

Santa Fe file

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Pursuant to legal notice to all parties and the public the following proceedings were held before the Oil Conservation Commission in the House of Representatives at the Capital Building in Santa Fe at 10:00 A. M. on July 29, 1948.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law, of the following public hearings to be held July 29, 1948, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case No. 153

In the matter of the application of Repollo Oil Company for bonus discovery allowable under Commission Order No. 573, for well No. 5, Phillips "A" lease, located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 31, T. 19 S., R. 37 E., N.M.P.M., Lea County, New Mexico.

Case No. 152

In the matter of the application of Grayburg Oil Company of New Mexico and Western Production Company, Inc., for an order granting permission to drill twenty-eight unorthodox locations on leases within the boundaries of the Grayburg Cooperative and Unit Area in T. 17 S., R. 29 and 30 E., N.M.P.M., in the Grayburg-Jackson pool, Eddy County, New Mexico.

Case No. 154

In the matter of the application of Magnolia Petroleum Company, a corporation of Dallas, Texas, for approval of the Foster Unit Area and Agreement, covering and including the following described lands: Lots 1 and 2, S $\frac{1}{2}$ SE $\frac{1}{4}$ section 33; Lots 1, 2, 3, 4 and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ section 34; Lots 1, 2, 3, 4 and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ section 35; Lots 1, 2, 3 and 4, S $\frac{1}{2}$ S $\frac{1}{2}$ section 36, T. 20 $\frac{1}{2}$ S., R. 22 E; S $\frac{1}{2}$ section 13, S $\frac{1}{2}$ section 14; all sections 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36, T. 20 S., R. 23 E; Lots 1, 2, 3, 4 and 5, S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$ section 31; Lot 4, SW $\frac{1}{4}$ SW $\frac{1}{4}$ section 32, T. 20 $\frac{1}{2}$ S., R. 23 E; Lots 3 and 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ section 18; Lots 1, 2, 3 and 4, E $\frac{1}{2}$ W $\frac{1}{2}$ section 19; Lots 1, 2, 3 and 4, E $\frac{1}{2}$ W $\frac{1}{2}$ section 30; Lots 1, 2, 3 and 4, E $\frac{1}{2}$ W $\frac{1}{2}$ section 31, T. 20 S., R. 24 E., N.M.P.M., containing 10,239.50 acres, more or less, in Eddy County, New Mexico.

Case No. 155

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order clarifying and amending Commission Order No. 52, dated February 1, 1937, and relating to rules and regulations for Lea County pools.

Case No. 156

In the matter of the application of the New Mexico Oil Conservation Commission, at the request of the Lea County Operators Committee for an order amending Commission Order No. 712 of August 4, 1947, and known as the Lea-Eddy-Chaves Counties New Mexico Gas-Oil Ratio Order.

Case No. 110 (continued); Case No. 104 in which Commission retained jurisdiction and upon further motion of the Oil Conservation Commission; Hardin-Houston, Hobbs, New Mexico; Walter Famariss, Hobbs, New Mexico; Lea County Operators Committee:

In the matter of an order or orders of general application regulating tank cleaning, plants processing tank bottoms, and the reclaiming of waste oil.

Case No. 146 (continued); Re purchase, transportation and handling of crude petroleum, was not presented at the hearing of the Commission held July 15th, and was continued to July 29th at the request of the Lea County Operators Committee.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on July 14, 1948.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

By (sgnd) R. R. SPURRIER
R. R. SPURRIER, Secretary.

BEFORE:

Hon. John E. Miles, Presiding Member
Hon. R. R. Spurrier, Secretary
Hon. Geo. A. Graham, Attorney
Don McCormick, Attorney

REGISTER:

Clarence E. Hinkle
Magnolia Petroleum Co.
Roswell, N. M.

Walter Famariss
Hobbs, N. M.

Justin Newman
Oil Conservation Commission
Artesia, N. M.

Rouse Simmons
Grayburg Oil Co. of New Mexico
Artesia, N. M.

Roy O. Yarbrough
Oil Conservation Commission
Hobbs, N. M.

W. W. Wilson
Northwestern Refining Co.
Midland, Texas

Joe W. Lackey
Malco Refineries, Inc.
Roswell, N. M.

