

Case No.

380

Application, Transcript,
Small Exhibits, Etc.

CASE 380: (On OCC motion) Relating to
adjustment of allowable on Aurora Gasoline
Co.'s Davis #1 well, East Hobbs-San Andres
Pool (29-185-39E)

Case 380:: Aurora Gasoline Co., No. 1 Davis.

LOCATED 990 Feet from SOUTH LINE AND 330' FROM EAST LINE OF SEC. 29-18S-39E
WELL ORIGINALLY INTENDED AS A 6370' TEST OF THE BLINEBRY PAY.

ON OR ABOUT OCTOBER 11, 1951 AT A DEPTH OF 4462 THE WELL BLEW OUT, THIS PAY
ZONE WAS IDENTIFIED AS UPPER SAN ANDRES. DURING BLOWOUT THE WELL PRODUCED
ANYWHERE FROM 35 to 70 BARRELS PER HOUR.

AURORA GASOLINE CO. MADE APPLICATION TO THE COMMISSION ON FORM C-110 ON
OCT. 11, 1951 explaining the facts in the case and requested the following
" IN ORDER TO FULLY DETERMINE THE COMMERCIAL FEASIBILITY OF THIS NEW
RESERVOIR DISCOVERY, PERMISSION IS HEREBY REQUESTED TO TEST SUBJECT WELL TO THE
AMOUNT OF 3500 BBLs. AND TO TRANSPORT SAME. SEVERAL HUNDRED BARRELS WERE
PRODUCED INTO EARTHEN PITS BEFORE WELL WAS BROUGHT COMPLETELY UNDER CONTROL AND
REQUESTED AUTHORIZATION TO TRANSPORT 3500 BBLs. WOULD MAKE IT POSSIBLE TO
REMOVE THIS OIL TO SAFER STORAGE AND FOR BETTER CONSERVATION. "

This Form C-110 is signed by G.D.Simon. The form was duly approved by Commission
representative R.S.Blynn. A similar form ~~with~~ C-110 dated October 12, 1951
which superseded the form executed October 11th, 1951 raised the total
amount of oil to 10,000 Bbls.

Mr. Porter, ~~a~~ proration manager duly authorized this 10,000 bbls, in a letter
to Aurora dated October 16, 1952 and in the letter stated that the allowable
was to be charged against future allowables assigned to the well.

~~On October 25, 1951~~ ~~Mr.~~ In a letter dated October 25, 1952 ^{from} the Secretary of the
Commission ~~authorized~~ to Mr. Blynn stated that the oil produced in the Blow-out
and in the cleaning out and testing processes should be considered as ~~it~~
"distress Oil" and should not be charged against the allowable of the well.
The letter also authorized the well to produce for a period of 15 additional days
for test purposes and also

~~On October 25, 1951~~ On October 25 1951 the following letter was written by the Secretary of
the Commission to Mr. Blynn. I will read the letter into the record:

At the time the letter was written it was undoubtedly felt that the Commission's
emergency powers were sufficient to justify this cause but sa subsequent
examination of the Rules and Regulations revealed that there is absolutely no
basis for the issuance of any ~~order granting authority~~ order granting authority
to run oil without having proper notice and hearing.

~~Back~~ therefore the purpose of this hearing is to present ~~the facts~~ these facts so that the Commission will have legal basis for entering an order

which will authorize the production of all the oil produced and sold from this well which is not covered by a order of the Commission or a supplementary order of the Commission.

Also In connection with this matter the Aurora Gasoline Co. in Case _____ petitioned the commission to grant the well a 52/40ths of an allowable by communitizing this tract Lot 4 with the tract to the north Lot 3. Order _____ was issued in this case granting Aurora 40/40's or 1 times the top unit allowable for this pool.

Also, inasmuch as the well , the Davis No. 1 has produced a substantial amount of oil over and above the normal amount of oil which it would have been authorized to produce it is requested that the Commission enter in this order a provision that the allowable on this well ~~be based on 40/40's~~ be adjusted as soon as possible so ~~that~~ at the end of the 1st 18 months of the wells production commencing on October 11, 1951 and ending April 11, 1953 will be equal to the total amount of oil which the well would have normally ~~produced~~ been allowed to produce if the well were completed in a normal manner on October 11, 1951, with the provision that this allowable be based on one times the top unit allowable for this pool.

