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CASE NO. 39

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO OIL CONSERVATION COMMISSION, UPON ITS OWN MOTION, FOR A STATE-WIDE PRORATION ORDER TO REPLACE ORDER NO. 1, GENERAL PRORATION ORDER, AND THE AMENDATORY ORDER THEREOF NO. 45. CHANGE IS NOT CONTEMPLATED IN THE EXISTING ORDER NO. 33, THE MONUMENT PRORATION ORDER AND ORDER NO. 398, THE HOBBS PRORATION ORDER; AND FOR A FURTHER ORDER AUTHORIZING AND DIRECTING ANY COMMON PURCHASER TO TAKE OR PURCHASE 100% FROM WELLS WHICH PRODUCE ONLY TEN BARRELS OR LESS DAILY OF CRUDE PETROLEUM, IN LIEU OF RATABLE PURCHASE OR TAKINGS IN ORDER TO PRECLUDE PREMATURE ABANDONMENT OF SUCH WELLS.

Pursuant to notice by the Commission, duly made and published, setting April 27, 1943, at ten o'clock, A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the Coronado Room, La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN J. DEMPSEY, Governor of New Mexico, Chairman
HON. JOHN M. KELLY, State Geologist, Secretary
HON. R. H. RODGERS, Commissioner of Public Lands, Member
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Advisor.

APPEARANCES:

<u>Name</u>	<u>Company</u>	<u>Address</u>
R. E. Adams	Cities Service Oil Co.	Bartlesville, Okla.
D. C. Albers	The Ohio Oil Co.	Midland, Texas
W. D. Mitchell	Gulf Oil Corp.	Hobbs, N. M.
G. H. Gray	Repollo Oil Co.	Midland, Texas
Floyd Brett	do	Ft. Worth, Texas
H. E. Berg	Tidewater Assoc. Oil	Midland, Texas
L. F. Shiplet	The Texas Co.	Midland, Texas
E. H. Holcomb	Great Western Prod., Inc.	Lubbock, Texas
Geo. P. Livermore	do	Lubbock, Texas
Francis C. Wilson	Wilson Oil Co.	Santa Fe, N. M.
Neville G. Penrose		Ft. Worth, Texas
Glenn Staley	Proration Office	Hobbs, N. M.
Leo Fry	Stanolind	Hobbs, N. M.
R. W. O'Neill	Phillips Pet. Co.	Odessa, Texas
D. R. McKeithan	do	Bartlesville, Okla.
Colin C. Rae	Skelly Oil Co.	Tulsa, Okla.
George W. Selinger	do	Tulsa, Okla.
H. B. Hurley	Continental Oil Co.	Ft. Worth, Texas
E. H. Griswold	N.M.P.U.	Midland, Texas
R. Van A. Mills	Continental Oil Co.	Ponca City, Okla.
C. C. Cragin	Western Gas	El Paso, Texas
W. B. Davis	do	Jal, N. M.
Bert Aston	Franklin Pet.	Roswell, N. M.
C. A. Scheurich	do	Clovis, N. M.
A. M. McCorkle	Lea Co. Oper. Com.	Ft. Worth, Texas
D. W. Bodie	Cities Service Oil Co.	Hobbs, N. M.
Edgar Kraus	Atlantic Refining Co.	Dallas, Texas
J. O. Seth	Lea Co. Oper. Com.	Santa Fe, N. M.
Guy Shepard	State Treasurer	Santa Fe, N. M.
Roy Yarbrough	State Oil & Gas	Hobbs, N. M.
Wilton E. Scott	Cities Service Oil Co.	Hobbs, N. M.
Fred M. Clement	Continental Oil Co.	Hobbs, N. M.
Leo R. Manning	State Land Office	Hobbs, N. M.

