com. for an order allowing its B.
T. Lanehart Well #1 to compensate
for overproduced status

Case No.

1918

Application, Transcript, Small Exhibits, Etc.

Dockets mailed 3-7-60

THIS IS A GILBERT QUALITY PAPER
Cotton Fibre Content

Cactus Petroleum
Inc.
P.O. Box 634
Midland Tex.
Attn: Mr. Sam F. Weir

McWood Corporation
306 V & J Tower
Midland Texas
Attn:
R. L. McPherson?
(check w/ Pete)
+ Harvey Yates
Artesia, N.M.

[illegible] Corp.

vs.

[illegible] Corp.

[illegible] Corp.

[illegible] Corp.

CACTUS Petroleum, Inc.

W. D. YORK
PRESIDENT
ED. S. BROOKS
VICE PRESIDENT
T. D. JENKINS
VICE PRESIDENT
C. J. RUTTEN
V. PRES. & TREAS.

P. O. BOX 1587 636 MIDLAND, TEXAS TELEPHONE MU 2-0809 2-9781

November 27, 1969

Re: Federal Lease
NW/4 of Section 6-19S-31E
Culwin Field
Eddy County, New Mexico

Mr. Olen F. Featherstone
200 West First
Roswell, New Mexico

Dear Sir:

This has reference to the No. 1-5 well on your captioned lease.

We trust this well proves to be a commercial producer. If a pipe line connection is not immediately available to handle this production, we would appreciate very much the opportunity to assist you in arranging a market for your oil by truck. We are presently purchasing and transporting crude oil in this area and would be most happy to serve you in any manner possible.

Thank you for any consideration you may extend to us in this matter.

Yours very truly,

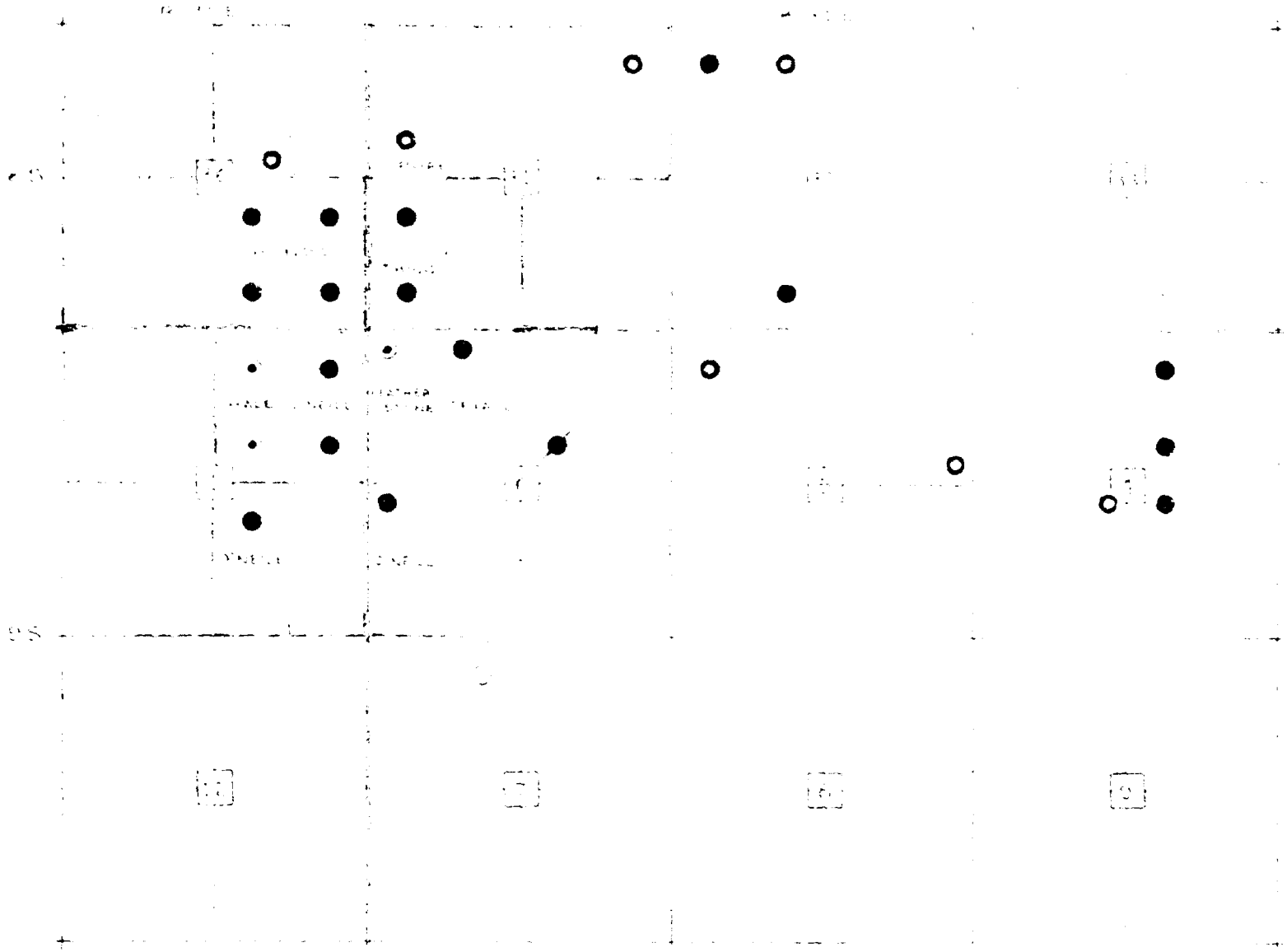
CACTUS PETROLEUM, INC.

