2071a Application of Cas DE 10T DE COMPANDE LO SUP South, is

AND THE PROPERTY OF THE PARTY O

*

या

Constitution of the State and the State of t

11 11

CASE MO.

APPlication, Transcripts, SMALL Exh. bits ETC.

BEFORE THE OIL COMSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF HEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CASE No. 3471 Order No. R-3135

APPLICATION OF CHAMBERS & KENNEDY FOR AN EXCEPTION TO RULE 301(b), EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE CONCUSSION:

This cause came on for hearing at 9 a.m. on October 11, 1966, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

MOW, on this ______day of October, 1966, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

PINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Chambers & Kennedy, operator of the Delhi-Taylor State Well No. 2 located in Unit O, Section 34, Township 17 South, Range 28 East, and the Abo Well No. 1 located in Unit N, Section 27, Township 17 South, Range 28 East, NMPM, Empire-Abo Pool, Eddy County, New Mexico, seeks permission to make up cancelled allowable, amounting to 1760 barrels of oil, occurring in August, 1966, and resulting from the failure of the applicant to file the results of the annual gas-oil ratio tests for said wells within the time required by Rule 301(b) of the Commission Rules and Regulations.
- (3) That the applicant has at all times attempted, in cost faith, to obey the Commission Rules and Regulations.

-2-CASE No. 3471 Order No. R-3135

- (4) That due to a change in applicant's clerical procedure, the applicant was unaware of the requirements of Rule 3(1(b) of the Commission Rules and Regulations.
- (5) That the subject application should be approved in order to afford the operator the opportunity to produce its just and equitable share of the oil in the pool.
- (6) That the cancelled allowable should be made up during the month of Hovember, 1966.

IT IS THEREFORE ORDERED:

- (1) That the proration manager of the Artesia District Office of the New Mexico Oil Conservation Commission is hereby authorised to issue a supplement to the proration schedule authorising the applicant, Chambers & Kennedy, to produce during the month of Movember, 1966, 880 barrels of oil from the Delhitaylor State Well Mo. 2 located in Unit 0, Section 34, Township Taylor State Well Mo. 2 located in Unit 0, Section 34, Township 17 South, Range 23 East, and 880 barrels of oil from the Abo Well No. 1 located in Unit V. Section 27, Township 17 South, Range 28 Mast, MMPM, Empire-Abo Pocl, Eddy County, New Mexico, in addition to the regularly assigned allowable for said wells.
- (2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DOME at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO

Law MI Da. al. 10

JACK M. CAMPBELL, Chairma

GUYTON B. HAYB, Member

A. L. PORTER, Jr., Member & Secretary

esz/

A.L.ZINN (1924-1957) DEAN S.ZINN IOHN D. DONNELL GEORGE A. GRAHAM, IR.

ZINN 8 DONNELL LAW OFFICES 209 EAST MARCY STREET SANTA FE, NEW MEXICO 87501

TELEPHONES
YUCCA 2-2516
YUCCA 2-2516
YUCCA 2-2517

October 7, 1966

Oil Conservation Commission State of New Mexico Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Application No. 3471

; Oct 10 AH 8 1?

407 90 110 600

Gentlemen:

Please file the enclosed Entry of Appearance in the above numbered cause.

Thanking you, I remain.

Enclosure

cc: Martin L. Allday, Esq. 201 Wall Building Midland, Texas 79701

GAG/mam

A TOP A CONTRACTOR OF THE PARTY OF THE PARTY

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN RE: APPLICATION OF CHAMBERS AND KENNEDY FOR AN EXCEPTION TO RULE 301(b), EDDY COUNTY, NEW No. 3471 MEXICO

ENTRY OF APPEARANCE

The undersigned, George A. Graham, Jr. of Santa Fe, New Mexico, duly licensed to practice law in the State of New Mexico, hereby enters his appearance in the above entitled proceedings as local counsel for Chambers and Kennedy, with Martin L. Allday, Esq., of the Texas Bar.

DATED at Santa Fe, New Mexico, this 7th day of October, 1966.

