and they shall not be permitted to witness tests on their employer's property; (3) instruct all personnel in the proper operation of measuring equipment and procedure

in conducting the tests; (4) calibrate all metering equipment; (5) Furnish, calculate, record and file all gas measurement charts and records; (6) compute all gas/oil ratios; (7) determine whether the test was properly conducted and if necessary schedule retests; (8) refuse to test wells not properly equipped in accordance with approved hookup.

3. Witness

The witness shall supervise: (1) the installation of the gas measuring equipment; (2) the proper operation of the equipment ; (3) the proper gauging of the lease tanks to accurately determine the production of oil and water; (4) the proper recording of the pertinent data required; (5) the placing of seals ^{on} locking devices; (6) the witness shall take such other action as may be necessary to accomplish the desired purpose.

4. Manner of Testing

- a. For the purpose of stabilization, each well shall be produced for a period of 24 hours at a rate as nearly as possible to the normal manner of operation but not less than the daily allowable the well would have without gas/oil ration adjustment
- b. Tanks shall be gauged by the witness at the beginning and end of this stabilization period.
- c. No change shall be made which affects the rate of production during the last 12 hours of the stabilization period and during the entire test period.
- d. The test period shall consist of 24 hours. Oil and gas shall be gauged for the full period.
- e. In case of a stop-cocked well, the oil and gas shall be measured for the time it is produced.

- f. If for any reason gas should be withdrawn from the casing, this volume of gas shall be added to that produced through tubing in computing the gas/oil ratio and such gas shall be measured for the full 48 hours of stabilization and test periods, and the largest volume whether the first or second 24 hour period, shall be used in computing the gas/oil ratio.
- g. For gas-lift or jetted wells, the total volume of gas to be used in computing the operating gas/oil ratio is the total output volume minus the total input volume. The total input volume must be metered.

5. Liquid Measurements

- a. All tanks shall be gauged to the nearest 1/8 inch. Care should be exercised to keep the gauge line taut and in case there are ripples or foam on the oil surface the tank should be allowed to stand until the fluid reaches equilibrium and the foam can be brushed aside.
- b. Tanks shall be thieved immediately before and after the test and water percentage determined in accordance with A.P.I. specifications.
- c. The total volume of liquid produced shall be calculated in accordance with the latest strapping tables of the tanks.
- d. The net volume of oil shall be the total volume of fluid less the volume of B.S. and W. as determined by Paragraph "b" above.
- e. Fluid level in the separator must be maintained relatively constant such that the oil dump valve is covered at all times by at least 12 inches of liquid.
- f. If it is necessary to use a flow tank for the separation of water the water-oil level must be the same at the beginning and end of test.

- g. All liquid measurements shall be in barrels of 42 gallons and shall be carried to the second decimal.

6. Gas Measurement

- a. A calibrated pressure gauge shall be installed on each separator and readings taken periodically. In the event the operator chooses to conduct the test at a separator pressure in excess of 100#, a recording pressure gauge will be installed on the separator and the measured gas/oil ratio shall be increased by the measured or calculated volume of gas going to the tanks. Calculated volume shall be based on the gas-solubility vs. pressure curves for the field or area in which the well is located.
- b. For computing the volume of all gas produced the standard of pressure shall be 10 oz. above an atmospheric pressure of 14.4 lbs. per sq. in. the standard temperature shall be 60° F. and the standard of specific gravity shall be 0.85 as compared to air. All measurements of gas shall be adjusted by computation to these standards. In case the gas measurement is made at a pressure in excess of 100#, the measurement shall be adjusted in accordance to deviation from Boyles Law. Gas volumes will be computed in cubic feet and gas/oil ratios in cubic feet per barrel of oil.
- c. Only 24 hour recording type gas measuring devices shall be used.
- d. Orifice well testers, orifice meters and side pressure test nipples are approved. Side pressure nipples shall be used only when it is necessary to measure volumes larger than can conveniently be measured by orifice meter. A standard set of tables for each device will be on file in the office of the Deputy of the Commission.

7. Any well that cannot be tested, under the preceding rules shall be referred to the Oil Conservation for special consideration and rules.
8. 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.
9. (a) A marginal unit is one which did not produce the acreage allowable for the pool in which the well is located during the standard gas/oil ratio test.

(b) The ability of a marginal unit to produce as determined by its standard gas/oil ratio test shall be taken as the normal allowable of such a unit.
10. The normal oil allowable of a non-marginal unit is the allowable it will receive before the gas/oil ratio adjustment is applied.
11. A standard gas/oil ratio test shall be made on each well or unit in accordance with the rules as provided herein once each year. The tests shall be made not more than 60 days prior to the effective date of the gas/oil ratio survey for the pool in which the well or unit is located, as shown in Exhibit A attached.
12. A standard gas/oil ratio test shall be made within 30 days after the completion of a new well, remedial work, work-over, clean-out, acidization or any changes which affect subsurface producing conditions. The effective date of such tests shall be the beginning of the next succeeding monthly proration period except that the Commission must be notified that the well or unit is ready for test at least five days before the beginning of such proration period. Tests shall not be required due to changes in choke opening or in subsurface pumping equipment unless requested by the owner or operator of the well or unit. All wells included in this section shall be re-tested on the next regular survey either annual or semi-annual.

13. A standard gas/oil ratio test shall be made at the discretion of the Commission or its duly authorized deputy on any well or unit whenever a written request is submitted to the Commission or its duly authorized deputy by any operator in the pool in which the well or unit is located. Also, tests may be made on any wells selected by the Commission or its deputy for any reason whatsoever. The effective date of such tests shall be the same as provided in paragraph 12 above.
14. A standard gas/oil ratio test shall be made semi-annually on all wells tested in accordance with paragraphs 11 and 13 above, which wells on the preceding test, had a gas/oil ratio in excess of 80% of the maximum provided for the pool in which the well is located. 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.
15. Wells which have not had a standard gas/oil ratio test made at the effective date for the pool in which the well is located shall receive no oil allowable until the succeeding monthly proration period after a test has been made.
16. The oil allowable of each well or unit producing with a gas/oil ratio in excess of the maximum provided for the pool in which the well or unit is located shall be adjusted as hereinafter provided. The maximum gas/oil ratio permitted each pool and undesignated area is shown in Exhibit A attached.
17. The application of the gas/oil ratio adjustment shall be as follows:
 - a. The oil allocation shall be distributed to the various pools in the same manner used prior to February 1, 1940.