Don M. Martin

DMM:im

cc: Mr. Ed S. Brooks
Mr. T. D. Allen

[illegible]
[illegible]
[illegible]
[illegible]
CASE 1113



WELLS WITHOUT CASING
COMPLETED WELLS
DRILLING WELLS
DRY HOLES
ABANDONED WELLS

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXHIBIT No. 1
CASE 1918

January 14, 1960

Re: Harvey E. Yates
Federal Lease
Culwin Field
Eddy County, New Mexico

Mr. Harvey E. Yates
320 Carper Building
Artesia, New Mexico

Dear Sir:

This letter, upon acceptance by you, will confirm our agreement whereby you will sell and we will purchase the allowable production from your captioned lease.

For this production we will pay you the price posted by Sinclair Crude Oil Company for New Mexico Sour crude oil, which price is currently $2.95 per barrel for 40°-44.9° gravity crude with a two cent differential downward for each degree upward to a final price of $2.73 per barrel for 55° gravity and above. There will be a three cent differential for each degree below 40° gravity. From this price we will deduct twenty (20) cents per barrel.

It is our understanding that you desire us to hold the basic division order covering this lease, thereby enabling us to make disbursement to the various interest owners. In this connection you agree to furnish directly to our Mr. T. D. Jenkins, Vice President, Cactus Petroleum, Inc., P. O. Box 12355, Houston 17, Texas, a title opinion acceptable to him for our use in the preparation of said basic division order. This title opinion will be based on abstract material dating from sovereignty of the soil to the date of our first run.

It will be necessary that you furnish the unit production number assigned to this lease by the Oil Conservation Commission and the ad valorem tax rate to Mr. W. E. Perry in our Houston office.

If the above is your understanding of our agreement, kindly indicate your acceptance of same by signing in the space provided below and returning one signed copy of this letter to this office.

Yours very truly,

[illegible], Jr.

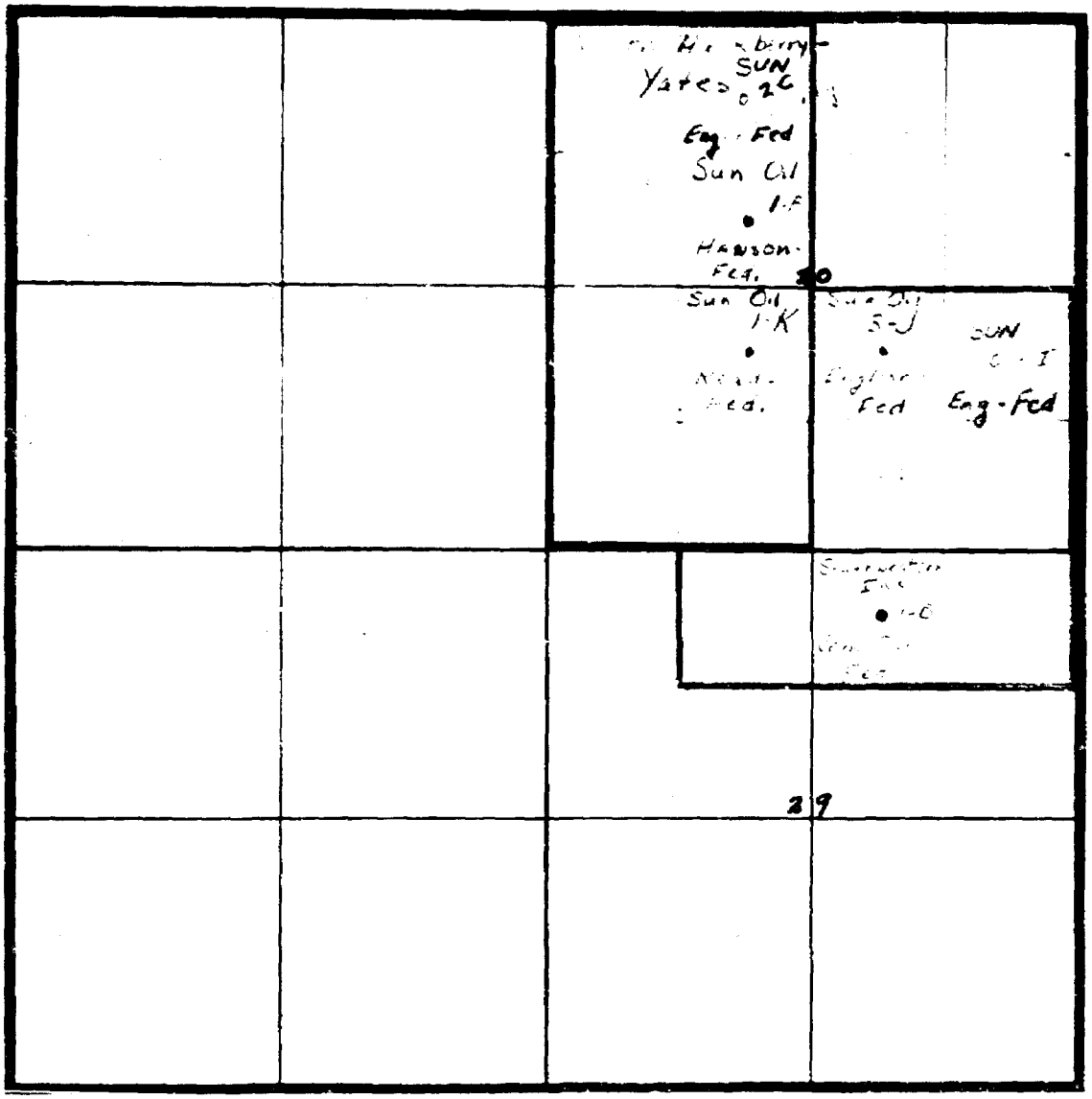
[illegible] 1960.