S. B. Fowler
Wood River Oil & Refg. Co., Inc.
Midland, Texas

Frank D. Gardner
Sinclair Prairie Oil Co.
Midland, Texas

C. D. Thomas
Sinclair Prairie Oil Co.
Tulsa, Okla.

J. D. Almen, Jr.
Repollo Oil Co.
Tulsa, Okla.

G. H. Gray
Repollo Oil Co.
Midland, Texas

C. V. Milliken
Amerada Petroleum Corp.
Tulsa, Okla.

Frank R. Lovering
Shell Oil Co., Inc.
Hobbs, N. M.

S. G. Sanderson
Gulf Oil Corp.
Tulsa, Okla.

E. J. Gallagher
Gulf Oil Corp.
Hobbs, N. M.

Glenn Staley
Lea County Operators
Hobbs, N. M.

O. G. Schuchle
Tex. Pac. G. and O. Co.
Midland, Texas

R. W. Tesch
Tex. Pac. G. and O. Co.
Ft. Worth, Texas

J. B. Jenkins
Stanolind Oil & Gas Co.
Ft. Worth, Texas

J. E. Wootton
Stanolind Oil & Gas Co.
Lubbock, Texas

G. H. Card
Stanolind Oil & Gas Co.
Ft. Worth, Texas

J. O. Seth
Stanolind Oil & Gas Co.
Santa Fe, N. M.

R. S. Dewey
Humble Oil & Refining
Midland, Texas

Harvey Hardison
Standard of Texas
Midland, Texas

Harve H. Mayfield
Magnolia Petroleum Co.
Midland, Texas

E. P. Keeler
Magnolia Petroleum Co.
Dallas, Texas

Raymond M. Myers
Magnolia Petroleum Co.
Dallas, Texas

A. F. Holland
Skelly Oil Co.
Tulsa, Okla.

J. N. Dunlavey
Skelly Oil Co.
Hobbs, N. M.

M. T. Smith
Shell Oil Co., Inc.
Midland, Texas

John M. Kelly
Roswell, N. M.

D. A. Powell
Drilling & Exploration Co.
Hobbs, N. M.

Wm. E. Bates
The Texas Co.
Midland, Texas

George H. Hirschfeld
Lea County Operators Committee
Hobbs, N. M.

Ross L. Mabrie, Jr.
Roswell, N. M.

S. P. Hannifin
Magnolia Petroleum Co.
Roswell, N. M.

Jack M. Campbell
Roswell, N. M.

N. R. Lamb
New Mexico Bureau of Mines
Artesia, N. M.

H. F. Forbes
Continental Oil Co.
Midland, Texas

C. B. Wentz
Continental Oil Co.
Ponca City, Okla.

Paxton Howard
Shell Oil Co.
Midland, Texas

F. C. Brown
Shell Oil Co.
Houston, Texas

Foster Morrell
U. S. Geological Survey
Roswell, N. M.

Frank C. Barnes
Oil Conservation Commission
Santa Fe, N. M.

R. J. Heard
Grayburg Oil Co. of N. M.
Artesia, N. M.

John E. Cochran, Jr.
Grayburg Oil Co. of N. M.
Artesia, N. M.

N. W. Kronsop
Grayburg Oil Co. of N. M.
Loco Hills, N. M.

R. F. Miller
Grayburg Oil Co. of N. M.
Loco Hills, N. M.

M. L. Patterson
Phillips Petroleum Co.
Odessa, Texas

Scott R. Brown
Western Natural Gas
Midland, Texas

Geo. E. Kendrick
El Paso Natural Gas Co.
Jal, N. M.

O. N. Adkins
Cities Service Oil Co.
Midland, Texas

COMMISSIONER MILES: The Commission is now in session.

(Mr. Graham read the Notice of Publication in
Case No. 153)

MR. E. R. WRIGHT, for the Texas Company: The Texas Company desires to appear in this matter and claim that they are entitled to the discovery bonus. Appearing for the Texas Company are Mr. P. D. Gromman, Ft. Worth, Texas, and E. R. Wright, Santa Fe, New Mexico.