> GEORGY A. GRAHAM, JR. Attorney for Chambers

and Kennedy BAV 2361

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 11, 1966

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 3439: (Continued from the September 7, 1966 examiner hearing)

 In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Scanlon and Shepard and all other interested parties to show cause why the following Scanlon and Shepard wells in Township 20 North, Range 9 West, McKinley County, N∈ Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program: Santa Fe Pacific Railroad Lease: Wells Nos. 1, 3, 4, 5, 7, and 8, all in Unit P, No. 10 in Unit H, and No. 2 in Unit L, all in Section 21; Well No. 6 in Unit L and Nos. 9 and 12 in Unit M of Section 22 and Nos. 11 and 13 in Unit D of Section 27. Ray Well No. 1 in Unit C, State Wells Nos. 1 and 2 in Unit A, and State K-1883 No. 1 in Unit B, all in Section 28.
- CASE 3440: (Continued from the September 7, 1966 examiner hearing)

 In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Osborn & Weir, and all interested parties, to show cause why the following Osborn & Weir wells in Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program: Scanlon Well No. 17 in Unit P of Section 21 and Nos. 14 and 18 in Unit M of Section 22, Scanlon Ray Wells No. 5 in Unit A and No. 6 in Unit C of Section 28.
- CASE 3441: (Continued from the September 7, 1966 examiner hearing)

 In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit LaMar Trucking, Inc., and all interested parties, to show cause why their State Well No. 1 located 495 feet from the North and West lines of Section 28, Township 20 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 3471: Application of Chambers & Kennedy for an exception to Rule 301(b), Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the provisions of Rule 301(b) of the Commission rules and regulations which provides for the cancellation of allowables for wells with delinquent Forms C-116. Applicant seeks reinstatement of eleven days' allowable to its Delhi-Taylor State Well No. 2 in Unit O of Section 34, and its Abo Well No. 1 located in Unit N of Section 27, Township 17 South, Range 28 East, Empire-Abo Pool, Eddy County, New K.xico.

-2Docket No. 25-66
October 11, 1966 Examiner Hearing

- CASE 3472: Application of Monsanto Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Shoe-Bar Pennsylvanian Oil Pool, Lea County, New Mexico, including a provision for 80-acre proration units.
- CASE 3473: Application of Len Mayer for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the NE/4 SE/4 of Section 1, Township 8 South, Range 30 East, Chaves County, New Mexico.
- CASE 3474: Application of Tenneco Oil Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute the waterflood project by the injection of water into the Premier zone of the Grayburg formation through four wells located in Sections 18 and 19, Township 16 South, Range 30 East, West Henshaw-Grayburg Pool, Eddy County, New Mexico.

CASE 3298 (Reopened)

In the matter of Case 3298 being reopened pursuant to the provisions of Order No. R-1670-G to permit all operators in the Todd-San Andres Pool, Roosevelt County, New Mexico, to appear and present all available information concerning the effectiveness of the temporary special rules promulgated by Order No. R-1670-G for said pool, particularly as they relate to the effectiveness of the volumetric formula established for limiting withdrawals of gas from the gas-cap area of said pool, and to the area which can be economically and efficiently drained by one well.

CASE 3475: Application of Marathon Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Indian Hills Unit Well No. 6 "Comm" at an unorthodox location 1440 feet from the South and East lines of Section 17, Township 21 South, Range 24 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico.

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico

Bil Conservation Commission

LAND COMMISSIONER GUYTON 8. HAYS MEMBER



P. O. BOX 2086 SANTA FE STATE GEOLOGIST A, L. PORTER, JR. SECRETARY - DIRECTOR

October 14, 1966

Mr. Martin L. Allday Lynch, Chappell & Allday Attorneys at Law 201 Wall Building Midland, Texas

Re: Case No. 3471
Order No. R-3135
Applicant:

Chambers & Kennedy

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

OTHER

Clase 347/

RAYMOND A. LYNGH
GLOVIS G. GHAPPELL, JR.
MARTIN L. ALLDAY
ALBERT G. HANI. FON
VANN CULP
GNARLES C. ALDRIDGE
RANDALL LUNDY
RENNETH W. NORDEMAN

Gary G. Wisener Bruce Bangert LAW OFFICES C. LYNCH, CHAPPELL & ALLDAY, 201 WALL BUILDING C. MIDLAND, TEXAS 79701

August 23, 1966

MUTUAL 3-3351

c. A. L. Porter, Cr.
Acretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Chambers & Kennedy

Gentlemen:

Service and the first country of the service of the

This firm represents Chambers & Kennedy, the operators of the Delhi-Taylor State #2 Well located in Unit O, Section 34, T-17-S, R-28-E, and the Abo #1 Well located in Unit N, Section 27, T-17-S, R-28-E, in the Empire Abo Field, Eddy County, New Mexico.