[illegible]

[illegible]

[illegible]
[illegible]
[illegible]
[illegible]

Sec 20 & 29 Township No. 19 S Range No. 31 E



SOUTHWESTERN INC. OIL WELL SERVICING

T. J. "jimmie" HOLLIS, President

Fully Insured

PHONE EX 6-3681
BOX 1116 HOBBS HIGHWAY
LOVINGTON, N. M.

March 7, 1962

AIR MAIL

New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Attention: Mr. A.L. Porter, Jr.
Secretary-Director

Dear Sir:

I am writing you in regard to conversation with Mr. Carey of your Hobbs Office, regarding the sale of oil from our [illegible] Federal number one well, located NW/4 of NE/4 Section 29-T19S-R31E, Eddy, County, New Mexico.

We have contacted Sinclair Crude Oil Company, the only purchaser in this field, and they refused to purchase this oil. Yet, they are purchasing oil from Sun Oil Company from wells in Section 20, just two locations from our well, and who has started a well just 330 ft. from our north line, which will be a direct offset to our well.

I regret that I have to bother you with this, but it seems that we are being discriminated against by the selective purchase of just one companies oil from a common field, as all these wells are producing from the same sand.

Hoping that you may be able to help us out in this matter, and that I will hear from you soon, I remain

Yours sincerely,

[illegible], Inc.

T. J. Hollis
President

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

COPY

March 21, 1960

Cactus Petroleum, Inc.
Box 12385
Houston 17, Texas

Attention: Mr. T. D. Jenkins

Gentlemen:

With further reference to our telephone conversation this morning, you are hereby directed to purchase oil from the Southwestern Inc., CEM Federal 1-B, Section 29, Township 19 South, Range 31 East, Eddy County, New Mexico.

It has been established that your company has been purchasing oil from the wells of Sun Oil Company located within and adjacent to the North Hackberry-Yates Pool. It is felt by our geologist that the above-described Southwestern well is producing from the same common source of supply and he has proposed an extension to the North Hackberry-Yates Pool to include this well within these boundaries.

As mentioned in our telephone conversation this morning, you will receive in a few days an order directing you to purchase oil from the Hale & Hale wells and the Featherstone wells in the Culwin Pool.

Yours very truly,

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

cc: M. L. Armstrong - Artesia, N.M.
John Runyan - Hobbs, New Mexico
Jack Campbell - Roswell, N.Mex.
Harvey Yates - Artesia, N. Mex.
H. N. Sweeney - Roswell, N. Mex.
Southwestern - Lovington, N.Mex.

CACTUS Petroleum, Inc.
P. O. BOX 12385 HOUSTON 17, TEXAS TELEPHONE MISSION 4 5151

Case file

March 11, 1960

Re: Case No. 1918 - Set for hearing March 16, 1960, for Cactus Petroleum, Inc., and McWood Corporation to show cause why they should not purchase certain Culwin-Pool Production.

Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Gentlemen:

If this company is required to purchase Culwin Pool production from the wells described in the Commission's order in the above-mentioned case, it will work hardship on this company in view of existing marketing conditions; however, we would like to make it clear that if the Commission shall see fit to issue an order requiring such purchases, this company will comply with the Commission's order.

Please consider this letter an appearance in the above-mentioned case since we do not contemplate having a representative present when the case is called.

Yours very truly,

T. D. JENKINS
Vice President

TDJ:bw

NO. 8-60

DOCKET: REGULAR HEARING MARCH 16, 1960

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, N.M.

Allowable: (1) Consideration of the oil allowable for April, 1960.

(2) Consideration of the allowable production of gas for April 1960 from six prorated pools in Lea County, New Mexico; also consideration of the allowable production of gas from seven prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico.

CASE 1917: Application of Amerada Petroleum Corporation for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the Monument-McKee Gas Pool condensate and Monument Pool oil production from all wells located on the Amerada State B-869 lease consisting of the SW/4 of Section 36, Township 19 South, Range 36 East, Lea County, New Mexico. Applicant proposes to separately meter only the Monument-McKee Gas Pool condensate, and to gauge the commingled production in common tankage.

CASE 1918: In the matter of the hearing called by the Oil Conservation Commission on its own motion to require Cactus Petroleum, Incorporated, and McWood Corporation to appear and show cuase why they should not be required to purchase the Culwin Pool production from the following-described wells in Eddy County, New Mexico:

Hale and Hale Federal Well No. 1, Unit G, Section 1, Township 19 South, Range 30 East.

Hale and Hale Federal Well No. 2, Unit B, Section 1, Township 19 South, Range 30 East.