MR. J. D. ALMEN, JR., Attorney for the Repollo Oil Company: If the Commission please, Mr. G. H. Gray will testify for the Repollo Oil Company. May he be sworn?

(Mr. Graham administers the oath)

MR. GRAY, having been duly sworn, testifies as follows:

DIRECT EXAMINATION BY MR. ALMEN:

Q. Please state your name and address?

A. G. H. Gray, Midland, Texas.

Q. By whom are you employed?

A. By the Repollo Oil Company.

Q. In what capacity?

A. As assistant division engineer.

Q. How long have you been so employed?

A. About six years.

Q. Are you a graduate engineer?

A. Yes.

MR. ALMEN: Will the Commission accept the qualification of the witness previously made when he has appeared before the Commission?

COMMISSIONER MILES: Yes.

Q. Are you familiar with the Repollo Oil Company's J. R. Phillips "A" No. 5 well?

A. Yes.

Q. What day was this well commenced?

A. March 29, 1948.

- Q. What was the total depth?
- A. Fifty-seven hundred and twenty feet.
- Q. And what formations were encountered?
- A. The regular Monument pay and Paddock formation and the Blinebry pay.
- Q. When was the well completed?
- A. May 21, 1948.
- Q. In what formation was it completed?
- A. In the Blinebry pay.
- Q. What was the result of the test made in the Blinebry pay in the Repollo Phillips A No. 5 well?
- A. It produced 936 bbls. of oil in twenty-four hours on 5/16" tubing choke with gas oil ratio of 680 cubic feet.
- Q. Has the Repollo well continued to produce from the Blinebry pay ever since its completion?
- A. Yes.
- Q. Mr. Gray, in the course of your work -- is it part of your work to assemble information regarding other wells in this area?
- A. Yes.
- Q. Have you made a study of, and received any information regarding the Texas Phillips No. 5 well and the Amerada Phillips No. 5 well?
- A. Yes sir.
- Q. When was the Texas Phillips No. 5 drilled?
- A. It was commenced February 19, 1948 and completed in April 1948.
- Q. At what depth?
- A. At 5775 feet.
- Q. What formations were tested?
- A. The Paddock and Blinebry.
- Q. In what formation was the Texas well completed?
- A. It went on proration schedule in the Paddock formation.
- Q. When was the Amerada Phillips No. 5 well drilled?

A. From May, 1947 to January, 1948.

Q. To what depth was it drilled?

A. A depth of 9933 feet.

Q. What formations were tested?

A. They tested all formations .

Q. When was the Amerada completed?

A. In January, 1948.

Q. In what formation was it completed?

A. In the Paddock formation.

Q. At the time the Repollo Oil Company's Phillips A No. 5 was completed in the Blinebry pay was any other well producing from that formation within a radius of two miles?

A. No sir.

MR. ALMEN: I believe that is all unless there are any questions.

COMMISSIONER MILES: Does anyone have any questions?

MR. ALMEN: At this time I would like to introduce into evidence before the Commission the records on file with the Commission concerning the Repollo Oil Company's J. R. Phillips "A" No. 5 well, the Texas Company's Phillips No. 5 and the Amerada Petroleum Corporation's Phillips No. 5. Also the application of Repollo Oil Company for this bonus discovery allowable with the exhibits attached thereto, and the correspondence with the Commission concerning this application. I believe the record will show the application was filed May 27, 1948. Now I would like to review the facts leading up to the filing of the application . As the Commission knows, it has heretofore entered its order effective July, 1, 1944, which order provides in the first paragraph three circumstances under which a bonus allowable may be awarded, the one applicable in this case being that a bonus allowable shall be awarded for the discovery of a new producing horizon in an existing oil field. Other paragraphs in the order provide

