

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 14, 1961

IN THE MATTER OF:)

Application of the Oil Conservation)
Commission on its own motion to amend)
Rules 1209 and 1216 to conform to)
Section 65-3-11.1 of the New Mexico)
Statutes Annotated, 1953 compilation,)
as amended.)

Case 2304

TRANSCRIPT OF HEARING

NEW MEXICO OIL CONSERVATION COMMISSION

REGULAR HEARING

SANTA FE, NEW MEXICO

REGISTER

HEARING DATE JUNE 14, 1961 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
D. L. Williams	Gulf Oil Corp.	Denver, Colo
J. A. Jones	Sunset Inter. Petr. Corp.	Denver, Colo.
L. L. Shoemaker	Indiana Oil Prod. Co.	Midland, Texas
John Mills	Texas Inc	✓ ✓
P. T. WRIGHT	El Paso Natural Gas	Jal, N. Mex.
A. E. Snyder	Amerada Petroleum Corp	Hobbs, N. Mex.
B. G. Crocker	Shell Oil Co.	Midland Tex.
Henry E. Meadows	Humble Oil & Ref	Midland Texas
Fred M. Springer	Mobil Oil Co	Midland, TEXAS
R. L. Denver		
J. L. Casey	Mobil Oil Co	Russell
Jack Veckley	Mobil Oil Co.	Midland
R. P. Lavenant Jr.	Mobil Oil Co	Los Angeles
Derald M. Grew	Cities Service	Bartlesville
R. H. Chitwood	" "	" "
John A. Cooksey	" "	" "

NEW MEXICO OIL CONSERVATION COMMISSION

REGULAR HEARING

SANTA FE, NEW MEXICO

REGISTERHEARING DATE JUNE 14, 1961 TIME: 9 a.m.

NAME:	REPRESENTING:	LOCATION:
BILL SULLIVAN	EPNG PRODUCTS CO	EL PASO
Dick Booker	Cities Service Pte	Midland
Bill McComb	Hondo oil Co	Roswell
Jim Mytunga	Indian Oil Purchasing	Subson
Mark Roney	Pyranol oil	Fairport
Jim Sott	El Paso Nat. Gas Products	Farmington
Ed ROBINSON	TEXACO Inc	Midland
Doug Coutchit	✓	✓
JOE M. Mc NUTT	E. P. NAT GAS PROD. Co.	EL PASO
R. L. McPherson	M+W and Corp.	Midland
Fred Benjamin	✓	Abilene
M. T. Smith	Signal Oil & G	Midland
Frank D. Gardner	Sinclair Crude	Tulsa, Okla.
Dr. G. Shier	Sinclair Crude	Midland, Tex.
Joe D. Ramey	OCC	Hobbs, N. Mex.
Lew Hills	SWG	Santa Fe
A. R. Kendrick	OCC	Artesia
M. L. Armstrong	OCC	Artesia

NEW MEXICO OIL CONSERVATION COMMISSION

REGULAR HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE JUNE 14, 1961 TIME: 9 a m

NAME:	REPRESENTING:	LOCATION:
St. Harney	El Paso Natural Gas	El Paso
B.R. Howell	"	"
John Yronka	Texas Pacific C & O	Midland
W.M. Rogers	El Paso Nat Gas	Farmington
Garrett Whitworth	El Paso Nat Gas	El Paso
Emery & Carmel	OCC	Ampar

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Case 2304

BEFORE: Honorable Edwin L. Mechem
Mr. A. L. Porter
Mr. E. S. Walker

TRANSCRIPT OF HEARING

MR. PORTER: We will take up next Case 2304.

MR. MORRIS: Case 2304. Application of the Oil Conser-
vation Commission on its own motion to amend Rules 1209 and 1216
to conform to Section 65-3-11.1 of the New Mexico Statutes
Annotated, 1953 compilation, as amended.

(Witness sworn.)

MR. MORRIS: If the Commission please, I will present
this case in the form of a statement. Certain changes in Rules
1209 and 1216 of the Commission's Rules and Regulations are
necessitated at this time to conform those rules to certain
legislation that was passed by the Twenty-fifth Legislature, which
became effective on June 9th, 1961.

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The particular bit of legislation that affects these rules is an amendment of Section 65-3-11.1 of the Statutes of the State of New Mexico, 1953 compilation. The law that was passed by the legislature is really a re-enactment of 65-3-11.1 as it previously existed, with part of one sentence deleted.

I would like at this time to read the deleted portion, and only the deleted portion, of that Statute. The portion that was deleted that is no longer part of 65-3-11.1 reads as follows: "provided, however, no matter or proceeding referred to an Examiner where any party who may be affected by any order entered by the Commission in connection therewith shall object thereto within three days prior to the time set for hearing, in which case such matter shall be heard at the next regular hearing of the Commission."

Now, this change in the Statute, in essence, removes the right, as it previously existed, to object to an Examiner Hearing. The Statute, as it previously existed before the change, gave any interested party the right to object to an Examiner Hearing three days before the hearing, and the case then had to be heard before the full Commission.

The deletion of the portion of the Statute which I have read, then, removes that right. This Statute, as it previously existed, was reflected in two rules of the Commission, Rule 1209 and Rule 1216. Now, to conform Rule 1209 to meet the wording

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of the new Statute, it is proposed to delete the second paragraph of Rule 1209, and I will read the second paragraph as it presently exists in Rule 1209, which the Commission Staff is proposing to delete.