P. D. Grommon, Jr.	The Texas Co.	Midland, Texas
L. C. Thomas	The Texas Co.	Midland, Texas
John E. Miles		Santa Fe, N. M.
H. A. Kiker, Atty.	Southern Union Prod. Co.	Santa Fe, N. M.
Van Thompson	do	Dallas, Texas
M. C. Parrish, Jr.	do	Santa Fe, N. M.
C. C. Campbell	Texas Pacific Coal & Oil	Midland, Texas
O. F. Hedrick	do	Midland, Texas
Niven Baird	American Republics Corp.	Artesia, N. M.
R. U. Fitting, Jr.	Shell Oil Co.	Midland, Texas
J. D. Hudgins	State Tax Com.	Santa Fe, N. M.
R. S. Dewey	Humble Oil & Rfg. Co.	Midland, Texas
Ed Downing	Magnolia	Kermit, Texas
J. H. Moore	Shell Oil Co.	Hobbs, N. M.
F. E. Heath	Sun Oil Co.	Dallas, Texas
Frank Patten	P.A.W.	Washington, D. C.
John J. O'Malley		
M. Albertson	Shell Oil Co., Inc.	Houston, Texas
Foster Merrill	U.S.G.S.	Roswell, N. M.
Ernest A. Hanson	do	Roswell, N. M.
W. E. Hubbard	Humble Oil Co.	Houston, Texas
H. J. Kemler	Shell Oil Co.	Midland, Texas
A. E. Willig	The Texas Co.	Ft. Worth, Texas
E. C. Dahlgrin	Interstate Oil Compact Com.	Oklahoma City, Okla.
S. P. Hannifin	Magnolia	Roswell, N. M.
D. A. Powell	Drilling & Exploration Co.	Hobbs, N. M.
Bond D. Jones	Geologist	Amarilla, Texas
G. H. Card	Stanolind O & G. Co.	Ft. Worth, Texas
C. V. Millikan	Amerada Petroleum Corp.	Tulsa, Okla.

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, as follows:

"NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 39

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, for a state-wide proration order to replace Order No. 1, General Proration Order, and the amendatory order thereof No. 45. Change is not contemplated in the existing Order No. 33, the Monument Proration Order and Order No. 398, the Hobbs Proration Order; and for a further order authorizing and directing any common purchaser to take or purchase 100% from wells which produce only ten barrels or less daily of crude petroleum, in lieu of ratable purchases or takings in order to preclude premature abandonment of such wells. This case is set for 10 o'clock A.M., April 27, 1943.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting March 29, 1943.

Given under the seal of said Commission at Santa Fe, New Mexico, on April 9, 1943.

OIL CONSERVATION COMMISSION

(Sgd) John M. Kelly
Secretary."

BY MR. LIVINGSTON: The Commission is now ready to proceed.

BY MR. KELLY: As this case is called by the Commission on its own motion, I will state the reasons for calling it. In the northwest area of New Mexico, we have around six small stripper fields. When Order No. 1 was promulgated there was Red Lakes, Table Mesa, Aztec and Bloomfield, and they were given their allowable on the proration schedule. We have other development since that time.

In Order No. 1 they could produce less than a thousand barrels per day, approximately one-third of the market demand. The local refineries are in need of crude, and the Commission felt that we should take all the fields off the proration schedule and grant no specific allowable, but allow them to produce up to the limit, without waste. That would give Lea and Eddy Counties four hundred barrels additional. Lea and Eddie will run approximately three per cent under the allowable, and this additional four hundred barrels will cut that to two per cent. At that time we were faced with severe proration and allowable, due to pipe line proration. The small allowable wells, it seemed, would be prematurely abandoned, when the top allowable being cut so they would not make a percentage to enable them to operate. This is designed to make the temporary order permanent.

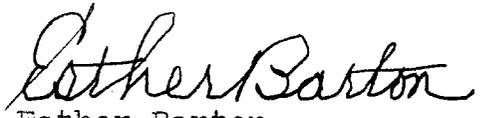
We would be glad to answer any questions you gentlemen might have. Would anyone have any objection to the proposed order?

I move that the Commission take this case under advisement.

C E R T I F I C A T E

I hereby certify that the foregoing and attached three pages of typewritten matter are a true, correct and complete transcript of the shorthand notes taken by me in Case No. 39, on the 27th day of April, 1943, and by me extended into type-writing.

Witness my hand this 6th day of May, 1943.


Esther Barton.