for the amount of the allowable, maximum daily allowable, and pertinent instructions in connection with the order. The area involved in this application is the Monument area. This field at the present time is producing from three pay zones. The Monument pay at 3900 feet; the Paddock at approximately 5200 feet and the new Blinebry at approximately 5700 feet. The bonus here sought is, of course, for the Blinebry pay. To date three wells have tested the Blinebry pay in this area. The first to test this pay zone was the Phillips No. 5 of Amerada Petroleum Corporation in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 1-20S-36E. This well was commenced May 8, 1947 and drilled to a depth of 9933 feet in January, 1948. The Blinebry pay was tested by the Amerada July 20, 1947 and December 15, 1947. However, the Amerada completed their well in January, 1948, in the Paddock pay at a depth of from 5180 feet to 5200 feet. The second well to drill to the Blinebry pay was the Texas Company's Phillips No. 5, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 6-20S-37E. This well was commenced in February, 1948, and was drilled to a total depth of 5775 feet. It tested the Blinebry pay April 27, 1948, at a depth of 5660 feet to 5720 feet. But, like the Amerada, the Texas Company plugged their well back to the Paddock and completed it at a depth of 5130 to 5220 feet. The third well to drill to the Blinebry pay in this area is the Repollo Oil Company's J. R. Phillips "A" No. 5, in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 31-19S-37E. This well was commenced March 29, 1948, and drilled to a total depth of 5720 feet. It tested the Blinebry pay and completed the well May 21, 1948, in the Blinebry pay. It produced 402 bbls. through 3/4" choke in nine hours and 936 bbls. with 5/16" choke in twenty-four hours. The Repollo Oil Company has continued to produce oil from the Blinebry pay ever since the well was completed. These facts are not controverted and they are all a matter of record. Therefore the question narrows down to the consideration by

this Commission of the interpretation of Order No. 573. Both Repollo and Texas have filed applications for discovery allowable. Repollo Oil Company filed May 27, 1948, and The Texas Company filed June 3, 1948. So the question becomes, "What is meant by the discovery of a new producing horizon?" It is Repollo's position in this matter that this means not only drilling to a test of formation, but also completing in that formation and producing oil from that formation in paying quantities. There is an old saying, "Equity aids the diligent." Repollo in this case is the only diligent company. They are the only company that has drilled to, has tested, has completed, and has produced in paying quantities oil from the Blinebry formation. I note Order No. 573 was entered by this Commission at a time when the United States and the industries in this country were in great need of oil. That condition still exists. The obvious purpose of the order was to provide an incentive for producers to go into any proven areas and drill there to new horizons. I believe it was the intention of the Commission in writing Order No. 573 to induce the production of oil from that horizon. It is not within the realm of reason to think they intended a producer to drill to a new horizon, test it, make application for and be awarded a bonus, and then fail to produce from it. It is the fact that oil can be and is being produced that provides the incentive. I repeat here that Repollo has been the only diligent company to test the Blinebry pay. Therefore, I ask this Commission to construe Order No. 573 to mean that the bonus discovery allowable shall be awarded only to the company that has diligently drilled to, tested, completed its well, produced and continued to produce in paying quantities from this horizon, and that the bonus allowable in this instance be awarded to Repollo Oil Company. Thank you.

COMMISSIONER MILES: Are there any other statements, or any questions?

E. R. WRIGHT: I would like to have Mr. Grommon take the stand and ask that he be sworn.

(Mr. Graham swears in Mr. Grommon)

MR. GROMMON, being duly sworn testified as follows:

DIRECT EXAMINATION BY E. R. WRIGHT:

Q. Please state your name?

A. P. D. Grommon.

Q. You are employed by The Texas Company?

A. Yes sir.

Q. In what capacity?

A. Assistant Division Petroleum Engineer.

Q. Where do you live?

A. Fort Worth, Texas.

Q. Are you in charge of the area involved in this case?

A. Yes sir.

Q. It is under your supervision?

A. Yes sir.

Q. You have heard the testimony given by Mr. Gray and the statement made by Mr. Almen with reference to the Repollo application for a bonus discovery allowable. Without detailed questions, Mr. Grommon, will you state the situation as you understand it in connection with the Texas application for a bonus discovery allowable?