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

April 18, 1952

C
O
P
Y
Mr. A. L. Porter, jr.
Box 2045
Hobbs, New Mexico

Dear Pete: RE: Aurora Gasoline Co. Davis No. 1, Lot 4, 29-183-39E

Reference is made to the above-captioned well. According to information available in this office, the well was originally slated to go to 6370 feet as an East Hobbs-Drinkard proposed test. When the well reached a total depth of 4462, it blew out and produced at an estimated rate of 35 to 70 barrels an hour. Aurora filed with the Commission on October 11 a Form C-110 which was approved by Bob Blynn. This form stated that they would request authorization to transport 3500 barrels in order to test the well and to determine the commercial feasibility of the new reservoir. Subsequently, on October 25, Mr. Spurrier wrote a letter to Mr. Blynn concerning the well and in the letter stated that they would have an allowable under the clause of 'Distress Oil,' and this allowable should not be charged as advance allowable. It also stated that upon the completion of the well, the Aurora Gasoline Company should be required to furnish necessary completion data, and at that time a regular allowable should be allocated under the statewide proration schedule. Reference is also made to your letter of October 16 to the Aurora Gasoline Company, concerning the advance allowable. Following is a tabulation of the production, allowable, and runs data from October 1951 to March 1952, inclusive:

Completed 10-13-51:

	<u>Production</u>	<u>Allocation</u>	<u>Runs</u>
October	6283		5905
November	2479	680	2093
December	684	1054	820
January	1862	1054	2553
February	1532	1537	1352
March	1504	1643	1811
		5968	14,534 Total

On November 15 Aurora filed a Form C-104 and C-110 concerning the well, at which time they stated that the first oil run to the tanks was on the 13th of October. We have had a recent request from Clarence Hinkle of Hervey, Dow, and Hinkle, Roswell, representative of the Humble Pipe Line Company,

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

transporters of the Davis No. 1 oil. They would like for the Commission to furnish them with an emergency order pertaining to the above well and to the distress oil, this mainly being the oil which has not been allocated on the proration schedule. I personally do not believe it is necessary for the Commission to issue an emergency order in this case. I believe that we can possibly handle it by virtue of a supplement to the proration schedule, noting in the proration schedule the date that it should have been effective.

Any help you can give us in solving this question will be appreciated. You will note from the enclosed tabulation that Aurora has produced a considerable volume of oil since November of 1951 above their authorized allowable on the schedule. Their total runs have amounted to some 14,534 barrels, and while it is recognized that some of this oil is undoubtedly distress oil, and can be authorized in accordance with Mr. Spurrier's letter, we would like to know exactly how much oil is distress oil, and just how Aurora stands on their production on this well.

Very truly yours,

W. B. Macey

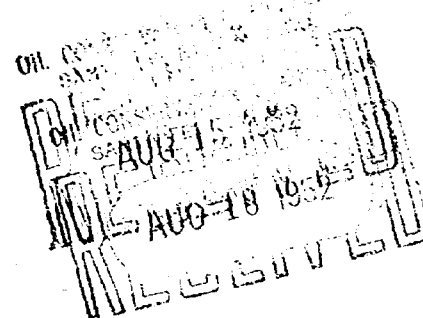
WBM:mr

C
O
P
Y

HUMBLE PIPE LINE COMPANY

August 15, 1952

COPY



Mr. Jack Shier, Div. Manager,
Aurora Gasoline Company,
124 McClintic Building,
Midland, Texas.

Gentlemen:

We have received a copy of the order of the Commission relative to the distress oil produced from your Davis No. 1 Well and run by us. The quantity of oil as referred to in the order, namely 5,920 barrels, is considerably at variance with our records. We are tabulating below the allowable production, the pipe line runs, and the actual production as reflected by copy of Forms C-115 furnished to us.

<u>MONTH</u>	<u>ALLOWABLE PROD.</u>	<u>P.L. RUNS</u>	<u>REPORTED PROD.</u>
October	-	5,905	6,283
November	680	2,093	2,479
December	1,054	820	1,057
January	1,581	2,553	1,862
February	1,537	1,352	1,532
March	1,643	1,811	1,504
April	1,590	1,416	1,620
May	1,550	1,458	1,831
June	<u>1,440</u>	<u>1,644</u>	<u>1,200</u>
TOTAL	11,075	19,052	19,368

It may be that our records are in error and we will appreciate your checking the figures shown above against your records and advising us of any discrepancies noted. We are also sending a copy of this letter to the Commission and would appreciate advice as to any discrepancies which may be noted.