V b. In each pool, except Hobbs and Monument, the total amount of oil allocated to marginal units not subject to the gas/oil ratio adjustment shall first be subtracted from the pool total oil allocation. Each remaining unit shall be given a percentage rating the value of such rating depending upon its gas/oil ratio. Each unit having a gas/oil ratio equal to or less than the maximum permitted that pool shall be rated at 100. The rating of units having a gas/oil ratio in excess of the permitted maximum shall be calculated according to the following fraction:

$$\text{Rating} = \frac{\text{Pool maximum gas/oil ratio} \times 100}{\text{Unit gas/oil ratio}}$$

> The remaining oil shall be distributed to each remaining unit in the ratio that the rating of each unit bears to the sum of all ratings in the pool.

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 adjusted by high gas/oil ratio shall not exceed its normal allowable.

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 maximum gas/oil ratio and its normal oil

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

18. 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.
19. 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.
20. When remedial work has been completed on a unit an adjusted 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.
21. Units producing from a reservoir designated by the Commission as predominately gas-bearing shall be exempt from gas/oil ratio adjustments. Provided, however, that no unit producing from such a reservoir shall be allowed to produce more oil than the average top allowable of a unit for the county in which it is located.
22. Units producing gas only from a reservoir not designated as a gas reservoir, as provided in Section 21 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 by an oil well producing with a maximum gas/oil ratio permitted for that reservoir.

23. Marginal units produced primarily for gas sale in a reservoir, as described in Section 22 above, shall be permitted to produce a volume not to exceed that permitted in Section 22 above.
24. Wells in newly discovered or undesignated pools shall be allowed to produce with a limiting gas/oil ratio of 2,000 cubic feet per barrel for purposes of allocation until a hearing shall have been called and testimony presented upon which a ratio can be set. Such hearing shall be called and rules issued within six months after the completion of the discovery well or upon the completion of ten producing wells in the new pool, whichever occurs first.
25. For purposes of oil allowable adjustment, only those gas/oil ratios taken under the supervision of the Conservation Commission and by its duly accredited deputy shall be used. Insofar as the proration of oil is concerned, gas/oil ratios reported monthly on Form C-104A shall not be used.
26. Exemptions shall be granted only after duly advertised public hearing.
27. In any case where it appears that serious inequities to property rights, 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.

LEA COUNTY OPERATORS COMMITTEE

MINUTES OF A MEETING OF
LEA COUNTY OPERATORS COMMITTEE
HELD AT
FORT WORTH, TEXAS
JULY 10, 1940

In accordance with notice addressed to all Lea County Operators June 26, 1940, together with a copy of gas-oil ratio recommendations made by the Engineers Advisory Committee and Sub-Advisory Committee at their meetings held at Midland, Texas, June 19 and 20, 1940, a meeting of the Lea County Operators Committee was convened by A.M. McCorkle, Chairman, in the Worth Hotel, at Fort Worth, Texas, 9:30 A.M. July 10, 1940.

The following persons were present:

R.S. Christie	Amerada Petroleum Corp.	Ft. Worth, Texas
C.V. Millikan	Amerada Petroleum Corp.	Tulsa, Oklahoma
W.W. Scott	Atlantic Rfg. Co.	Dallas, Texas
J.S. Noland	Barnsdall Oil Company	Tulsa, Oklahoma
R.G. Gough	Continental Oil Co.	Ft. Worth, Texas
H.L. Johnston	Continental Oil Co.	Hobbs, New Mexico
J.P. Cusack	J.P. Cusack, Inc.	Midland, Texas
E.S. Calvert	Devonian Oil Company	Tulsa, Oklahoma
D.A. Powell	Drilling & Exploration Co., Inc.	Hobbs, New Mexico
Lloyd L. Gray	Gulf Oil Corporation	Tulsa, Oklahoma
Geo. P. Livermore	Great Western Prod. Inc.	Odessa, Texas
S.G. Sanderson	Gulf Oil Corporation	Tulsa, Oklahoma
R.S. Dewey	Humble Oil & Refining Co.	Midland, Texas
J.W. House	Humble Oil & Refining Co.	Midland, Texas
Ed Downing	Magnolia Petroleum Company	Kermit, Texas
S.P. Hannifin	Magnolia Petroleum Company	Roswell, New Mexico
J.B. Wheeler	Ohio Oil Company	Houston, Texas
Glenn Bish	Ohio Oil Company	Houston, Texas
B.D. Baker	Parker Drilling Company	Ft. Worth, Texas
Neville G. Penrose	Neville G. Penrose, Inc.	Ft. Worth, Texas
D.R. McKeithan	Phillips Petroleum Company	Bartlesville, Okla.
Paul N. Colliston	Phillips Petroleum Company	Midland, Texas
Paul A. McDermott	Repollo Oil Company	Ft. Worth, Texas
F.W. Brigance	Rowan Drilling Co.	Ft. Worth, Texas
O.D. Crites	Shell Oil Company, Inc.	Houston, Texas
R.G. Schuehle	Shell Oil Company, Inc.	Midland, Texas
H.J. Kemler	Shell Oil Company, Inc.	Midland, Texas
M. Albertson	Shell Oil Company, Inc.	Houston, Texas
George W. Selinger	Skelly Oil Co.	Tulsa, Oklahoma
J.N. Dunlavy	Skelly Oil Co.	Hobbs, New Mexico
G.H. Card	Stanolind Oil & Gas Company	Ft. Worth, Texas
F.E. Heath	Sun Oil Company	Dallas, Texas
C.E. Yager	Texas Pacific Coal & Oil Co.	Ft. Worth, Texas

The proposed recommendations for the promulgation of a final order governing gas-oil ratios for the various fields in Lea County, New Mexico, in lieu of Gas-Oil Ratio Order #250, were discussed at length and, with a few more or less minor changes, were unanimously adopted and the Chairman was instructed to request the New Mexico Oil Conservation Commission to call a hearing at Santa Fe, New Mexico on the 29th day of July, 1940, or at any other proximate date which might be more convenient to them, at which time the above referred to recommendations would be presented to the Commission for consideration in adopting a permanent gas-oil ratio order.

A copy of the revised recommendations is attached hereto.

On motion duly made and seconded, Harry Leonard was unanimously elected a member of the Executive Committee to fill vacancy caused by resignation of B.A. Bowers.