A. The Texas Company's J. R. Phillips No. 5, located in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ Section 6-20S-37 E, was completed in the Monument-Blin-bry pay April 27, 1948. This well produced 367 bbls. of oil in twenty-two hours, flowing through a 3/4 inch choke, with a gas oil ratio of 1030 to one; producing through perforations in 5 $\frac{1}{2}$ inch casing from 5660 to 5720 feet. After this initial production test the well was shut in for twenty-four hours, and a bottom hole pressure survey indicated pressure of 2275 pounds at 5700 feet or sub-sea depth of 2117 feet. The Texas

Company's application for bonus discovery allowable for this well was filed on Form C-102 in accordance with Order No. 573, dated May 19, 1948, and we request that this application be included as evidence in the present hearing. As indicated in our application, a temporary plug was set in the casing above the 5700 foot zone in order to test the 5200 foot, or Paddock zone.

Q. Why was it necessary to test the Paddock zone?

A. This well is a direct offset to the Amerada Phillips No. 5 mentioned previously in the testimony here today, and they had completed their well in the Paddock zone in order to determine future development policies or practice on this lease. The Texas Company felt a test of the Paddock zone should be made.

Q. And was it made?

A. It was.

Q. Will you state how it was made?

A. We set a temporary plug, as indicated in our application, above the Monument Blinebry pay, and perforated the Paddock zone in order to make a temporary test.

Q. What was the result of that test?

A. I do not have the exact figures on the test. We did not get a commercial well, and the test was run, as I stated, in order to determine whether we should produce from that zone.

Q. Now then, what was done?

A. As soon as the tests are completed an allowable for the lower zone -- the 5700 foot zone -- will be requested. While we were testing the Paddock zone we made application for this discovery allowable in the Blinebry zone.

Q. When was that filed? Was it on June 3rd?

A. I do not have that date.

Q. That is the date on the file. Now then, Mr. Grommon, is it a fact that the Texas well reached the lower zone prior to

the Repollo?

A. We had completed and tested the lower zone through tubing on April 27th and Repollo, according to my records, reached it May 15th and completed in that zone May 21st.

Q. What was done with this oil that you got from the Blinebry test?

A. The 367 bble. of oil from the Blinebry zone was put in lease storage. It became commingled with the oil from the temporary test of the Paddock and was disposed of through the regular pipe line run.

Q. We completed our tests of the Paddock pay and drilled through the temporary plug to the Blinebry pay July 3rd, and we are now producing from the Blinebry as we intended to do when application was made for the bonus discovery allowable.

Q. And you are continuing that production now from the Blinebry pay?

A. Yes sir.

Q. Have you anything to add to your testimony?

A. I believe not.

CROSS-EXAMINATION BY MR. ALMEN:

Q. When The Texas J. R. Phillips No. 5 well was completed in the Blinebry pay I understood you to say that they ran 367 bbls. produced from that formation?

A. Yes sir.

Q. When was the first oil run to the credit of the Blinebry pay from the Texas Phillips No. 5 well?

A. As I stated, this oil was commingled with the oil from the Paddock pay.

Q. Was it credited to the Paddock pay?

A. I assume that, since we had a temporary allowable in the Paddock, any oil run would be credited to the Paddock.

Q. Is it not true that after a test of the Blinebry by the

Texas Company they plugged back and produced from the Paddock formation?

A. We set a temporary plug, as stated in our application for the bonus discovery allowable, in order to test the Paddock zone.

Q. That application of The Texas Company was filed after the Repollo Oil Company filed their application for bonus discovery allowable for their Phillips No. 5, wasn't it?

A. Apparently it reached this office at a later date. It left our Midland office May 19th.

Q. As far as reaching and testing the Blinebry formation is concerned, actually the Amerada Petroleum Corporation Phillips No. 5 well was the first, was it not?

A. No, not in my opinion. We made an actual production test through tubing in that zone.

Q. I believe the Amerada tested this formation as shown by the records first July 20, 1947 and again on December 15, 1947, both of which were before the Texas well was commenced. That is all the questions I have right now. I may have further questions later.

MR. GROMMON: We believe the evidence establishes the fact that the Texas Company's J. R. Phillips No. 5 was the first well completed in the Blinebry zone, and the discovery well according to the order, and we respectfully request that our application for the bonus discovery allowable for this well be granted.

COMMISSIONER SPURRIER: I think you stated before, and I wish you would repeat how much oil was produced from the Paddock formation in this well?