If the figures shown above are correct, the over production as of July 1 was 8,293 barrels instead of 5,920 barrels. In the event you find the actual over production to be 8,293 barrels, please

HUMBLE PIPE LINE COMPANY

COPY

August 15, 1952

Mr. Jack Shier

-2-

advise what action you plan to take with respect to the excess over
5,920 barrels as referred to in the order of the Commission.

Yours very truly,

A. D. VANDERBILT

ADW:dg

cc - Mr. Clarence E. Hinkle
Attorney at Law
Roswell, New Mexico

cc - Mr. R. R. Spurrier
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

bc - Mr. F. D. McMahon
Box 1390
Midland, Texas

5 1 *
8 -

4 3 *
*

6 8 0
1 0 5 4
1 5 8 1
1 5 3 7
1 6 4 3
1 5 9 0
1 5 5 0
1 4 4 0

1 1 0 7 5 *

1 0 0 7 *
1 5 3 0
1 5 8 1
1 5 8 1
1 5 3 7
1 6 4 3
1 5 9 0
1 5 5 0
1 4 4 0

1 3 4 5 9 *

Aurora Gasline Co #1 Davis

Month	(allocation) allowable granted	Normal 40 acre allowable	Remo Prod	Remo. Runs.	
October		1007 *	6283	5905 ✓	378
November	680	1530	2479	2093 ✓	764
Dec	1054	1581	1057 684	820 ✓	628 (100)
Jan	1054 sup (1581)	1581	1862	2553 ✓	691 (31)
Feb	1537	1537	1532	1352 ✓	911 (199)
Mar	1643	1643	1504	1811 ✓	604 (183)
April	1590 (1/1)	1590	1620	1416 ✓	808 (337)
May	1831 1530	1531 1550	1831	1458 ✓	1171 (70)
June	1440	1440	1200	1644	737 3/6
July					421
Total	10529 11075	13440	19368 ✓ 18995 13440 5920	19052 316 19368	
	$\begin{array}{r} 13459 \\ 11075 \\ \hline 2384 \end{array}$		$\begin{array}{r} 19368 \\ 13459 \\ \hline 5909 \end{array}$	19368	

$$\begin{array}{r} 316 \\ 1540 \\ \hline 1540 \end{array}$$

AURORA GASOLINE COMPANY

Refiners and Marketers

REFINERIES:
DETROIT, MICHIGAN
ELSIE, MICHIGAN

15911 WYOMING AVENUE
DETROIT 21, MICH.

September 3, 1952

UNIVERSITY 3-5800

REPLY TO:
MIDLAND, TEXAS BRANCH OFFICE
240 CENTRAL BUILDING
MIDLAND, TEXAS
TELEPHONE: 4-4282

Case 380

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

Dear Mr. Macey:

On August 15th your office received a copy of a letter from the Humble Pipe Line Company in reference to our No. 1 Davis. This letter sets out certain discrepancies between the allowable oil allowed us by the Commission and the figures as set forth by Humble Pipe Line.

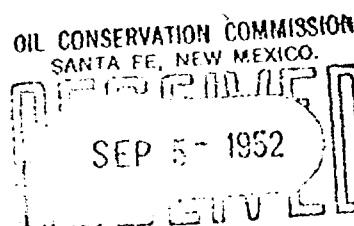
You will remember that in our discussion over the phone about two weeks ago you advised us that you would contact the Humble Pipe Line Company and straighten this matter out. Humble has been in touch with me, advising that nothing has been done and requesting some sort of action as soon as possible.

Would appreciate it very much if you would take care of this matter at your earliest convenience and keep us advised as to what steps are taken.