The chairman informed the meeting that the plans for the new office building for the Umpire at Hobbs, New Mexico, had been revised and re-submitted to various contractors for new bids and that construction will be commenced as soon as possible after new bids have been approved by the Executive Committee.

The meeting was adjourned at 1:15 P.M.

For your information, the personnel of the Executive, Sub-Advisory, and Engineers Advisory Committees are now as follows:

EXECUTIVE COMMITTEE

H.E. Marsh	Amerada Petroleum Corporation
H.B. Hurley	Continental Oil Company
S.C. Sanderson	Gulf Oil Corporation
John R. Suman	Humble Oil & Refining Company
Harry Leonard	Leonard Oil Company
H.J. Kemler	Shell Oil Company, Inc.
J.N. Dunlavey	Skelly Oil Company
A.M. McCorkle, Chairman	Stanolind Oil & Gas Company
H.S. Cole, Jr.	The Texas Company

SUB-ADVISORY COMMITTEE

Edgar Kraus	Atlantic Refining Company
Hugh Johnston	Continental Oil Company
D.A. Powell	Drilling & Exploration Co.
J.W. House	Humble Oil & Refining Co.
H.J. Kemler, Vice-Chairman	Shell Oil Company, Inc.
A.M. McCorkle, Chairman	Stanolind Oil & Gas Co.
H.S. Cole, Jr.	The Texas Company

ENGINEERS ADVISORY COMMITTEE

R.S. Christie	Amerada Petroleum Corporation
L.L. Gray	Gulf Oil Corporation
R.S. Dewey	Humble Oil & Refining Company
J.E. Warren	Carl B. King Drlg. Co.
P.F. Colliston	Phillips Petroleum Company
Robert Schuehle	Shell Oil Co., Inc.
C.G. Staley, Ump.	Lea County Operators Committee

Sgd. A.M. McCorkle
Chairman

The New Mexico (Lea County) operators respectfully recommend to the New Mexico Conservation Commission the adoption of a permanent gas-oil ratio order which will incorporate in its provisions the following points or ideas:

All operating gas-oil ratio tests shall be taken by or under the supervision of the State Oil Conservation Commission.

1. Operator

The operator shall: (1) in accordance with existing rules and regulations of the Conservation Commission, equip each well to make conveniently a gas-oil ratio test, and shall equip same in accordance with an approved hookup; (2) furnish the Deputy of the Commission a complete list of his wells showing the type of metering equipment best adaptable for accurate gas measurement in accordance with rules contained herein. Such information shall include the size of vent line, size of orifice flange or connection available, and if possible, the desirable size of orifice in the orifice plate; (3) furnish sufficient and qualified lease labor to install and manipulate all lease equipment, including the installation and/or changing orifice, raising or lowering vent lines, etc., in preparation for and during gas-oil ratio tests conducted in accordance with this order.

2. Oil Conservation Commission

The Oil Conservation Commission shall: (1) Assemble the information supplied by the operators as recommended above, and arrange test schedule; (2) assign engineers to supervise tests. Only in the event of an emergency shall company engineers be used as witnesses and they shall not be permitted to witness tests on their employer's property; (3) instruct all personnel in the proper operation of measuring equipment and procedure in conducting the test; (4) calibrate all metering equipment; (5) furnish, calculate, record and file all gas measurement charts and records; (6) compute all gas-oil ratios; (7) determine whether the test was properly conducted and if necessary schedule retests; (8) refuse to test wells not properly equipped in accordance with approved hookup.

3. Witness

The witness shall supervise: (1) the installation of the gas measuring equipment; (2) the proper operation of the equipment; (3) the proper gauging of the lease tanks to accurately determine the production of oil and water; (4) the proper recording of the pertinent data required; (5) the placing of seals on locking devices; (6) the witness shall take such other action as may be necessary to accomplish the desired purpose.

4. Manner of Testing

- a. For the purpose of stabilization, each well shall be produced for a period of 24 hours at a rate as nearly as possible to the normal manner of operation but not less than the daily allowable the well would have without gas-oil ratio adjustment.
- b. Tanks shall be gauged by the witness at the beginning and end of this stabilization period.
- c. No change shall be made which affects the rate of production during the last 12 hours of the stabilization period and during the entire test period.
- d. The test period shall consist of 24 hours. Oil and gas shall be gauged for the full period.
- e. In case of a stop-cocked well, the oil and gas shall be measured for the time it is produced.
- f. If for any reason gas should be withdrawn from the casing, this volume of gas shall be added to that produced through tubing in computing the gas-oil ratio and such gas shall be measured for the full 48 hours of stabilization and test periods, and the largest volume whether the first or second 24 hour period, shall be used in computing the gas-oil ratio.
- g. For gas-lift or jetted wells, the total volume of gas to be used in computing the operating gas-oil ratio is the total output volume minus the total input volume. The total input volume must be metered.

5. Liquid Measurements

- a. All tanks shall be gauged to the nearest 1/8 inch. Care should be exercised to keep the gauge line taut and in case there are ripples or foam on the oil surface the tank should be allowed to stand until the fluid reaches equilibrium and the foam can be brushed aside.
- b. Tanks shall be thieved immediately before and after the test and water percentage determined in accordance with A.P.I. specifications.
- c. The total volume of liquid produced shall be calculated in accordance with the latest strapping tables of the tanks.
- d. The net volume of oil shall be the total volume of fluid less the volume of B.S. and W. as determined by Paragraph "b" above.
- e. Fluid level in the separator must be maintained relatively constant such that the oil dump valve is covered at all times by at least 12 inches of liquid.
- f. If it is necessary to use a flow tank for the separation of water the water-oil level must be the same at the beginning and end of test.
- g. All liquid measurements shall be in barrels of 42 gallons and shall be carried to the second decimal.

6. Gas Measurement

- a. A calibrated pressure gauge shall be installed on each separator and readings taken periodically. In the event the operator chooses to conduct the test at a separator pressure in excess of 100#, a recording pressure gauge will be installed on the separator and the measured gas-oil ratio shall be increased by the measured or calculated volume of gas going to the tanks. Calculated volume shall be based on the gas-solubility vs pressure curves for the field or area in which the well is located.
- b. For computing the volume of all gas produced the standard of pressure shall be 10 oz. above an atmospheric pressure of 14.4 lbs. per sq. in. the standard temperature shall be 60° F. and the standard of specific gravity shall be 0.85 as compared to air. All measurements of gas shall

be adjusted by computation to these standards. In case the gas measurement is made at a pressure in excess of 100#, the measurement shall be adjusted in accordance to deviation from Boyles Law. Gas volumes will be computed in cubic feet and gas-oil ratios in cubic feet per barrel of oil.