A. I do not have those figures with me. I stated that our test indicated non-commercial production from the Paddock zone. It was a test to determine whether we should develop the Paddock.

MR. WRIGHT: In other words, whether the Paddock was good for a commercial well?

A. Yes sir.

MR. ALMEN: Is it true that you ran oil from the Paddock formation two months?

A. We ran oil from that zone during the month of June only.

Q. When did you commence?

A. May 29th, and ran during the month of June. The well was completed in the Blinebry zone, as I previously stated, on July 4th and it has been producing from that zone since then; we had an allowable from that pay for the month of July.

MR. WRIGHT: It is the contention and claim of The Texas Company that they are entitled to the bonus discovery allowable on the basis of the test they made of the Blinebry pay?

A. Yes sir.

Q. That test indicated that it would be a commercial well?

A. Definitely. It produced 367 bble. in twenty-two hours through a 3/4 inch choke.

COMMISSIONER SPURRIER: Is there anything further?

COMMISSIONER MILES: Does anybody have any questions? Mr. McCormick, have you any questions?

MR. McCORMICK: No.

COMMISSIONER SPURRIER: If that is all the testimony in the case, we will take it under advisement and proceed with the next case.

COMMISSIONER MILES: Before we proceed with the next case I would like to introduce Mr. Don McCormick, who is one of the attorneys for the Oil Conservation Commission.

(MR. GRAHAM called Case No. 146, continued from the July 15th hearing.)

COMMISSIONER SPURRIER: Case No. 146, as you all know, concerns an order of the Commission clarifying existing regulations for the handling and transportation of crude petroleum, and was continued from the July 15th hearing to today's hearing. We

have a proposed order before us, prepared by the Lea County Operators Committee, and all operators have had an opportunity to criticize it, and if anyone at this time cares to criticize, amend, clarify or make any further changes, please come forward.

MR. J. O. SETH: Mr. Smith is not in the room at the moment, but he wanted to report that the Lea County Operators at a meeting yesterday unanimously approved the order with some modifications.

MR. G. H. CARD, for Stanolind Oil & Gas Company: The transportation order was considered by the Lea County Operators at a meeting yesterday and was unanimously approved for adoption by the Commission.

MR. SETH: Mr. Smith has returned to the room. May he please be sworn?

(Mr. Graham administers the oath.)

MR. M. T. SMITH, having been duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. J. O. SETH:

Q. Please state your name?

A. M. T. Smith.

Q. By whom are you employed?

A. By the Shell Oil Company.

Q. In what capacity?

A. As crude oil representative.

Q. How long have you been engaged in the purchase of crude petroleum?

A. Since 1936.

Q. Have you operated in Lea County, New Mexico?

A. Yes sir.

Q. Extensively?

A. From 1937 to the present time.

Q. Are you familiar with the purchase, handling and transportation of crude oil?

A. Yes sir.

Q. Have you examined this proposed order submitted by the Lea County Operators Committee?

A. I have.

Q. In your opinion is it a proper order for the purchasing, handling and transportation of crude petroleum?

A. It is, with one or two amendments.

Q. Please state why you think it is a proper method.

A. After reviewing this order, and discussing it with various other representatives in the crude oil business, I feel that this order brings down to date, and amends, supersedes and remedies any order previously issued by the Commission. We feel that should the Commission see fit to issue this order that we can better handle, purchase and transport all crude out of the state or within the state of New Mexico.

Q. Is this method of handling marginal wells, as set out in this order, one which will enable the purchaser to keep within the limit of the proration schedule?

A. It will. It defines the method for handling crude produced over and above the allowable as shown on the proration schedule.

Q. I believe that is all.

COMMISSIONER MILES: Were you chosen by the Committee to represent it here?

A. Yes sir.

MR. SETH: Unless there are further questions that is all.

COMMISSIONER SPURRIER: Does anyone have any further questions or comments?

MR. SETH: If the Commission please, it was suggested that the title of this order be amended so as to read, "An order which will amend and clarify present existing regulations," etc.

COMMISSIONER SPURRIER: We will take Case No. 146 under advisement.

Mr. Graham, will you please announce the next case to be heard?