CASE 1919: Application of Rice Engineering & Operating, Inc., for adoption of a Form 120-A to be used in reporting salt water disposal operations. Applicant, in the above-styled cause, seeks an amendment of Rules 1119, 704, and 1103 to adopt a Form 120-A to be used by operators of salt water disposal wells in reporting salt water disposal operations.

CASE 1920: Southeastern New Mexico nomenclature case calling for an order for the creation of a new pool and the extension of existing pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) Create a new pool designated as the Buttom Mesa-San Andres Pool, and described as:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 20: NE/4

(b) Extend the Allison-Pennsylvanian Pool to include:

TOWNSHIP 8 SOUTH RANGE 36 EAST, NMPM
Section 35: SW/4
Section 36: E/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM
Section 14: SW/4

(c) Extend the Arrowhead Pool to include:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 17: NW/4 NW/4

(d) Extend the Atoka-Pennsylvanian Gas Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 27: N/2

(e) Extend the Bagley-Pennsylvanian Pool to include:

TOWNSHIP 11 SOUTH, RANGE 33 EAST, NMPM
Section 33: NE/4
Section 34: NW/4

(f) Extend the Blinebry Oil Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 29: N/2
Section 30: NE/4

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 26: NE/4 SE/4

(g) Extend the Bronco-Mississipian Pool to include:

TOWNSHIP 1[illegible] SOUTH, RANGE 38 EAST, NMPM
Section 11: Lots 1 & 2 and W/2 NE/4

(h) Extend the Brown Pool to include:

TOWNSHIP 10 SOUTH, RANGE 26 EAST, NMPM
Section 22: SW/4 SE/4

(i) Extend the Culwin-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM
Section 6: SW/4

(j) Extend the Dollarhide-Queen Pool to include:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM
Section 19: NW/4

(k) Extend the Drinkard Pool to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 28: NW/4 SW/4

(l) Extend the Empire-Abo Pool in Eddy County, to include:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 36: SW/4

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 31: S/2
Section 32: S/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM
Section 4: NW/4
Section 5: N/2
Section 6: NE/4 and SW/4

(m) Extend the Eumont Gas Pool to include:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM
Section 8: E/2 SW/4 and SE/4

(n) Extend the Justis-McKee Pool to include:

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM
Section 19: NW/4

(o) Extend the East Millman-Queen-Grayburg Pool to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 15: NE/4

(p) Extend the East Millman-Seven Rivers Pool to include:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 21: NE/4
Section 22: NW/4

(q) Extend the South Paddock Pool to include:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 31: SE/4

(r) Extend the South Vacuum-Devonian Pool to include:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 22: SE/4

CASE 1921: Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan, and Rio Arriba Counties, New Mexico.

(a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM
Section 33: SW/4

(b) Extend the Pine Lake-Pictured Cliffs Pool to include:

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM
Section 29: W/2 & SE/4
Section 32: E/2 & NW/4

(c) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM
Section 18: S/2 (partial)

(d) Extend the Blanco-Mesaverde Pool to include:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM
Section 3: E/2

(e) Extend the Horseshoe Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM
Section 27: SW/4 NW/4
Section 34: NE/4 NW/4, N/2 NE/4 & SE/4 NE/4

(f) Extend the Verde-Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM
Section 28: NW/4 & NW/4 NE/4
Section 30: NE/4 SW/4

The following case will be heard at 9 a. m. March 17, 1960

CASE: 1922: In the matter concerning purchaser prorationing by Indiana Oil Purchasing Company in all oil pools from which it purchases in Lea, Chaves and Eddy Counties, New Mexico.

ig/

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

COPY

March 25, 1960

Mr. Oliver Seth
Box 828
Santa Fe, New Mexico

Dear Sir:

We enclose herewith one copy of Order R-1635 in Case 1918 issued by the Oil Conservation Commission on March 24, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosure

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

COPY

March 25, 1960

Cactus Petroleum Incorporated
P. O. Box 634
Midland, Texas

Attention: Mr. Sam F. Weir

Gentlemen:

We enclose herewith one copy of Order R-1635 in Case 1918, heard in Santa Fe on March 16, 1960. This order was issued by the Commission on March 24, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosure

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

COPY

March 25, 1960

Mr. Jack Campbell
Box 766
Roswell, New Mexico

Dear Sir:

We enclose herewith one copy of Order R-1635 in Case 1918 issued by this Commission on March 24, 1960.

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

ir/

Enclosure

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 1918
Order No. R-1635

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO REQUIRE
CACTUS PETROLEUM, INC., AND McWOOD
CORPORATION TO APPEAR AND SHOW CAUSE
WHY THEY SHOULD NOT BE REQUIRED TO
PURCHASE THE OIL PRODUCTION FROM CERTAIN
WELLS IN THE CULWIN POOL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 24th day of March, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(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 operators of the following-described newly completed wells in the Culwin Pool, Eddy County, New Mexico, have been unable to sell the oil production from said wells upon proper tender:

Olen F. Featherstone Federal "B" Well No. 1, Unit D, Section 6, Township 19 South, Range 31 East

Hale and Hale Federal Well No. 1, Unit G, Section 1, Township 19 South, Range 30 East

Hale and Hale Federal Well No. 2, Unit B, Section 1, Township 19 South, Range 30 East

(3) That the evidence presented establishes that at the present time there is one common purchaser of oil in the said

Culwin Pool and one prospective common purchaser of oil in said pool. These are Cactus Petroleum, Incorporated, and McWood Corporation respectively.