A commercial concern (West Texas Oil Reports) was retained by Chambers & Kennedy to make the periodic reports required by the New Mexico Oil Conservation Commission from the time the above wells were drilled until March of this year, when Chambers & Kennedy terminated their contract with West Texas Oil Reports and assigned the duties of making the reports to a secretary in their office. Unfortunately, the secretary did not know of the requirement that GOR test reports were to be made on your Form C-ll6, and West Texas Oil Reports did not advise her of the situation. In addition to the foregoing, Chambers & Kennedy were not then on the Commission's mailing list so the supplement to the proration schedule which contained the notice of required GOR tests for the above field was not received by them.

Under the above fact situation, the Commission cancelled the two wells' allowable effective August 1, and the first notice that Chambers & Kennedy had of such was when the pipe line purchaser notified them that this had been done on or about August 11. The test was run and the appropriate filing

1750 have by

Mr. A. L. Porter, Jr. August 23, 1966 Page -2-

was made on August 12. Hence, eleven days of August production totalling 1,760 barrels of oil was lost through a clerical error.

We respectfully request that a hearing be set in early October of 1966 to consider the application of Chambers & Kennedy for an exception to your Rule 301(b) to have the above referred to allowable restored. Chambers & Kennedy are excellent operators, and intend to make every effort to comply with all rules and regulations of the Commission, and have done so in the past with the exception of the matter discussed herein which was the result of a clerical error as indicated.

Previous commitments prohibit our requesting the hearing to be set on your September 28 docket unless such might jet pardize our application. We understand that this is not the case and hence request the October hearing if such is satisfactory with the Commission.

Please advise at your earliest convenience.

Yours truly,

LYNCH, CHAPPELL & ALLDAY

Martin L. Allday

MLA/meg

cc: Chambers & Kennedy 607 Midland National Bank Bldg. Midland, Texas

DOCKET MAILED

Date 9-30-66

Clas 3471

OIL CONSERVATION COMMISSION P. O. BOX 2088 SANTA FE. NEW MEXICO

September 14, 1966

Mr. Martin L. Allday Lynch, Chappell & Allday DOCKET MAILED Attorneys at Law 201 Wall Building Midland, Texas 79701

Dear Sir:

In reply to your letter of September 12, 1966, your application for Chambers & Kennedy will be docketed for the October 11, 1966, examiner hearing.

A docket will be mailed to you as soon as this hearing is advertised and the dockets printed.

Very truly yours,

IDA RODRIGUEZ Secretary to Mr. Porter

ဗ္ဗ En 3471 ထ LAW OFFICES LYNCH, CHAPPELL & ALLDAY RAYMOND A. LYNCH CLOVIS G. CHAPPELL, JR. 201 WALL BUHLDING MARTIN L. ALLDAY ALBERT G. HAMILTON MIDLAND, TEXAS 7970 VANN GULP GHARLES G. ALDRIDGE RANDALL LUN.Y Septem 12, 1966 MUTUAL 3-3351 KENNETH W. NORDEMAN GARY G. WISENER BRUCE BANGERT Mr. A. L. Porter, Jr. Secretary-Director New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fa, New Mexico 87501 Re: Chambers & Kennedy Dear Mr. Porter: On August 23, 1966, we made application for a hearing concerning the Delhi-Taylor State #2 Well located in Unit O. Section 34, T-17-S, R-28-E, and the Abo #1 Well located in Unit N, Section 27, T-17-S, R-28-E, in the Empire Abo Field, Eddy County, New Mexico, which are operated by Chambers & Kennedy. Please advise as to whether or not a docket number has been assigned to our application and when the hearing will be held if such has been set. Yours truly, LYNCH, CHAPPELL & ALLDAY Martin L. Ailday MLA/meg

dearniery-meigr reporting service, inc. specializing in Depositions, Hearings, Statements, Expert testimony, Daily Copy, Convibilions

1120 SIMMS BLDG. . P. O. BOX 1072 . PHONE 245-6491 . ALBUQUERGUE, HEY.

BEFORE THE

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

October 11, 1966

EXAMINER HEARING

IN THE MATTER OF:
Application of Chambers and Kennedy
for an exception to Rule 301(b),
Eddy County, New Mexico.

