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# WESTERN UNION

1201

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JOSEPH L. EGAN  
PRESIDENT

(20)

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548 JUL 17 1948

OIL CONSERVATION COMMISSION=

STATE OF NEW MEXICO SF=

REFERENCE HEARING JULY 29 CASE 146 APPLICATION FOR ORDER  
 CLARIFYING AND AMENDING COMMISSION ORDER 712 THIS COMPANY  
 APPROVES AND URGES ADOPTION OF AMENDMENT TO ORDER 712  
 PROPOSED TO ALL LEA COUNTY OPERATORS BY LEA COUNTY OPERATORS  
 COMMITTEE WITH ITS LETTER OF JULY 13 1948=

*file*

THE ATLANTIC REFINING CO BY JOHN MARSTON=

29 156 712 712 12 1948

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

LEA COUNTY OPERATORS COMMITTEE

DRAWER I

HOBBS, NEW MEXICO

Fort Worth, Texas  
July 7, 1948

File: GHC-815-310.17

Re: Proposed Order Pertaining to the  
Transportation of Crude Petroleum  
Within the Boundaries of the State  
of New Mexico, and to Facilitate  
the Purchasing, Transportation and  
Handling of Crude Petroleum by the  
Various Pipe Line Companies and  
Transporters Within the State of  
New Mexico

Mr. S. G. Sanderson  
Gulf Oil Corporation  
Tulsa, Oklahoma

Mr. H. B. Hurley  
Continental Oil Company  
Fort Worth, Texas

Mr. J. N. Dunlavey  
Skelly Oil Company  
Hobbs, New Mexico

Mr. M. C. Brunner  
Shell Oil Company  
Midland, Texas

Mr. W. E. Hubbard  
Humble Oil & Refining Co,  
Houston, Texas

Mr. D. A. Powell  
Drilling & Exploration, Ltd  
Hobbs, New Mexico

Mr. F. C. Wilson  
Wilson Oil Company  
Santa Fe, New Mexico

Mr. Harry Leonard  
Box 872  
Roswell, New Mexico

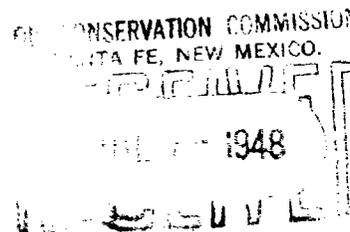
Gentlemen:

In our letter of June 30, 1948, File: GHC-807-310.17, to Messrs. House, Brunner and Dunlavey, regarding proposed amendment to the New Mexico Oil Conservation Commission Order No. 712, we advised that a meeting of the Executive Committee would be held in Fort Worth on Monday, July 12. We are transmitting herewith for your review and information the Sub-committee's proposed order on the above-captioned subject which will also be considered at the July 12th meeting.

The proposed order was formulated by a sub-committee consisting of Messrs. R. S. Dewey of Humble, Frank Gardner of Sinclair, M. T. Smith of Shell, J. N. Dunlavey of Skelly and C. G. Staley of the Lea County Operators Committee. The sub-committee, in forwarding the proposed order, has suggested that it be reviewed by attorneys of the companies who are familiar with the New Mexico statutes in order that all phrasing would be in keeping with those statutes.

For your consideration before the meeting is held on July 12, the writer has the following comments to make on the proposed order:

In Section 2, where the word "well" or "wells" is used, it is believed that the word "unit" or "units" should be used. It is also



believed that the following sentence in Section 4 of the proposed order - "After one succeeding month shortages will be considered back allowable and will be permitted to be made up at a rate not greater than ten (10) barrels per unit per day, except as otherwise ordered by the Commission" - should be deleted. In its place the following proposed order should be issued to control production, and to supersede Order No. 52, effective February 1, 1937 entitled "Method of Producing Flowing Wells". This proposed order as included in Mr. Dewey's letter of transmittal of the transportation order and also suggested by Mr. W. E. Hubbard.

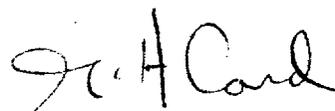
"The owner or operator of any lease or wells shall not produce from any well during any calendar month any more oil than the allowable production for such well as shown by the proration schedule, provided, however, that such owners or operators shall be permitted to balance the production for each well during the calendar month, provided, further, that the amount of oil which such owner or operator shall be permitted to produce from any well on any one day in order to balance the production within the calendar month as herein provided, shall not exceed the allowable production for such well for each day by more than 25 percent of such allowable. In no event should shortages, when authorized, be produced in such manner or in such amount as to result in the production in any one day from any well of an amount in excess of 125 percent of the daily allowable."

Similarly, Section 2(c) Order 546 should possibly be revised downward to 125 percent or the maximum production percentage suggested by Mr. Hubbard be revised upward to 150 percent.

The proposed order (dated 6-24-48) under Section 6 should state that Sections 1 and 3 of Order 235 are deleted, inasmuch as the proposed order (Case 146) covers these provisions. This would leave Section 2 and 4 of Order 235 in effect until such time as a new order is prepared controlling production rates.

We wish that you would kindly advise by wire whether or not you will be able to attend the meeting on July 12.

Yours very truly,



G. H. CARD

GHC:gp

Attch.

cc: J. W. House

J. O. Seth

C. G. Staley

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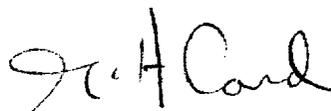
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Yours very truly,



G. H. CARD

GHC:gp

Attch.

cc: J. W. House

J. O. Seth

C. G. Staley

June 3, 1948

Mr. T. C. Brown  
Shell Pipe Line Corporation  
Houston 2, Texas

Dear Mr. Brown:

We wish to amend our letter of May 26 and give you the date of the hearing also. Case No. 146 will be heard on June 15, 1948 at 10:00 o'clock in the Senate Chambers, Santa Fe.