(4) That the evidence presented establishes that Cactus Petroleum, Incorporated, which nominates for the purchase of oil in the said Culwin Pool, has the primary obligation to purchase the production from the above-described wells.

(5) That pursuant to the requirements of Section 65-3-15, NMSA, 1953 Comp., Cactus Petroleum, Incorporated, should be required to purchase the legal oil tendered to it which is produced from the above-described wells in the Culwin Pool.

IT IS THEREFORE ORDERED:

That effective immediately, Cactus Petroleum, Incorporated, a common purchaser of oil in the Culwin Pool, Eddy County, New Mexico, be and the same is hereby ordered to purchase the legal oil tendered to it which is produced from the said Culwin Pool from the following-described wells:

Olen F. Featherstone Federal "B" Well No. 1, Unit D, Section 6, Township 19 South, Range 31 East

Hale and Hale Federal Well No. 1, Unit G, Section 1, Township 19 South, Range 30 East

Hale and Hale Federal Well No. 2, Unit B, Section 1, Township 19 South, Range 30 East.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

esr/

DRAFT
OEP:esr
March 22

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 1918

Order No. R- 635

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO REQUIRE
CACTUS PETROLEUM, INC., AND McWOOD
CORPORATION TO APPEAR AND SHOW CAUSE
WHY THEY SHOULD NOT BE REQUIRED TO
PURCHASE THE OIL PRODUCTION FROM CERTAIN
WELLS IN THE CULWIN POOL, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 16, 1960, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of March, 1960, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

- - -

This cause came on for hearing at 9 o'clock a.m. on _____, 1960, at Santa Fe, New Mexico, before _____, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this _____ day of _____, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, _____, and being fully advised in the premises,

FINDS:

(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 operators of the following-described newly completed wells in the Culwin Pool, Eddy County, New Mexico, have been unable to sell the legal production from said wells upon proper tender:

> Olen F. Featherstone Federal "B" Well No. 1, Unit D, Section 6, Township 19 South, Range 31 East
>
> Hale and Hale Federal Well No. 1, Unit G, Section 1, Township 19 South, Range 30 East
>
> Hale and Hale Federal Well No. 2, Unit B, Section 1, Township 19 South, Range 30 East

(3) That the evidence presented establishes that at the present time there is one common purchaser of oil in the said Culwin Pool and one prospective common purchaser of oil in said pool. These are Cactus Petroleum, Incorporated, and McWood Corporation respectively.

(4) That the evidence presented establishes that Cactus Petroleum, Incorporated, which nominates for the purchase of oil in the said Culwin Pool, has the primary obligation to purchase the production from the above-described wells.

(5) That pursuant to the requirements of Section 65-3-15, NMSA, 1953 Comp., Cactus Petroleum, Incorporated, should be required to purchase the legal oil tendered to it which is produced from the above-described wells in the Culwin Pool.

IT IS THEREFORE ORDERED:

That Cactus Petroleum, Incorporated, a common purchaser of oil in the Culwin Pool, Eddy County, New Mexico, be and the same is hereby ordered to purchase the legal oil tendered to it which is produced from the said Culwin Pool from the following-described wells:

> Olen F. Featherstone Federal "B" Well No. 1, Unit D, Section 6, Township 19 South, Range 31 East
>
> Hale and Hale Federal Well No. 1, Unit G, Section 1, Township 19 South, Range 30 East
>
> Hale and Hale Federal Well No. 2, Unit B, Section 1, Township 19 South, Range 30 East.

DONE at Santa Fe, New Mexico ----------

[illegible]

[illegible]

[illegible] Oil Conservation [illegible] motion to require [illegible], Incorporated, and [illegible] appear and show cause why they should not be required to purchase the casinghead production from the formation-[illegible] wells in Eddy County, New Mexico:

[illegible] and Gale Federal Well No. 1, [illegible], [illegible], [illegible] date.

[illegible] and Gale Federal Well No. 2, [illegible], [illegible], [illegible], [illegible] bank.

[illegible]:

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

(Witness excused.)

MR. CAMPBELL: [illegible], will you take that [illegible] the end of the table, please.

MR. KELLAHIN: Mr. Payne, before Mr. Campbell [illegible] [illegible] letter which [illegible] to the case.

MR. PAYNE: All right. [illegible] states as follows: "Re: Case No. [illegible] hearing March 16, 1960, for Cactus Petroleum, Inc., and [illegible] Corporation to show cause why they should not purchase certain [illegible] Production. Oil Conservation Commission, P.O. Box [illegible], Santa Fe, New Mexico. Attention: Mr. A. L. Porter, Jr., Secretary-Director. Gentlemen: If this company is required to purchase [illegible] production from the wells described in the Commission's order in the [illegible] mentioned case, it will work hardship on this company in view of [illegible], however, we would like to [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] witness, [illegible] previously duly sworn, [illegible] as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Will you state your name, [illegible]

A L.H. Sweeney.

Where do you live, Mr. Sweeney?

A Roswell.

Q Are you connected with the Glen F. Featherstone organization?

A I'm General Manager for Glen F. Featherstone.

Q In what capacity you are acquainted with the well which has been drilled on Glen F. Featherstone in the Caldwin area?

A I am.

Q I refer you to what has been identified as Exhibits No. 1 in Case No. 1918 and ask you to state what that is, please.