CASE NUMBER

3471

BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING



```
MR. HATCH: Application of Chambers and Kennedy for
                 an exception to Rule 301(b), Eddy County, New Mexico.
        8
                          MR. ALLDAY: My name is Martin A. Allday with Lynch,
                Chappell and Allday in Midland, Texas, 201 Wall Building.
               This is Mr. Jack Alexander, who I would like to have sworn,
              Please.
           called as a witness, having been first duly sworn, was
                                                      (Witness sworn.)
           examined and testified as follows:
         BY MR. ALLDAY:
                              DIRECT EXAMINATION
             Q
                 State your name, please.
                 MR. NUTTER:
               MR. HATCH: I have an Entry of Appearance signed by
                             Just one moment.
     George A. Graham that I would like to have entered into the
    record. "The undersigned, George A. Graham, Jr., of Santa Fe,
   New Mexico, duly licensed to practice law in the State of New
  Mexico, hereby enters his appearance in the above entitled
 Proceedings as local counsel for Chambers and Kennedy, With
Martin L. Allday, Esq., of the Texas Bar." Signed George A.
Graham, Junior.
        MR. NUTTER: Will you proceed?
        (By Mr. Allday) State your name.
```

3

With whom are you employed? Q

I'm employed as Production Superintendent and A Engineer for Chambers and Kennedy.

You have testified before this Commission before, Q I believe?

I have on one previous occasion.

Would you state to the Examiner, please, the facts Q which gave rise to the application which has been made?

A The problem or the reason we are here is due to the fact that we have lost some allowable on two wells in the Empire-Abo. Approximately three years ago we hired a new secretary and about one year ago she was charged with the filing of production reports which had previously been filed by the West Texas Oil Reports in Midland. At the time that she started filing the reports we were under the impression that she knew the procedures to go through, but she failed to have us placed on the mailing list for the allowables as established in the Empire-Abo field, and as such hearings failed to come to us, we were not notified or did not receive the notification due to the fact that we were supposed to take gas-oil ratios and it was then in July -- wait.

That's right. Q

-- in July that we got penalized on eleven days'



dearnley-meier reporting service, inc.

O SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO
3 FIRST NATIONAL BANK EAST • PHONE 256-1794 • ALBUQUERQUE, NEW MEXICO

production on two wells due to the fact that we had not been notified or did not have notification as to the fact that our allowable had been set at zero allowable.

- Q I believe that was August?
- A The month we were penalized was August 1st to August 11th.
- Q Mr. Alexander, would you state to the Examiner, please, whether or not at the time that the West Texas Oil Reports Services were terminated, whether or not they told the secretary that these reports were due?
- A They implied that she had been told that she should be put on the mailing list. She says she was not told.

MR. ALLDAY: It appears to me that this is a situation where an operator who is a good operator in the State of New Mexico just simply made a clerical error and we ask that we be granted an exception to Rule 301(b) and that the eleven days' allowable be restored.

CROSS EXAMINATION

BY MR. NUTTER:

- Q This secretary wasn't on the mailing list to receive what?
 - A The supplements of the allowable.
- Q Your company was receiving the proration schedule, was it not?



5

- A No, sir. The proration schedule previously had been going to West Texas Oil Reports.
 - Q How did the pumper know how much oil to produce?
- A The West Texas Reports had been notifying him how much to produce each month. She made the assumption that once the allowable was established in New Mexico, it remained the same.
 - Q You made no request to receive a proration schedule?
 - A She had made no request whatsoever.
- Q The schedule for the taking of the GOR is printed on the front cover?
- A That is correct. In previous years, the West Texas Oil Reports had called me and told me that ratios on certain wells should be taken at a certain time and I started filing the ratios. When she failed to file the reports, we had no notification that the gas-oil ratios were due.
 - Q You are now on the mailing list?
 - A Yes, we got on immediately.
- Q After you were notified by the pipe line that you had no allowable?
- A Yes. They informed us that the allowable was zero the 10th of the month and this was the first notification that our allowable had been set at zero. And here again, we were not receiving the supplemental allowable which would have



dearnley-meier reporting service, inc

BOX 1 IS BLDG. . P.O. B. 1120 SIMMS B 1203 F.RST NA

shown us at the beginning of the month that it was at zero so we immediately took the GOR the next day and filed them in the Artesia office.