It reads as follows: "Any matter or proceeding set for hearing before an Examiner shall be continued by the Examiner to the next Regular Hearing of the Commission following the date set for the hearing before the Examiner, if any person who may be affected by any order entered by the Commission in connection with such hearing shall have filed with the Commission at least three days prior to the date set for such hearing a written objection to such hearing being held before an Examiner. In such event the matter or proceedings shall be placed on the regular docket of the Commission for hearing."

As you can see, that paragraph is almost the same wording as the portion of the Statute that was deleted. So, it would be completely in keeping with the new statute to delete this second paragraph of Rule 1209. The first paragraph of Rule 1209 concerns continuing a hearing to another Examiner Hearing without the necessity of new service and is not affected by the change in the legislation.

Therefore, Rule 1209, as it is proposed, would contain only the first paragraph of that rule as it presently exists.

With regard to Rule 1216, I have prepared a proposed amended

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Rule 1216 which I believe was available to everyone as they came into the auditorium, and I'm wondering if the members of the Commission have that before them.

MR. PORTER: Yes, we have it.

MR. MORRIS: I would like to read for the record the proposed Rule 1216. "RULE 1216. HEARINGS WHICH MUST BE HELD BEFORE COMMISSION. Notwithstanding any other provisions of these rules, the hearing on any matter shall be held before the Commission (1) if it is a hearing de novo, or (2) if the Commission in its discretion desires to hear the matter, or (3) if the matter involves limiting the total production of crude petroleum oil in the State, or (4) if the matter involves limiting the total production of gas from any gas pool."

With regard to what is numbered (1) in that rule, if it is a hearing de novo, the new legislation did not in any way affect the right to a hearing de novo after an Examiner Hearing and, therefore, it was thought that this should be included in our proposed Rule 1216 as we are proposing it here today.

As to paragraph two, the Commission, in its discretion, may desire to hear any matter, and even though it might be a proper subject for an Examiner to hear, still, if the Commission desires to hear the matter in the first instance, under this rule, under this provision of the rule, it would have the prerogative to hear the matter.

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Under three and four, the Commission, if it should adopt this rule, would, in effect, be imposing a self-limitation upon itself to hear the oil and gas allowable cases. There is nothing in the new legislation that requires the Commission to hear the oil and gas allowable cases. Nevertheless, it's thought that the oil and gas allowable cases are of such importance that the Commission should always hear these cases and that it should be subject of this rule.

I will not offer this as an exhibit. It's part of the record in this case, but, if the Commission please, the Staff would propose Rule 1209 and Rule 1216, as amended, and as proposed here today, and urge their adoption by the Commission.

MR. PORTER: Does anyone have any questions of Mr. Morris? As I understand it, Mr. Morris, the Commission, according to this rule, would be required to hear de novo cases, of course, which wouldn't be de novo unless it were, that is in cases that were heard by the Examiner if the applicant desires to appeal it to the full Commission, is what that amounts to?

MR. MORRIS: Yes, sir.

MR. PORTER: Then, at our discretion, we hear the allowables, of course, or this rule would require us to hear both the oil and gas allowable and anything else that we want to hear?

MR. MORRIS: Yes, sir, that's true. I might point out that there is another rule in our rule book, Rule 1220, that was

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not amended here today which pertains to de novo hearings before the Commission and it will remain intact.

MR. PORTER: Does anyone else have a question? I think the fact that the law has been revised as advocated by the Legal Committee of the New Mexico Oil and Gas Association, after numerous conferences with the Commission's Staff, all of the interested parties indicated as to how well the Examiner system has worked in New Mexico. We have had a few de novo appeals from the Examiner's recommendations, not as many as we actually expected. I might say that North Dakota set up an examiner system this year and they asked us for an outline of our procedures that we furnished to them. How closely they followed that procedure, I don't know, because I haven't seen a copy of the new law.

Did you have something else, Mr. Morris, to add?

MR. MORRIS: Yes, sir. Speaking now not as a witness but as a member of the Staff, I have a communication from Howard Bratton I would like to read into the record. "With reference to Case No. 2304, the above case will come on for hearing before the Commission on June 14 on the motion of the Commission to amend Rules 1209 and 1216 to conform to Section 65-3-11.1, New Mexico Statutes, Annotated, 1953 compilation as amended. The change in the Statute was the result of consultation between the Commission and the New Mexico Oil and Gas Association. It was agreed that it would be advisable in the interest of

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conserving the time of members of the Commission and of fully utilizing the technical ability of the members of the Staff of the Commission to provide that the Commission must hear each month the oil and gas allowables and any de novo proceedings, but that otherwise it should not be required to hear any matter which it might not desire to hear initially. I have examined a copy of the proposed rule changes to be presented at the June 14 hearing, and I believe that they are satisfactory to accomplish the desired end for which the statutory change was made. I would urge that the Commission adopt the proposed changes in Rules 1209 and 1216. I was the Chairman of the Legal Committee of the New Mexico Oil and Gas Association which worked with the Commission to effect the statutory change, and I believe I can speak for the members of that committee in expressing approval of the proposed rule changes. Signed Howard C. Bratton."

MR. NUTTER: I would like to make one brief observation, if I may.

MR. PORTER: Sure.

MR. NUTTER: We were doing some research work on this matter the other day and we found that the Examiners, since the adoption of the Examiner system in 1955, have heard over a thousand cases and there have been approximately ten requests for hearing de novo.

MR. PORTER: Also, Mr. Nutter, we had an eighteen