A [illegible]

[illegible]

[illegible]

[illegible]

[illegible] that occurred with regard to the mechanical failure that would

A Upon completion of the well we started swabbing back our load oil which consisted of 1500 barrels for which we received a permit to transport [illegible] barrels. [illegible] and originally purchased our load oil from [illegible] and started swabbing and at the rate of swabbing like the permit a day and they actually took a little over 500 barrels of oil before we were notified they couldn't take any more oil.

Our storage being full, we had to shut down until we found a market for our oil, that was about the middle of January. We haven't yet found a market for it, but we did put temporary storage on the lease and have now recovered all our load oil and have put the well [illegible].

[illegible] necessary for you to obtain additional storage and [illegible] market for your load oil from [illegible]

[illegible]

[illegible] two [illegible].

Uh, have you [illegible] that well?

A Well, it would be foolish to drill another well on the lease where we have one well where we can't sell the oil.

Q Now, Mr. Swe[illegible], I am going to refer you to what has been identified as [illegible] No. 2, of which there is only one original here, and ask you to state what that is and read it to the Commission, please.

A The letter is from Cactus Petroleum, Incorporated dated November 2[illegible], 1955, caption "[illegible] Lease, NW/4 of Section [illegible], Calvin Field, [illegible] County, New Mexico." It's addressed to Glen F. Heatherstone. "Dear Sir: This has reference to the No. 1-[illegible] well on your captioned lease. We trust this well proves [illegible] a [illegible] producer. If a pipe line connection is not immediately available to handle this production, we would appre[illegible] [illegible] and [illegible] to assist you in arranging a market [illegible] oil [illegible]. [illegible] production, processing and transport[illegible]

[illegible]

[illegible]

[illegible]

MR. [illegible]: [illegible], sir.

Q Mr. [illegible], on the basis of that letter, will you state when and who you contacted with regard to the sale of the oil from this particular well?

A Gectas notified us just about the middle of January that [illegible] the [illegible] oil [illegible] was under contract to Sinclair, all the oil in this area was under contract to Sinclair and Sinclair notified them that they could not make any more connections or take any oil from any new connections of Gectas in this particular area.

We've asked them about the natural gas in the field if they didn't have a market for our oil why shouldn't we share in the entire area and they stated that they couldn't deliver any oil to Sinclair regardless of natural gas which is being on their contract with Sinclair. But they notified us that they were working on it and hoped to find a market for our oil and I have talked about this to [illegible], [illegible] Treat Transport [illegible], and their crude oil [illegible] at Farmington, [illegible].

[illegible]

[illegible] that it.

[illegible]

[illegible] Pecos Valley Oil Purchasers.

[illegible] Pecos Valley Oil.

[illegible] Knowledge, is that [illegible] Pecos Valley Oil Purchasing Oil?

A. So far as I know.

Q. So far as you know, is Cactus purchasing oil from all the other wells shown in solid black on Exhibit No. 1?

A. So far as I know, yes.

Q. Do you know of your own knowledge where that oil is being taken?

A. No, just, I have been told roughly what it goes -- I haven't actually seen the tanks to which it is delivered. I have seen it delivered. I understand it's being delivered to Sinclair's tanks in the Sugarette area about four miles from this lease.

Q. Now, referring again to Exhibit No. 1, can you point out to the Commission where you believe the nearest pipeline connection is to these wells in the Cole'n area?

A. The three wells in location [illegible] on this map, shown by the [illegible], there [illegible] Northeast [illegible] area are [illegible] wells and [illegible] Stanolind' well, which are sen-[illegible].

[illegible]

[illegible]

[illegible]:

Q [illegible], [illegible] those [illegible] wells [illegible], [illegible] have you referred [illegible]

A [illegible] are undesignated as yet. They probably will be in Sugeratte, but I really don't know.

Q And there are a couple of drilling wells between that and what you referred to as the Culwin area?

A Yes, sir,

MR. PORTER: Anyone have a question of this witness?

MR. PAYNE: I have a question of Mr. Campbell.

MR. PORTER: Anyone have a question of Mr. Sweeney?

MR. CAMPBELL: I would like to ask Mr. Sweeney one more question in regard to what the Commissioner has asked him.

REDIRECT EXAMINATION

BY MR. CAMPBELL:

Q Are these wells that you referred to as being in the Sugeratte area in Section 4 producing from the same area as the wells that you identified here as being in the Culwin area?

A They are producing from the [illegible], which is the same formation.

[illegible]

[illegible]

[illegible]

MR. SMITH:

Q You testified, I believe, that [illegible] on a [illegible] power offset.

A Yes, sir.

Q How do you know that they are?

A I talked to Mr. Perin, Moberly at Midland. He told me they were.

Q Do you know if they have taken any oil from there or not?

A I haven't seen them take it.

Q You don't know whether they are purchasing?

A No, sir.

MR. SMITH: That's all.

MR. [illegible]:

Q Would you care to risk an opinion as to whether you think the two areas may connect later by drilling, may be the same common reservoir?

A You have three different zones in the Queen there, Mr. Porter, that produce in this area, and I doubt very seriously if you'll have market production in any one zone connecting the two areas. I think it's quite likely that there will be [illegible] production [illegible] the [illegible] reservoir [illegible].

[illegible]

[illegible]

[illegible]

MR. PAYNE:

[illegible] Mr. Swanson, [illegible] not [illegible] before further development [illegible] that.