Very truly yours,

C  
O  
P  
Y

C  
O  
P  
Y

May 26, 1948

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

Dear Mr. Staley:

So many of the operators have requested copies of the revised pipe line correction order that I am mailing you a copy in the event you wish to distribute it again.

Also attached is Mid-Continent's petition for deep allowable.

Both of these cases are included in the June 15 hearing.

Yours truly,

C  
O  
P  
Y

May 26, 1948

Mr. F. C. Brown  
Shell Pipe Line Corporation      717 Shell Bldg.  
Houston, Texas                      Box 2648

Dear Mr. Brown:

We are enclosing two copies of the latest revision to pipe line correction order, as you requested several days ago. Also enclosed is the first order proposed by the Lea County Operators Committee and distributed by them.

Hearing for Case No. 146 has been set for 10:00 o'clock a.m. in the Senate Chambers, Santa Fe, New Mexico.

Very truly yours,

OIL CONSERVATION COMMISSION

Chief Clerk

Enc. - 2

May 17, 1948

12-11-48

MEMORANDUM:

Long distance telephone call from F. C. Brown, c/o Shell Pipe Line Corporation, 717 Shell Building, Houston, Texas, Box 2648. He wants a special notice of pipe line correction order together with a corrected copy of the proposed order as suggested by the Operator's Committee.

George Graham



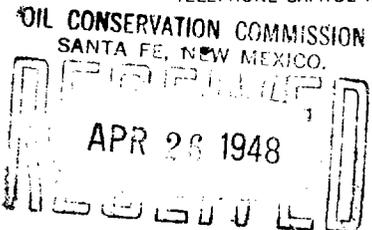
# SHELL PIPE LINE CORPORATION

SHELL BUILDING

HOUSTON 2, TEXAS

April 22, 1948

TELEPHONE CAPITOL 1181



Mr. R. R. Spurrier  
Secretary and Director  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

In Re: The application of the New Mexico Oil Conservation Commission, upon its own motion, to promulgate and adopt an order which will clarify present existing regulations, as pertaining to the transportation of crude petroleum within the boundaries of the State of New Mexico, and to facilitate the purchasing, transportation, and handling of crude petroleum by the various pipe line companies and transporters within the State of New Mexico.

Dear Mr. Spurrier:

We have for study and consideration, copy of a proposed Order of the Commission captioned as above.

Will you please advise the date and place of such hearing if it has been decided; or if not known at this time, will you kindly advise us when this information has been determined.

Yours very truly,

SHELL PIPE LINE CORPORATION

By 

FCB

vmk



**LEA COUNTY OPERATORS COMMITTEE**

DRAWER I

HOBBS, NEW MEXICO

April 2, 1948

*Handwritten scribble*

# 142

**Members**

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

On March 30, 1948, representatives of the pipe line and crude oil purchasing companies met at the office of the Lea County Operators, to discuss the existing Commission Orders which pertained to the gathering and transportation of crude petroleum within the boundaries of the State of New Mexico, and the various Commission rulings and interpretations of various sections of these Orders. The following representatives were present:

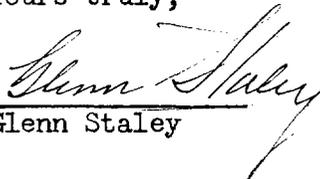
Wm. E. Bates	The Texas Company	Midland, Texas
F. B. Whitaker, Jr.	Texas New Mex. Pipe Line	Midland, Texas
H. L. Garrett	Atlantic Pipe Line	Hobbs, New Mexico
F. G. White	Magnolia Pipe Line	Brownfield, Texas
E. T. Corbett	Humble Pipe Line	Midland, Texas
Jack W. Stackpole	Stanolind Oil Purchasing	Midland, Texas
A. H. Lamm	Devonian Oil Company	Seminole, Texas
J. B. Wright	Magnolia Pipe Line Co.	Brownfield, Texas
S. B. Fowler	Wood River Oil & Rfg. Co.	Midland, Texas
G. C. Watson	Phillips Pet. Co.	Hobbs, New Mexico
M. G. Langhorne	" " "	Midland, Texas
M. T. Smith	Shell Oil Co. Inc.	Midland, Texas
M. R. Griffin	Sinclair Prairie Oil Co.	Midland, Texas
Harve H. Mayfield	Magnolia Pet. Co.	Midland, Texas
A. B. Gilbert	Magnolia Pet. Co.	Buckeye, New Mexico
O. H. Berhill	Magnolia Pipe Line	Midland, Texas
A. W. Butler	" " "	Midland, Texas
R. L. Denton	Magnolia Pet. Co.	Midland, Texas
O. V. Adkins	Cities Service Oil Co.	Midland, Texas
F. D. Gardner	Sinclair Prairie Oil	Midland, Texas

Attached hereto is a proposed draft of an Order to replace Order #539 and Order #235. This proposed Order contains no changes, but attempts to clarify for those concerned with the gathering and transporting of crude oil within the State of New Mexico what is required of them under existing Orders.

Page 2  
Oil Conservation Commission

It is the desire of this group that this Order or a similar Order be adopted by the Commission at an early date in order to facilitate the gathering and transporting of crude oil in the State.

Yours truly,

  
Glenn Staley

CGS:gi  
Enc.