- c. Only 24 hour recording type gas measuring devices shall be used.
 - d. Orifice well testers, orifice meters and side pressure test nipples are approved. Side pressure nipples shall be used only when it is necessary to measure volumes larger than can conveniently be measured by orifice meter. A standard set of tables for each device will be on file in the office of the Deputy of the Commission.
7. Any well that cannot be tested, under the preceding rules shall be referred to the Oil Conservation Commission for special consideration and rules.
 8. 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.
 9.
 - a. A marginal unit is one which did not produce the acreage allowable for the pool in which the well is located during the standard gas-oil ratio test.
 - b. The ability of a marginal unit to produce as determined by its standard gas-oil ratio test shall be taken as the normal allowable of such a unit.
 10. The normal oil allowable of a non-marginal unit is the allowable it will receive before the gas-oil ratio adjustment is applied.
 11. A standard gas-oil ratio test shall be made on each well or unit in accordance with the rules as provided herein once each year. The tests shall be made not more than 60 days prior to the effective date of the gas-oil ratio survey for the pool in which the well or unit is located, as shown in Exhibit A attached.
 12. A standard gas-oil ratio test shall be made within 30 days after the completion of a new well, remedial work, work-over, clean-out, acidization or any changes which affect subsurface producing conditions. The effective date

of such tests shall be the beginning of the next succeeding monthly proration period except that the Commission must be notified that the well or unit is ready for test at least five days before the beginning of such proration period. Tests shall not be required due to changes in choke opening or in subsurface pumping equipment unless requested by the owner or operator of the well or unit. All wells included in this section shall be retested on the next regular survey either annual or semi-annual.

13. A standard gas-oil ratio test shall be made at the discretion of the Commission or its duly authorized deputy on any well or unit whenever a written request is submitted to the Commission or its duly authorized deputy by any operator in the pool in which the well or unit is located. Also, tests may be made on any wells selected by the Commission or its deputy for any reason whatsoever. The effective date of such tests shall be the same as provided in paragraph 12 above.
14. A standard gas-oil ratio test shall be made semi-annually on all wells tested in accordance with paragraphs 11 and 13 above, which wells on the preceding test, had a gas-oil ratio in excess of 80% of the maximum provided for the pool in which the well is located. 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.
15. Wells which have not had a standard gas-oil ratio test made at the effective date for the pool in which the well is located shall receive no oil allowable until the succeeding monthly proration period after a test has been made.
16. The oil allowable of each well or unit producing with a gas-oil ratio in excess of the maximum provided for the pool in which the well or unit is located shall be adjusted as hereinafter provided. The maximum gas-oil ratio permitted each pool and undesignated area is shown in Exhibit A attached.
17. The application of the gas-oil ratio adjustment shall be as follows:
 - a. The oil allocation shall be distributed to the various pools in the same manner used prior to February 1, 1940.

In each pool, except Hobbs and Monument, the total amount of oil allocated to marginal units not subject to the gas-oil ratio adjustment shall first be subtracted from the pool total oil allocation. Each remaining unit shall be given a percentage rating the value of such rating depending upon its gas-oil ratio. Each unit having a gas-oil ratio equal to or less than the maximum permitted that pool shall be rated at 100. The rating of units having a gas-oil ratio in excess of the permitted maximum shall be calculated according to the following fraction:

$$\text{rating} = \frac{\text{pool maximum gas-oil ratio} \times 100}{\text{unit gas-oil ratio}}$$

The remaining oil shall be distributed to each remaining unit in the ratio that the rating of each unit bears to the sum of all ratings in the pool.

- 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 adjusted by high gas-oil ratio shall not exceed its normal allowable.

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

- 18. 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.

19. 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.
20. When remedial work has been completed on a unit an adjusted 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.
21. Units producing from a reservoir designated by the Commission as predominately gas-bearing shall be exempt from gas-oil ratio adjustments. Provided, however, that no unit producing from such a reservoir shall be allowed to produce more oil than the average top allowable of a unit for the county in which it is located.
22. Units producing gas only from a reservoir not designated as a gas reservoir, as provided in Section 21 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 by an oil well producing with a maximum gas-oil ratio permitted for that reservoir.
23. Marginal units produced primarily for gas sale in a reservoir, as described in Section 22 above, shall be permitted to produce a volume not to exceed that permitted in Section 22 above.
24. Wells in newly discovered or undesignated pools shall be allowed to produce with a limiting gas-oil ratio of 2,000 cubic feet per barrel for purposes of allocation until a hearing shall have been called and testimony presented upon which a ratio can be set. Such hearing shall be called and rules issued within six months after the completion of the discovery well or upon the completion of ten producing wells in the new pool, whichever occurs first.
25. For purposes of oil allowable adjustment, only those gas-oil ratios taken under the supervision of the Conservation Commission and by its duly accredited deputy shall be used. Insofar as the proration of oil is concerned, gas-oil ratios reported monthly on Form C-104A shall not be used.

26. Exemptions shall be granted only after duly advertised public hearing.
27. In any case where it appears that serious inequities to property rights, 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.

EXHIBIT AEFFECTIVE DATE OR GAS-OIL RATIO SURVEYS

FIELD	TOTAL WELLS	COMMISSION MAXIMUM GAS-OIL RATIO	EFFECTIVE DATE			
			ANNUAL SURVEY		SEMI-ANNUAL SURVEY	
Arrowhead	73	5000	March	1	September	1
Cooper	90	10000	April	1	October	1
Corbin	1		March	1	September	1
Eaves	19	7000	April	1	October	1
Eunice	491	7000	June	1	December	1
Halfway	4		March	1	September	1
Hardy	117	7000	October	1	April	1
Hobbs	251	4000	October	1	April	1
Jal	19	10000	March	1	September	1
Langlie	126	7000	December	1	June	1
Lynch	10		March	1	September	1
N. Lynch	2		March	1	September	1
Lynn	25	5000	March	1	September	1
Mattix	143	7000	December	1	June	1
Monument	493	6000	August	1	February	1
North Penrose)	177	7000	January	1	July	1
South Penrose)			January	1	July	1
Rhodes	6	5000	April	1	October	1
Skaggs	3	5000	March	1	September	1
Skelly	68	7000	January	1	July	1
South Eunice	65	7000	March	1	September	1
West Eunice	6		March	1	September	1
South Lovington	34	2000	July	1	January	1
Vacuum	300	2000	July	1	January	1

Artesia, New Mexico
July 16, 1940

EDDY COUNTY OPERATORS

GENTLEMEN:

Attached hereto you will find suggestions to the Oil Conservation Commission relative to a permanent gas-oil ratio order, and an order calling for a hearing before the Commission in Santa Fe July 29, 1940.