A. It's keeping [illegible] and [illegible] on this lease which is offset. Well, I would say the sides, the three sides, one with our own well.

MR. PAYNE: Thank you.

MR. PORTER: [illegible] witness may [illegible] and you may ask questions of Mr. Shufeldt.

(Witness excused.)

MR. PAYNE: Mr. Campbell, the Southeastern Well was not advertised, but I would like to ask you this, if it's established at this hearing that Mobil and Texaco Producers are common purchasers in this pool or field, would it seem to you that an order would be proper requiring the operator of the Southeastern Well, based upon the evidence [illegible] to be a common purchaser in this pool?

MR. [illegible]: [illegible] would appear to me, I haven't [illegible]

[illegible]

Q [illegible]

A Yes, sir.

Q [illegible]

Q And [illegible]

A Yes, sir.

Q All you said, I believe, that about [illegible]

[illegible]

A [illegible]

Q [illegible]

A [illegible]

understand a [illegible]

Q [illegible]

additional [illegible]

A Yes, sir.

Q [illegible]

A [illegible]

[illegible]

[illegible]

[illegible].

Q Did you [illegible]

[illegible]

A Yes, sir.

Q What did you do?

A I called [illegible] Corporation.

Q Who did you talk to, do you know?

A [illegible]herson, I believe his name, in Midland, and he said that he would be [illegible] company would purchase it.

Q Did you hear anything further from [illegible]oca people in that regard?

A After the original call he called me backand said that he had hoped that they would take it, and that he would know the next day, and if they would he would call me, but apparently he didn't, at least he didn't call.

Q How long have these wells been ready to produce for the market and been shut down?

A The No. 2 well had an allowable set up by the Oil Conservation [illegible] January 1st, [illegible]; the No. 1 well [illegible]

[illegible].

[illegible]

[illegible]

A Yes, sir.

Q [illegible] purchase of oil from [illegible] period for which these wells have been [illegible]

A Yes, sir.

MR. CARPENTER: I believe that's all.

MR. PORTER: Anyone else have a question of Mr. [illegible]

CROSS EXAMINATION

BY MR. LAYNE:

Q Are these [illegible]

A Yes, sir.

Q So that they would make up --

A We feel that they could. However, [illegible] long enough to really find out. [illegible] thousand barrels of oil over and above [illegible] were they they would make a [illegible]

Q As I understand, [illegible] transport the oil that the [illegible] Mr. Allen that [illegible]

A That's [illegible]

[illegible]

A [illegible] I not sure. It doesn't [illegible].

Q You are not going to drill [illegible] you have a [illegible]?

A That's right.

MR. PAYNE: Thank you.

MR. PORTER: Any further questions of the witness? You may be excused.

(Witness excused.)

MR. PORTER: Does that conclude your testimony?

MR. CAMPBELL: I would like to offer Exhibit 1,2 and 3 into evidence.

MR. PORTER: Without objection they will be admitted into the record. Mr. Seth, do you plan to offer any testimony?

MR. SETH: Yes, we have one witness.

(Witness sworn.)

[illegible]

called as a witness, having been previously sworn, testified as follows:

[illegible]

[illegible]:

Q [illegible]

A [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

Yes, sir.

Are you familiar with the location of the Dunlap [illegible]

A Yes, sir, I am.

Q Does Hekood have any facilities in this general area of New Mexico?

A Yes, sir, we do.

Q Tell me [illegible] there [illegible]

A We have some storage facilities in the Bagwell field.

Q About how far distant is that from the Dunlap [illegible]

A It's approximately [illegible] miles.

Q Do you say that a number of [illegible] in the Bagwell area to supply [illegible] facilities there?

A Yes, sir, approximately five.

Q Do you transport any [illegible] Hekood Corporation transports any oil or gas [illegible] in this area?

A Not in this area, no, sir.

[illegible]

[illegible]

[illegible]

[illegible]

A [illegible], sir.

Q [illegible]

A No, sir.

Q Did Mr. [illegible] ever ever mention possible purchase of the oil from the Hale Heller?

A Yes, sir, he did.

Q [illegible]

A [illegible]

Q [illegible] the principal purchaser in the Colmin area at the present time?

A Well, sir, to my understanding, Gary's Petroleum is.

MR. SEAY: I think that's all the direct we have, if the Commission please.

CROSS EXAMINATION

BY MR. [illegible]:

Q Mr. Hartshorn, you say you have not bought any oil in the Colmin area up-to-date?

A That's correct.

[illegible]

[illegible]

Q [illegible]

[illegible]

[illegible]

Q [illegible]

A Yes, sir, [illegible]

[illegible]

MR. [illegible]: Mr. [illegible].

BY MR. PAYNE:

Q Mr. Anderson, did Humble Corporation [illegible] for the [illegible]?

A [illegible]

MR. PAYNE: [illegible] barrels a day. [illegible] amount of 20 barrels [illegible].

Q (By Mr. Payne) Mr. Anderson, does the Humble Corporation have a [illegible]

A That, Mr. Payne, is out of my department. I'm not qualified to answer that question.

Q [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

A I believe it would be [illegible].

MR. [illegible]: [illegible].

MR. [illegible]: Mr. [illegible].

MR. [illegible]:

Q What are the arrangements, tentative or otherwise?