Kindest personal regards,

Jack Shier
Jack Shier

JS:ml



*19368 - P.R.O.
11075 - all.
8293*

New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 1545
HOBBS, NEW MEXICO

April 23, 1952

Mr. Bill Macey
Box 871
Santa Fe, New Mexico

Dear Bill:

Since you were here I checked the C-104 on the Aurora Gasoline Company, Davis #1 and the date of completion for proration purposes is indicated as October 12. Using this date as the effective date of the first assigned allowable I have computed the allowables down to the end of April, using both 40 and 52 acres. A tabulation of the computed allowables and the production through March is listed below:

	40 ACRE ALLOWABLE		52 ACRE ALLOWABLE		PRODUCTION
	DAILY	TOTAL	DAILY	TOTAL	
OCTOBER	53	1007	69	1311	6283
NOVEMBER	51	1530	66	1980	2179
DECEMBER	51	1581	66	2046	684
JANUARY	51	1581	66	2046	1862
FEBRUARY	53	1537	69	2001	1532
MARCH	53	1643	69	2139	1504
APRIL	53	1590	69	2070	Not avail.
TOTALS		10469		13593	14344

Yours very truly,

A. L. Forter, Jr.
Proration Manager

ALP/mw

COMMISSIONERS
OLIN CULBERSON
CHAIRMAN
ERNEST O. THOMPSON
WILLIAM J. MURRAY, JR.
O. D. HYNDMAN, SECRETARY

East Hobbs
Railroad Commission of Texas
OIL AND GAS DIVISION



AUSTIN, TEXAS

January 31, 1952

Ch. 1852
HARRY M. BATIS
CHIEF SUPERVISOR
ARTHUR H. BARBECK
CHIEF ENGINEER
L. E. DAVIS
AUDITOR

Mr. R.R. Spurrier, Director
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

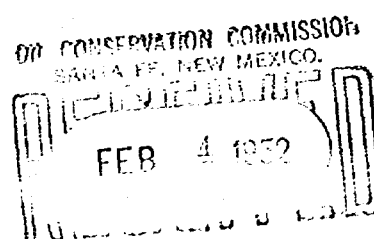
Dear Mr. Spurrier:

As a result of the conferences between the two Com-
missions and the hearing of January 22, 1952 with re-
gards to the Aurora Gasoline Company, Davis Well #1,
in the East Hobbs Field, the Texas Railroad Commission,
in keeping with the policy of cooperation, has set the
allowable for the W. H. Black Drilling Company, Well #
A-3, Jones, East Hobbs Field, Gaines County, Texas, at
53 barrels of oil per day, exempt from shutdown days.
This allowable is what we understand to be the normal
unit allowable for wells at this depth.

Yours truly,

George F. Singletary, Jr.
George F. Singletary, Jr.,
Assistant Chief Engineer

GFS:jr



Memo

From

WILLIAM B. MACEY
Chief Engineer

To Oct 12, 1952
app Blynn some date

T C-110-

Supersedes

To \$

10 000

Memo

From

WILLIAM B. MACEY
Chief Engineer

To Oct 11 letter 3500
16 " 70000
advance allowable.

102 + 103

110 expd.

Normans:

387

Reg.

1st quarter

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Sheet No. 1**OPERATOR'S MONTHLY REPORT**

The following is a correct report of all oil and gas producing wells of Aurora Gasoline Company, 124 McClintic Bldg.
Midland, Texas (Company or Operator)

Lease Davis Field _____ County Lea for month of December 19 51

State Land, Lease No. _____ Assignment No. _____ Government Lease No. _____ Pat. Land _____
 (Following to be Reported on Unit Basis)

(Following to be reported on Oil Well)

LOCATION					OIL AND WATER [BBLS.]				GAS—14.4 LB. PLUS 10-OZ. BASE			DAILY WELL NOMI- NATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD	
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] NET OIL PROD.	[3] NET OIL PROD.	[1] NET OIL PROD.	[3] NET OIL PROD.	GRAV- ITY	[2] WATER BBLs.	TOTAL GAS PROD. M. C. F.				ANNUAL OFFICIAL G.O.R. CU. FT. BBL.
1		29	18S	39E	684	820	31	13		352	--	--	Top	31	F
TOTALS					684	820		13		352					

(1) Distribution to units based on: Test _____ Meter _____ Estimate _____

(2) Method of determining water production: Stake out ☒ Estimate _____ Draw Off _____

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount Of Oil Produced	Over- Pro- duced	Under- Pro- duced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. to Truck or Tank Car	Transporter		
2	764	1054	1057	3		820		Humble Pipe Line	1001	1067

GAS

Used For Gas LIFT

MCF Used on Lease _____ MCF Used on Lease _____
 MCF Sold to _____ MCF On _____ Lease
 MCF Blown to Air, (By Difference) _____ MCF On _____ Lease

Remarks: Note: Pipe Line failed to run 234 bbls. of assigned allowable (on hand Dec. 31, 1951)
for December, 1951; also failed to run 212 bbls of legal storage during Dec. 1951 which was
on hand December 1, 1951.