While the suggestions to the Commission by the Lea County operators were intended to apply to Lea County only, any order written by the Commission will, doubtless, be applicable to the State as a whole. Therefore, I am suggesting that each operator in Eddy County make a study of the Lea County suggestions and if there are any additions or changes the writer will be glad to present them to the Commission for its consideration at the meeting to be held on the 29th.

Yours very truly,

Van S. Welch
Chairman Eddy County Operators

The New Mexico (Lea County) operators respectfully recommend to the New Mexico Conservation Commission the adoption of a permanent gas-oil ratio order which will incorporate in its provisions the following points or ideas:

All operating gas-oil ratio tests shall be taken by or under the supervision of the State Oil Conservation Commission.

1. Operator

The operator shall: (1) in accordance with existing rules and regulations of the Conservation Commission, equip each well to make conveniently a gas-oil ratio test, and shall equip same in accordance with an approved hookup; (2) furnish the Deputy of the Commission a complete list of his wells showing the type of metering equipment best adaptable for accurate gas measurement in accordance with rules contained herein. Such information shall include the size of vent line, size of orifice flange or connection available, and if possible, the desirable size of orifice in the orifice plate; (3) furnish sufficient and qualified lease labor to install and manipulate all lease equipment, including the installation and/or changing orifice, raising or lowering vent lines, etc., in preparation for and during gas-oil ratio tests conducted in accordance with this order.

2. Oil Conservation Commission

The Oil Conservation Commission shall: (1) Assemble the information supplied by the operators as recommended above, and arrange test schedule; (2) assign engineers to supervise tests. Only in the event of an emergency shall company engineers be used as witnesses and they shall not be permitted to witness tests on their employer's property; (3) instruct all personnel in the proper operation of measuring equipment and procedure in conducting the test; (4) calibrate all metering equipment; (5) furnish, calculate, record and file all gas measurement charts and records; (6) compute all gas-oil ratios; (7) determine whether the test was properly conducted and if necessary schedule retests; (8) refuse to test wells not properly equipped in accordance with approved hookup.

3. Witness

The witness shall supervise: (1) the installation of the gas measuring equipment; (2) the proper operation of the equipment; (3) the proper gauging of the lease tanks to accurately determine the production of oil and water; (4) the proper recording of the pertinent data required; (5) the placing of seals on locking devices; (6) the witness shall take such other action as may be necessary to accomplish the desired purpose.

4. Manner of Testing

- a. For the purpose of stabilization, each well shall be produced for a period of 24 hours at a rate as nearly as possible to the normal manner of operation but not less than the daily allowable the well would have without gas-oil ratio adjustment.
- b. Tanks shall be gauged by the witness at the beginning and end of this stabilization period.
- c. No change shall be made which affects the rate of production during the last 12 hours of the stabilization period and during the entire test period.
- d. The test period shall consist of 24 hours. Oil and gas shall be gauged for the full period.
- e. In case of a stop-cocked well, the oil and gas shall be measured for the time it is produced.
- f. If for any reason gas should be withdrawn from the casing, this volume of gas shall be added to that produced through tubing in computing the gas-oil ratio and such gas shall be measured for the full 48 hours of stabilization and test periods, and the largest volume whether the first or second 24 hour period, shall be used in computing the gas-oil ratio.
- g. For gas-lift or jetted wells, the total volume of gas to be used in computing the operating gas-oil ratio is the total output volume minus the total input volume. The total input volume must be metered.

5. Liquid Measurements

- a. All tanks shall be gauged to the nearest $1/8$ inch. Care should be exercised to keep the gauge line taut and in case there are ripples or foam on the oil surface the tank should be allowed to stand until the fluid reaches equilibrium and the foam can be brushed aside.
- b. Tanks shall be thieved immediately before and after the test and water percentage determined in accordance with A.P.I. specifications.
- c. The total volume of liquid produced shall be calculated in accordance with the latest strapping tables of the tanks.
- d. The net volume of oil shall be the total volume of fluid less the volume of B.S. and W. as determined by Paragraph "b" above.
- e. Fluid level in the separator must be maintained relatively constant such that the oil dump valve is covered at all times by at least 12 inches of liquid.
- f. If it is necessary to use a flow tank for the separation of water the water-oil level must be the same at the beginning and end of test.
- g. All liquid measurements shall be in barrels of 42 gallons and shall be carried to the second decimal.

6. Gas Measurement

- a. A calibrated pressure gauge shall be installed on each separator and readings taken periodically. In the event the operator chooses to conduct the test at a separator pressure in excess of 100#, a recording pressure gauge will be installed on the separator and the measured gas-oil ratio shall be increased by the measured or calculated volume of gas going to the tanks. Calculated volume shall be based on the gas-solubility vs pressure curves for the field or area in which the well is located.
- b. For computing the volume of all gas produced the standard of pressure shall be 10 oz. above an atmospheric pressure of 14.4 lbs. per sq. in. the standard temperature shall be 60° F. and the standard of specific gravity shall be 0.85 as compared to air. All measurements of gas shall

be adjusted by computation to these standards. In case the gas measurement is made at a pressure in excess of 100#, the measurement shall be adjusted in accordance to deviation from Boyles Law. Gas volumes will be computed in cubic feet and gas-oil ratios in cubic feet per barrel of oil.