A Well, sir, we have made arrangements with Texaco to purchase their production when and if they are ready to have some [illegible].

Q What is the mechanics by which you acquire the oil from the Texaco Company and redeliver it to the Texaco Company, Mr. McPherson?

A Well, as far as I'm concerned, Texaco called me and asked me if we would be interested in purchasing the production from their well and, of course, naturally I told them that we would [illegible]. It was [illegible], as far as my records are concerned, to purchase [illegible] production when [illegible] some.

Q What was [illegible] with it then?

A [illegible] the [illegible] storage.

Q [illegible]

A [illegible].

Q [illegible]

A [illegible].

[illegible]

[illegible]

A The gas [illegible] Texaco.

Q Are you taking this [illegible] gas from the other producers?

A Just a minor, [illegible], sir, yes, sir, we are taking [illegible] from Texaco in the Schapera.

Q And others, or just Texaco?

A Others, yes, sir.

Q But as far as the Colwin area is concerned, you start moving your oil, with [illegible] oil from them at the well, at the tanks and charge them, as you do other producers, a transporting charge and then [illegible] through the Texas-New Mexico Pipeline?

MR. SETH: We believe that's a legal problem. The mechanics he knows, but I think you are getting into a legal question here.

Q Well, do you pay the Texas [illegible] take in the field [illegible] under this arrangement and you start taking [illegible]

A [illegible], yes, sir.

[illegible]

A [illegible].

[illegible]

[illegible].

[illegible]

MR. [illegible]: [illegible]

MR. FORMAN: [illegible]

([illegible])

MR. FORMAN: Do you have another question, Mr. [illegible]

MR. SETH: Just one.

REDIRECT EXAMINATION OF
MR. HENDERSON

BY MR. SETH:

Q. Would you name the other operators that each you are purchasing in the Schuyler?

A. Jack [illegible] Drilling Company, Lewis and Dodson, Tenneco, Incorporated in the Schuyler Field, Tenneco, Incorporated another lease in the Schuyler Field, [illegible] Natural Gas Company in the West Field, [illegible] Company in the [illegible], [illegible] Natural Gas [illegible].

[illegible]

BY MR. [illegible]:

Q. [illegible]

A. I believe, and I am not too far gone about this because it is a contract arrangement which is one of my departments, as as

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]:

Q [illegible]

A [illegible], sir, [illegible] facilities, so [illegible] in the subject field, and as you [illegible].

MR. [illegible]: [illegible] a question there.

[illegible]:

Q Is the company [illegible] by Texaco or [illegible]

A No, sir, [illegible].

Q [illegible] interest in the storage facilities?

A No, sir, not to my knowledge. [illegible] do not.

MR. [illegible]: Anyone else have a question?

MR. [illegible]: I would like to make a statement.

MR. [illegible]: Mr. [illegible], [illegible]. Mr. [illegible].

MR. [illegible]: If the Commission please, while obviously [illegible] direct concern of the [illegible] that [illegible] is [illegible] [illegible]

[illegible]

[illegible] purchasing [illegible]. [illegible] trucking concern is purchasing at the well for transportation for any distance to a pipeline, ultimate pipeline, and for sale to a purchaser who is transporting through that pipeline, that those trucking concerns are, in fact, as Mr. [illegible] seems to [illegible], that they are common purchasers and the common purchaser act [illegible] apply to them.

To the same extent, it seems to me that in a situation such as exists here where Sinclair is taking [illegible] oil from Cactus and Texaco intends apparently ultimately to take it from McWood, that by the same token, Sinclair and Texaco are also common purchasers and that the chain of circumstances from the well head or the tank to the purchaser and the pipeline is covered by the Common purchaser statute [illegible] require that [illegible] oil be taken ratably wherever there is a common purchase in the pool.

Particularly [illegible] if, as apparently is going [illegible], [illegible] as [illegible] [illegible]

[illegible] up [illegible] and Cactus, [illegible] [illegible], directionally [illegible] production.

[illegible] a serious matter [illegible] far-reaching [illegible] question. We believe that the Commission should require Cactus, which apparently is the only purchaser there until McWood starts to take oil, should require Cactus, as a common purchaser, to purchase oil ratably in this pool from all producers and should also define Sinclair as a common purchaser of oil from the Gladiola pool. I do not believe that purchasing companies should be permitted to insulate themselves from the obligations of the common purchasers' statute by making arrangements with trucking concerns to buy the oil and resell it to them at the pipeline.

We also feel that in view of this situation and with regard to the two Hale wells which have been on the proration schedule since January, that those wells are entitled to back allowable for the period of time they were unable to have a market when the offset wells were producing and selling oil.

MR. [illegible]: [illegible].

[illegible]

[illegible]

[illegible]

MR. [illegible]: Mr. [illegible], the Commission, [illegible] [illegible] the [illegible] appearing [illegible] [illegible] [illegible] case. [illegible] [illegible] [illegible]

[illegible])
[illegible])

[illegible], LOA DEARNLEY [illegible] Notary Public and Notarial Reporter [illegible] of Northwest Conservation Commission, Albuquerque, New Mexico, [illegible] and correct Report to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 26th day of March, 1963.

Loa Dearnley
Notary Public - Court Reporter

My commission expires:

June 19, 1963.

CASE 1918: Application of the OCC to require CACTUS PET. & McWOOD to appear & show cause why they should not be required to purchase the CULWIN POOL PRODUCTION.