I hereby swear or affirm that the information given is true and correct.

Signed: Jack Elmer

Representing: Aurora Gasoline Company Position: Division Manager
 (Company or Operator)

Address: 124 McClintic Bldg. Midland, Texas Date: January 14, 1952

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
OPERATOR'S MONTHLY REPORT

Sheet No. 1

The following is a correct report of all oil and gas producing wells of AURORA GASOLINE COMPANY
 (Company or Operator)

Lease DAVIS Field Lea County LEA for month of OCTOBER 19 1951

State Land; Lease No. _____ Assignment No. _____ Government Lease No. _____ Pat. Land _____

(Following to be Reported on Unit Basis)

(Following to be reported on Unit basis)

LOCATION					OIL AND WATER (BBLIS.)				GAS—14.4 LB. PLUS 10-OZ. BASE			DAILY WELL NOMI- NATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD	
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] NET OIL PROD.	[3] NET OIL SOLD	GRAV- ITY	[2] WATER BBLIS.	TOTAL GAS PROD. M. C. F.	ANNUAL OFFICIAL G.O.R. CU. FT. BBL.	DATE OF TEST				
1		29	18S	39E	6283	5905	31	248	3295	516	10-23 #51	**	**	Flowing	
TOTALS					6283	5905		248	3295						

(1) Distribution to units based on: Test _____ Meter _____ Estimate _____

(2) Method of determining water production: Shake out X Estimate _____ Draw Off _____

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*. _____

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount Of Oil Produced	Over- Pro- duced	Under- Pro- duced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. to Truck or Tank Car	Transporter		
1	0	**	6283			5905		Humble Pipe Line	378	1067

GAS

Used For Gas Lift

MCF Used on Lease _____ MCF Used on Lease _____
 MCF Sold to _____ MCF On _____ Lease
3295 MCF Blown to Air, (By Difference) _____ MCF On _____ Lease

Remarks: * Routine Test
 ** Attached sheet

I hereby swear or affirm that the information given is true and correct.

Signed: Jack Skier

Representing: AURORA GASOLINE COMPANY
 (Company or Operator)

Position: DIVISION MANAGER

Address: 124 McClintic Building
Midland, Texas

Date: November 13, 1951

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Sheet No. 1

OPERATOR'S MONTHLY REPORT

The following is a correct report of all oil and gas producing wells of AURORA GASOLINE COMPANY
 (Company or Operator)

Lease DAVIS Field _____ County LEA for month of Nov. 11 to Dec. 1 19 51

State Land, Lease No. _____ Assignment No. _____ Government Lease No. _____ Pol. Land _____
 (Following to be Reported on Unit Basis)

LOCATION					OIL AND WATER [BBLs.]				GAS—14.4 LB. PLUS 10-OZ. BASE			DAILY WELL NOMI- NATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] NET OIL PROD.	[3] NET OIL SOLD	[1] GRAV- ITY	[3] WATER BBLs.	TOTAL GAS PROD. M. C. F.	ANNUAL OFFICIAL G.O.R. CU. FT. BBL.	DATE OF TEST			
1		29	18S	39E	680	468	31	70	350	516		Top	20	FF
TOTALS					680	468		70	350					

(1) Distribution to units based on: Test _____ Meter _____ Estimate _____

(2) Method of determining water production: Shake out X Estimate _____ Draw Off _____

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount Of Oil Produced	Over- Pro- duced	Under- Pro- duced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. to Truck or Tank Car	Transporter		
1	552	680	680			468		Humble Pipe Line	764	1067

GAS

Used For Gas Lift

MCF Used on Lease _____

MCF Used on Lease _____

MCF Sold to _____

MCF On _____

Lease _____

350 MCF Blown to Air, (By Difference)

MCF On _____

Lease _____

Remarks: Of the 764 bbls. on hand at end of month, 212 bbls. represents legal storage which
should be run during December, 1951.

I hereby swear or affirm that the information given is true and correct.