- c. Only 24 hour recording type gas measuring devices shall be used.
 - d. Orifice well testers, orifice meters and side pressure test nipples are approved. Side pressure nipples shall be used only when it is necessary to measure volumes larger than can conveniently be measured by orifice meter. A standard set of tables for each device will be on file in the office of the Deputy of the Commission.
7. Any well that cannot be tested, under the preceding rules shall be referred to the Oil Conservation Commission for special consideration and rules.
 8. 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.
 9.
 - a. A marginal unit is one which did not produce the acreage allowable for the pool in which the well is located during the standard gas-oil ratio test.
 - b. The ability of a marginal unit to produce as determined by its standard gas-oil ratio test shall be taken as the normal allowable of such a unit.
 10. The normal oil allowable of a non-marginal unit is the allowable it will receive before the gas-oil ratio adjustment is applied.
 11. A standard gas-oil ratio test shall be made on each well or unit in accordance with the rules as provided herein once each year. The tests shall be made not more than 60 days prior to the effective date of the gas-oil ratio survey for the pool in which the well or unit is located, as shown in Exhibit A attached.
 12. A standard gas-oil ratio test shall be made within 30 days after the completion of a new well, remedial work, work-over, clean-out, acidization or any changes which affect subsurface producing conditions. The effective date

of such tests shall be the beginning of the next succeeding monthly proration period except that the Commission must be notified that the well or unit is ready for test at least five days before the beginning of such proration period. Tests shall not be required due to changes in choke opening or in subsurface pumping equipment unless requested by the owner or operator of the well or unit. All wells included in this section shall be retested on the next regular survey either annual or semi-annual.

13. A standard gas-oil ratio test shall be made at the discretion of the Commission or its duly authorized deputy on any well or unit whenever a written request is submitted to the Commission or its duly authorized deputy by any operator in the pool in which the well or unit is located. Also, tests may be made on any wells selected by the Commission or its deputy for any reason whatsoever. The effective date of such tests shall be the same as provided in paragraph 12 above.
14. A standard gas-oil ratio test shall be made semi-annually on all wells tested in accordance with paragraphs 11 and 13 above, which wells on the preceding test, had a gas-oil ratio in excess of 80% of the maximum provided for the pool in which the well is located. 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.
15. Wells which have not had a standard gas-oil ratio test made at the effective date for the pool in which the well is located shall receive no oil allowable until the succeeding monthly proration period after a test has been made.
16. The oil allowable of each well or unit producing with a gas-oil ratio in excess of the maximum provided for the pool in which the well or unit is located shall be adjusted as hereinafter provided. The maximum gas-oil ratio permitted each pool and undesignated area is shown in Exhibit A attached.
17. The application of the gas-oil ratio adjustment shall be as follows:
 - a. The oil allocation shall be distributed to the various pools in the same manner used prior to February 1, 1940.

In each pool, except Hobbs and Monument, the total amount of oil allocated to marginal units not subject to the gas-oil ratio adjustment shall first be subtracted from the pool total oil allocation. Each remaining unit shall be given a percentage rating the value of such rating depending upon its gas-oil ratio. Each unit having a gas-oil ratio equal to or less than the maximum permitted that pool shall be rated at 100. The rating of units having a gas-oil ratio in excess of the permitted maximum shall be calculated according to the following fraction:

$$\text{rating} = \frac{\text{pool maximum gas-oil ratio} \times 100}{\text{unit gas-oil ratio}}$$

The remaining oil shall be distributed to each remaining unit in the ratio that the rating of each unit bears to the sum of all ratings in the pool.

- 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 adjusted by high gas-oil ratio shall not exceed its normal allowable.

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

18. 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.

19. 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.
20. When remedial work has been completed on a unit an adjusted 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.
21. Units producing from a reservoir designated by the Commission as predominately gas-bearing shall be exempt from gas-oil ratio adjustments. Provided, however, that no unit producing from such a reservoir shall be allowed to produce more oil than the average top allowable of a unit for the county in which it is located.
22. Units producing gas only from a reservoir not designated as a gas reservoir, as provided in Section 21 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 by an oil well producing with a maximum gas-oil ratio permitted for that reservoir.
23. Marginal units produced primarily for gas sale in a reservoir, as described in Section 22 above, shall be permitted to produce a volume not to exceed that permitted in Section 22 above.
24. Wells in newly discovered or undesignated pools shall be allowed to produce with a limiting gas-oil ratio of 2,000 cubic feet per barrel for purposes of allocation until a hearing shall have been called and testimony presented upon which a ratio can be set. Such hearing shall be called and rules issued within six months after the completion of the discovery well or upon the completion of ten producing wells in the new pool, whichever occurs first.
25. For purposes of oil allowable adjustment, only those gas-oil ratios taken under the supervision of the Conservation Commission and by its duly accredited deputy shall be used. Insofar as the proration of oil is concerned, gas-oil ratios reported monthly on Form C-104A shall not be used.

*E.P. Quinn
8/25/67*

26. Exemptions shall be granted only after duly advertised public hearing.
27. In any case where it appears that serious inequities to property rights, 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.

E X H I B I T A

EFFECTIVE DATE OR GAS-OIL RATIO SURVEYS

FIELD	TOTAL WELLS	COMMISSION MAXIMUM GAS-OIL RATIO	EFFECTIVE DATE			
			ANNUAL SURVEY		SEMI-ANNUAL SURVEY	
Arrowhead	73	5000	March	1	September	1
Cooper	90	10000	April	1	October	1
Corbin	1		March	1	September	1
Eaves	19	7000	April	1	October	1
Eunice	491	7000	June	1	December	1
Halfway	4		March	1	September	1
Hardy	117	7000	October	1	April	1
Hobbs	251	4000	October	1	April	1
Jal	19	10000	March	1	September	1
Langlie	126	7000	December	1	June	1
Lynch	10		March	1	September	1
N. Lynch	2		March	1	September	1
Lynn	25	5000	March	1	September	1
Mattix	143	7000	December	1	June	1
Monument	493	6000	August	1	February	1
North Penrose)	177	7000	January	1	July	1
South Penrose)			January	1	July	1
Rhodes	6	5000	April	1	October	1
Skaggs	3	5000	March	1	September	1
Skelly	68	7000	January	1	July	1
South Eunice	65	7000	March	1	September	1
West Eunice	6		March	1	September	1
South Lovington	34	2000	July	1	January	1
Vacuun	300	2000	July	1	January	1

September 18, 1940

C
Mr. R. S. Dewey
Humble Oil & Refining Company
Midland, Texas

Dear Sirs:

O
I wish to thank you for your suggestion and constructive criticism regarding Rule 26 of the proposed regulations covering gas-oil ratios.

P
We have placed this letter in our files and will discuss it with our attorney, Mr. Livingston, when we take final action on the proposed regulations.

