

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 11, 1956

Mr. J. O. Terrell Couch
The Ohio Oil Company
P.O. Box 3128
Houston, Texas

Dear Mr. Couch:

I am reasonably sure that you have received a copy of Commission Order R-778 by this date, but just in case you have not I am enclosing a copy.

Yours very truly,

A. L. Porter, Jr.
Acting Secretary - Director

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MAIN OFFICE OGC

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The Ohio Oil Co.

Legal Department

W. Hume Everett
Thomas N. McElroy
J. C. Terrell Couch
Attorneys

April 5, 1956

P.O. Box 3128
Houston, Texas

Mr. A. L. Porter, Acting Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

Thank you very much for your immediate response to my request for copies of Order 98-A.

I enclose for your information a copy of my letter of this date addressed to Ada Dearnley and Associates, attention Mr. Thurman J. Moody. Some time ago I discussed with Mr. Bill Macey the fact that I had considered writing such a letter. At that time he seemed to think it would not be misunderstood. I hope it will not be. Certainly, we are all interested in obtaining the most accurate transcripts possible in the cases presented to the Commission and its Examiner.

I received a call from Mr. Bill Macey last week, verifying that the order was signed approving The Ohio's location for its Dean well as requested in the application in Case 1021. It may have been that the order was signed only by Mr. Macey and by the Land Commissioner and that you are still holding it for signature by the Governor. In any event, I have not received a copy of the order. I have, however, advised management that The Ohio could commence drilling the well. I will appreciate receiving a copy of the order at your convenience.

Very truly yours,


J. C. Terrell Couch

TC:MK
Enc.2

The Ohio Oil Co.

Legal Department

W. Hume Everett
Thomas H. McClroy
J. C. Ferrell Couch
Attorneys

April 5, 1956

P. O. Box 3128
Houston, Texas

Ada Dearnley and Associates
P. O. Box 1092
Albuquerque, New Mexico

Attention: Mr. Thurman J. Moody

Dear Mr. Moody:

I enclose The Ohio's check No. 92466 in the amount of \$9.55 in payment of your invoice No. 3906 for the transcript in Case 1021 before the Oil Conservation Commission.

Please accept my apologies for not having sent the check sooner; however, I delayed mailing the check until I could write this letter and send you a copy of the transcript with such corrections as Mr. Spellman and I could make. Of course, the corrections indicated on the enclosed copy are for the most part necessarily based upon our memory and I recognize that we may be in error. On the other hand, some of the corrections are very obviously the result of misunderstanding the testimony, the transcript being phonetically similar but obviously not the same as the actual testimony. For example, I refer to page 7 where the word "dry" is used instead of the word "drive".

My purpose in sending you the enclosed corrected copy of the transcript is not to be critical, but, on the contrary, I felt it might be of some help to you in the future. Perhaps, until you have become more familiar with some of the terminology you are likely to encounter in matters pertaining to oil and gas, it would be advisable to supplement your stenotype notes by means of a tape recorder. As I recall, a tape recorder was being used during all or a part of the hearing in Case 1021. A playback of that tape, if available, might be helpful in indicating the benefits of such double checking. In any event, it would seem to me that you would find it beneficial to devise some system of editing your transcripts by one who is more familiar with the terminology likely to be encountered at hearings of this kind.

I am sure you recall that you also took the record in the case where Sinclair sought to amend the Pool Rules in the Dean-Devonian and the Dean-Pennsylvanian fields to permit oil-oil dual completions. I have

April 5, 1956
Mr. Thurman J. Moody
Page 2

received the transcript in that case, but have not had an opportunity to read it carefully. In scanning through it I observe that the word "ways" is used in several places where obviously the word used in the testimony was "waste".

I certainly hope that my comments and suggestions will be of some assistance to you. As I stated, they are intended only for that purpose.

Very truly yours,

J. O. Terrell Couch

TC:MK
Enc.2

cc - Mr. A. L. Porter (w/enc.)
Acting Director
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

3-2-56

Memo

From

OK, 3/1/56
J. W. G. [Signature]

To J. W. G. Re: Case 1021

In my opinion it is OK to write an order approving Ohio's application in this case.

Some of the points I have made on the attached sheet may serve as findings.

CASE 1021

Application of Ohio Oil Company for exception to Dean
Devonian Pool Rules to permit drilling a 660-330 location.

- Point 1: No real evidence was presented in the hearing of Case 958 (establishing 660-660 locations) except that "where you have 40-acre proration units you should have 40-acre spacing."
- Point 2: Ohio recognized the position they would be in if 40-acre spacing was required. They entered no evidence in Case 958 but made a vigorous objection to Sinclair's proposal. They were joined by Shell in objecting.
- Point 3: Ohio's exhibits in Case 1021 indicate that the Devonian structure is a small sharply dipping structure, and that the water-oil contact is at approximately - 9920. Sinclair in its exhibit #3 in Cases 1016-1017 also picked the water-oil contact at - 9920.
- Point 4: Ohio's Exhibit #3 and #4, if correct, and assuming that the water table is not tilted, would indicate that considerable oil underlying their acreage could not be recovered by them under a 660 location. Further, that even with a 330 location, some of the oil underlying their acreage will go to a Sinclair located up-structure on the south offset location.
- Point 5: Sinclair offered no testimony in Case 1021 but did offer a vigorous objection to its approval. However they made no objection to Ohio's exhibits or their interpretation thereof, so it is probably fair to consider them as a fair representation of the structure and facts.

Point 6: In the interest of protection of correlative rights it appears that Ohio's application would not injure Sinclair's rights, but in fact would protect Ohio's right to produce a maximum of the oil underlying its lease.

Point 7: In the interest of preventing waste, Ohio's application will not cause waste, but in fact will prevent waste caused by possible migration of Ohio's oil a farther distance to a south offset Sinclair might drill.

Sam Miller
7/1/56