- Then your allowable was reinstated?
- Yes.
- This is the back allowable for the 1st through the 11th that you are requesting now?
 - \mathbf{A} Yes.
- It's for two wells. I believe the two wells are mentioned in your application and also in the Call of the Hearing?

MR. ALLDAY: Yes, sir, that's for 1760 barrels 'mat were lost through clerical error.

- (By Mr. Nutter) That's the total for the two wells? Ų
- That is correct.

MR. ALLDAY: Yes, sir.

MR. NUTTER: Any other questions of Mr. Alexander? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Allday?

MR. ALLDAY: No, sir. We simply feel this is a strictly clerical error and intend to get our reports in on time in the future in this regard, and just ask the Commission



to look on this thing with some justice, please, sir.

MR. NUTTER: Does anyone have anything further to offer in Case 3471? We'll take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

Had Denney PUBLIC

My Commission Expires:

June 19, 1967

- OE

1 do hereby	certify t	that th	o foresc	ning is
a market of the see	പരവധി ത്	1 Mar 27	000000	السندن
the Landiese heard by se	hearing_	91 0as	e No. 3	4. Z.J
beard by as (10	7.1.1	li	<i>66</i> .
The contract of the contract o		,		

New Mexico Oil Conservation Commission

Page	1
------	---

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing

santa Fe . NEW MEXICO

REGISTER

HEARING DATE October 11, 1966 REPRESENTING: LOCATION: Inlag Box 1650. Wadin & Cellan Chambersa Kennedy 607 Mideal Votinal Barr Bldg and Jotes alexander Midland, T.CKHT From D. Alddie Ken-M' Gue Corp. Oklahomi City Okla PERT WARTY PAN AM Guy Buell GEORGE FORD A.L. Porter, Jr PAN Am Sante Fe Roswell R.J. Seatt Texaco MIDLAND TEXACO CL WHIGHAM Santa Lo Ob Benjand V Nu Burn Perkle Bunkerend of the de Remitte Laurs Clot MIDLAND TOX MONSANTO PLANDERSON Midland toxas plomarto Part Harrynan Milland Toxes Manante E. W.m. B. 800.

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing
Santa Fe NEW MEXICO

REGISTER

EARING DATE OC	tober 11, 1966 T	THE:
	REPRESENTING:	LOCATION:
NAME:	Sunday Note	Tulsa
C SULLOCK	- action any	Roswell, N. M.
J. Soter	Sunray DX Oil Co.	
V. Stine	Sunany Dy Die	Midland Try.
ason Kallahin	Sunny Dy one Rellah I tox	Sata te
	Marathon Oil C	1666s, N.M.
A. Freters Jr		The state of the s
Borte les		midland
Mandeine	Sinclair "	1
Mian, R Look	Some DX	70/32
	1 .	o Toswell 7.5
med Jenne	S Period St. Coff of	
MERT F. BAKER	ATLANTIC FICHFIFIO	
I Werrollow Ralph I Gray	Franklin, Astan & Fai	r Arresia
1 - 1 /	makil oil Co	as alongungare
1 5 Sporting	/ Magint	
Len Mayor	se of	Coswell-
Jen Magin	0000	Posucel
And Mr Close	a Sulgerill	

-	Examiner Hearing		
	Santa Fe	, NEW MEXI	œ
	REGISTER		
HEARING DATE	October 11, 1966	time:	9 A.M.
name :	REPRESENTING:		LOCATION:
WM. C. DURDEN		7	1/2 Simms Bldg 169. N. N. 8710
Tom P. Stephenis	Franklin, Asion + FA	1; Jose . A.	eswell, Mills.
			·
. •			
			•

NEW MEXICO OIL CONSERVATION COMMISSION

Page 3