Y
Very truly yours,

A. Andreas
State Geologist

AA:ik

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS
September 4, 1940

J. W. HOUSE

RECEIVED
STATE ENGINEER
SEP 6 11 07 AM '40
SANTA FE, N.M.

Mr. Frank Worden,
New Mexico Conservation Commission,
Sante Fe, New Mexico.

Dear Sir:

Pursuant to our conversation and your request, I submit a possible clarification of Rule 26 in the proposed regulations covering gas-oil ratios. At present this rule reads as follows: " -- Exemptions shall be granted only after duly advertised public hearings".

At the present time, the policy of the New Mexico Conservation Commission is to grant temporary exemptions to current gas-oil ratio orders. This policy might be continued in order to expedite the handling of exemptions demanding quick action. However, the majority of the operators felt that before a permanent exemption were granted, that any or all operators in the same pool in which exemption were granted, should have the opportunity to review the basis on which the exemption were requested and present testimony thereon, should they desire to do so. Every four or six months, or in conjunction with other called hearings, the New Mexico Conservation Commission might include in the call for the hearing, the request for testimony on the outstanding temporary exemptions then in effect. As a result of the hearing, the New Mexico Conservation Commission could either make the temporary exemptions permanent, or cancel them. Two or three hearings per year at which exemptions may be considered will not prove too burdensome to either the New Mexico Conservation Commission or the operators and will afford all interested parties an opportunity to obtain the facts relative to requests for exemptions and to present their views relative thereto.

Very truly yours,

J. W. HOUSE,

BY *R. S. Dewey*
R. S. Dewey

RSD:dhv
cc WEH.

NEW MEXICO
OIL CONSERVATION COMMISSION

RECEIVED
AUG 12 1940

Aug. 11, 1940.

Honorable John E. Miles, Governor
and Chairman, New Mexico Oil and
Gas Conservation Commission.
Santa Fe,
New Mexico:

Dear Sir;

On July 29th 1940 your special hearing on Gas*-Oil Ratios was recessed to August 12th. During this period the operators were to present to the Conservation Commission any pertinent suggestions concerning the problem of Gas-Oil Ratios in Lee County.

The Lee County Operators Committee presented a set of recommended regulations and Sun Oil Company has no objections to offer concerning same. We do feel that items 26 and 27 could be elaborated a bit to make them more workable and wish to suggest for your consideration the following:

26. "Exemptions shall be granted only after duly advertised public hearing" and after all offset operators to unit and tract in question shall have received notice of hearing by mail.

The purpose of the above would be to permit the applicant to obtain from such offset operators waivers of objections to the proposed objection after reviewing the applicants well condition. It would permit the elimination of unnecessary attendance, by such directly interested operators, at hearings at Santa Fe and would simplify the Commission's deliberations a great deal. Any contest would be clear and concise.

27. The Commission might wish to incorporate in this section a provision for the filing of objections or waivers by mail with the provision that such waivers shall not force the Commission to act in the affirmative.

This has been covered in a letter to Mr. A. M. McCorkle Chairman of the Lee County Operators Committee and he advises that time does not permit a full discussion by the operators and suggests this procedure on our part.

We would like to make this a part of the hearing on this subject and have this letter introduced as evidence.

Yours truly,

Sun Oil Company.

Carl
Hon. Frank Jordan, State Land Commissioner and Conservation Commissioner.

Hon. A. Andreas, State Geologist and Conservation Commissioner.
A. M. McCorkle, Stanolind Oil and Gas Co., Houston, Texas.

Jno. G. Pew, Sun Oil Co., Dallas, Texas.

MR. C. C. CRAGIN
EL PASO NATURAL GAS COMPANY
EL PASO, TEXAS

IN ORDER TO RETAIN JURISDICTION COMMISSION
MUST MEET ON DATE TO WHICH MEETING WAS RECESSED
AND THEN MAY PROMULGATE ORDER OF CONTINUANCE
TO AUGUST 26th.

August 8, 1940

Honorable James M. Murray
Hobbs, New Mexico

Re: Case No. 21, Gas-Oil Ratios.

Murray-Fanning No. 1 Gas Well,
Sec. 33-236-37E, Skelly Area.

Dear Mr. Murray:

Reference is made to your request of August 7 wherein you desire the Commission to declare the above captioned well as a dry gas well and in-applicable to the proposed final gas-oil ratio order which may in the future be adopted.

This matter will be brought to the attention of the Commission.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik

cc- Mr. T. B. Suddreth
Hobbs, New Mexico

cc- Mr. B. A. Bowers
Petroleum Engineer
Hobbs, New Mexico

C
O
P
Y

August 8, 1940

Mr. C. P. Dimit, Vice-President
Phillips Petroleum Company
Bartlesville, Oklahoma

My dear Mr. Dimit: Re: Case No. 21, Gas-Oil Ratios.

Reference is made to your letter of August 5,
which will be brought to the attention of the Com-
mission.

It is especially noted that you desire that the
exemptions granted on the C. D. Woolworth Lease in the
Cooper Field be continued under whatever other final
gas-oil ratio order is adopted.

Please remember me very kindly to Mr. Hayes McCoy
of your Legal Department.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik

August 7, 1940

AIRMAIL

Mr. H. L. Johnston
Continental Oil Company
Hobbs, New Mexico

My dear Hugh:

Re: Case No. 21, adoption of final
order governing gas-oil ratios
in the various producing fields
in New Mexico.

Reference is made to your conversation by long distance with Mr. Worden relative to a continuance of the gas-oil ratio hearing noted in the caption from August 12th to August 26th.

It will be necessary for the Commission to meet on August 12th, the date to which the hearing was of record formally continued, and at that time the Commission can entertain and grant a request of continuance to the date desired. Mr. Worden states that Mr. Andreas is in Hobbs for the next two or three days, and you may discuss the matter of continuance with him.

Legally, the Commission cannot now take formal action of continuance, but the individual members of the Commission can consider the advisability of ordering a continuance when the Commission meets on August 12th.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
cc - Mr. A. Andreas
State Geologist
Oil Conservation Commission
Hobbs, New Mexico

AFFIDAVIT OF PUBLICATION

State of New Mexico, }
County of Lea }

I, THOMAS G. SUMMERS
PUBLISHER

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once ~~a week~~ in the regular and entire issue of said paper, and not in a supplement thereof for a period of _____

FIVE DAY weeks.

~~beginning~~ with the issue dated _____
JULY 12, 1940

~~and ending~~ with the issue dated _____, 193

Thomas G. Summers
Publisher.

Sworn and subscribed to before me this 13th day of JULY, 1940.

J. M. Barber
Notary Public.

My commission expires 10-17-43, 193
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

LEGAL NOTICE

Publish July 12, 1940
**NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

Pusuant 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 29th day of July, 1940, at ten o'clock A. M., for the purpose of considering the following:

Case No. 21

The adoption of a final order governing gas-oil ratios in the various producing fields in New Mexico.

Any person having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 11, 1940.

**OIL CONSERVATION
COMMISSION,**

By (Sgd.) John E. Miles,
Governor

(SEAL)

By (Sgd.) Frank Worden,
Commissioner of Public Lands

LEGAL NOTICE

**NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION**

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Case No. 21.

The adoption of a final order governing gas-oil ratios in the various producing fields in New Mexico.

Any person having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 11, 1940.

**OIL CONSERVATION
COMMISSION**

By (Sgd.) JOHN E. MILES,
(SEAL) Governor.

By (Sgd.) FRANK WORDEN,
Commissioner of Public Lands.

Published July 12, 1940.

Affidavit of Publication

State of New Mexico, }
County of Santa Fe } ss.

I, C. B. Floyd, being first duly sworn, declare and say that I am the (Business Manager) (~~Editor~~) of the "Santa Fe New Mexican," a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once each week for 1 consecutive weeks, and on the same day of each week in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, once each week for 1 weeks consecutively, the first publication being on the 12th day of July, 1940 and the last publication on the _____ day of _____, 19____; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

C. B. Floyd

Manager.

PUBLISHER'S BILL

38 lines, one time at \$ 3.04

_____ lines, _____ times, \$ _____

Tax \$ _____

Total - - - - - \$ 3.04

Received payment,

By _____

Subscribed and sworn to before me, this _____

13th day of July, A. D. 1940

Anna K. Ormsbee

Notary Public.

My Commission expires

June 9, 1941

July 15, 1940

AIRMAIL

Honorable A. M. McCorkle
Stanolind Oil & Gas Company
Fort Worth, Texas

My dear Mr. McCorkle:

Reference is made to the carbon copy of your letter of July 11 addressed to Governor Miles, in which letter was enclosed recommendations of the Lea County Operators Committee regarding a final order in gas-oil ratio matters.

On the same said date, the Commission met and ordered a hearing on July 29. The publication of the notice of hearing, a copy of which is enclosed, no doubt has now been completed.

With kindest personal regards,

Cordially yours,

Carl B. Livingston
Attorney

CBL:ik
Enc.

Harry Leonard
Roswell, New Mexico

July 12, 1940

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

Dear Mr. Livingston:

I wish to thank you for the copy of Notice of Hearing on the gas-oil ratios to be held in Santa Fe on July 29, 1940.

Yours very truly,



Harry Leonard

hl:cv

July 11, 1940

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Santa Fe New Mexican
Santa Fe, New Mexico

Gentlemen:

There is enclosed herewith a Notice for Publication, which you are kindly requested to publish once immediately. You are also requested to furnish this Commission with a copy containing this publication.

Immediately upon completion of the publication be sure to transmit to the Oil Conservation Commission your affidavit of publication.

Upon sending to the Commission your affidavit of publication, please send your statement in duplicate and enclosed purchase voucher also in duplicate.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Encls.

July 11, 1940

AIRMAIL
SPECIAL DELIVERY

Hobbs Daily News-Sun
Hobbs, New Mexico

Gentlemen:

There is enclosed herewith a Notice for Publication, which you are kindly requested to publish once immediately. You are also requested to furnish this Commission with a copy containing this publication.

Immediately upon completion of the publication be sure to transmit to the Oil Conservation Commission your affidavit of publication.

Upon sending to the Commission your affidavit of publication, please send your statement in duplicate and enclosed purchase voucher also in duplicate.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Encls.

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P
Y

July 11, 1940

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

Re: Case No. 21, adoption of final order governing gas-oil ratios in the various producing fields in New Mexico.

My dear Judge Seth:

Enclosed please find copy of Notice of Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

AIRMAIL

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Honorable Glenn Staley
Proration Umpire
Hobbs, New Mexico

Re: Case No. 21, adoption of final order governing gas-oil ratios in the various producing fields in New Mexico.

My dear Glenn:

Enclosed please find copy of Notice of Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

C
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Honorable Roy Yarbrough
Oil Conservation Commission
Hobbs, New Mexico

Dear Mr. Yarbrough:

Enclosed is a Notice for Publication regarding a hearing to be held at Santa Fe on July 29th.

Please call at the Hobbs Daily News-Sun to see that that paper publishes the notice which I am today sending it and to urge them to be sure to return their publisher's affidavit. I have had considerable difficulty in getting that paper to send the publisher's affidavit promptly. It is all important for jurisdiction of the Commission sitting in its quasi judicial capacity, so please keep an eye on this paper to see that publication is made and the publisher's affidavit made and forwarded to Santa Fe.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

AIRMAIL

Honorable Glenn Staley
Proration Umpire
Hobbs, New Mexico

Re: Case No. 21, adoption of final order
governing gas-oil ratios in the
various producing fields in New
Mexico.

My dear Glenn:

Enclosed please find copy of Notice of
Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

AIRMAIL

Honorable Harry Leonard
Roswell, New Mexico

Re: Case No. 21, adoption of final order
governing gas-oil ratios in the various
producing fields in New Mexico.

My dear Mr. Leonard:

Enclosed please find copy of Notice of
Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Enc.

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July 11, 1940

Honorable H. M. Dow
Attorney at Law
Roswell, New Mexico

Re: Case No. 21, adoption of final order
governing gas-oil ratios in the various
producing fields in New Mexico.

My dear Governor Dow:

Enclosed please find copy of Notice of
Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

Honorable Ernest A. Hanson
U. S. Geological Survey
Roswell, New Mexico

Re: Case No. 21, adoption of final order
governing gas-oil ratios in the various
producing fields in New Mexico.

My dear Mr. Hanson:

Enclosed please find copy of Notice of
Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.

July 11, 1940

Honorable C. J. Dexter
c/o C. J. Dexter Company
Artesia, New Mexico

Re: Case No. 21, adoption of final order
governing gas-oil ratios in the various
producing fields in New Mexico.

My dear Mr. Dexter:

Enclosed please find copy of Notice of
Hearing in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.