Signed: _____

Representing: AURORA GASOLINE COMPANY
 (Company or Operator)

Position: _____

Jack Shier
 DIVISION MANAGER

Address: 124 McClintic Building

Date: _____

December 11, 1951

OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Form C-115

Sheet No. 1

OPERATOR'S MONTHLY REPORT

The following is a correct report of all oil and gas producing wells of AURORA GASOLINE COMPANY
(Company or Operator)

Lease DAVIS Field C. 2nd County LEA for month of Nov. 1st to Nov. 11 1951

State Land, Lease No. _____ Assignment No. _____ Government Lease No. _____ Pat. Land _____
(Following to be Reported on Unit Basis)

LOCATION					OIL AND WATER [BBLs.]				GAS—14.4 LB. PLUS 10-OZ. BASE			DAILY WELL NOMINATION	NO. DAYS PRODUCED	SHOW WHETHER FLOWING PUMPING GAS LIFT, OR DEAD
WELL NO.	UNIT LETTER	SEC.	TWP.	RGE.	[1] NET OIL PROD.	[3] NET OIL SOLD	GRAVITY	[2] WATER BBLs.	TOTAL GAS PROD. M. C. F.	ANNUAL OFFICIAL G.O.R. CU. FT. BBL.	DATE OF TEST			
1		29	18S	39E	1799	1625	31	18	929	516		Top	10	PF
TOTALS					1799	1625		18	929					

(1) Distribution to units based on: Test _____ Meter _____ Estimate _____

(2) Method of determining water production: Shake out X Estimate _____ Draw Off _____

(3) Report distillate, condensate or other liquid hydrocarbons (other than oil) in this column, starting with*.

(Following to be Reported on Lease Basis)

No. of Wells	Total on Hand Beginning of Month (Barrels)	Scheduled Allowable for Month	Actual Amount of Oil Produced	Over-Produced	Under-Produced	Disposition of Oil			Total on Hand End of Month (Barrels)	Total Capacity of Lease Tanks
						Bbls. To Pipe Line	Bbls. To Truck or Tank Car	Transporter		
1	378	*	1799			1625		Humble Pipe Line	552	1067

GAS

Used For Gas Lift

MCF Used on Lease _____ MCF Used on Lease _____
MCF Sold to _____ MCF On _____ Lease
929 MCF Blown to Air, (By Difference) _____ MCF On _____ Lease

Remarks: _____

I hereby swear or affirm that the information given is true and correct.

Signed: Jack Shian

Representing: AURORA GASOLINE COMPANY
(Company or Operator)

Position: DIVISION MANAGER

Address: 124 McClintic Building Date: December 11, 1951

Month	Normal 40 acre daily allowance	Monthly allowed based on 40 acre proportion with	52 acre proportion unit	Production	Runs	allocations
October	53	1007	1311	6283	5905	
November	51	1530	1980	3479	2093	680
December	51	1581	2046	684	820	1054
January	51	1581	2046	1862	2553	1054
February	53	1537	2001	1532	1352	1537
March	53	1643	2139	1504	1811	1643
April	53	1590	2070			

cc: File

Channing, 10

Sumner Ave Co. advised after being informed by the
Humble Dept. of the well.

Re. Sumner Ave Co. Well No. 1

Let 4, Sum. 10-10-52

ALP

Dear Sir:

Reference is made to previous correspondence & reports on the above captioned well.

In order to clarify previous letters pertaining to the ^{allocation} ~~allowance~~ on the above well Mr. Spornier has asked me to compile the complete information on this well so that there will be no misunderstanding concerning the ~~allocation to the above well~~.

This well, located 990' from the South Line & 330' from the east line (being also the title line) was originally drilled as ^{an intended} ~~a~~ Clear Fork test to a depth of approximately 5400. The well blew out at a depth of 4460 feet and a large amount of oil was produced before the well was brought under control. Aurora made application thru form C-110 for ~~an advance~~ ^{advance} permission to produce 3500 bbls in order to test the possibilities of this new reservoir and to remove the "blow-out" oil from casing & annulus. This form C-110 was dated October 11, 1952 and was signed by Mr. Blynn.

Subsequently you wrote Aurora on 10-16-52 that changing the "advance allowable" from 3500 bbls to 10,000 bbls. On Oct 10-25-52 Mr. Spornier's letter ^{to Mr. Blynn} termed the oil produced as "distress oil" and stated it should not be charged as a loss.

On Nov. 7th Ameron submitted Form C-104 and stated that oil was first run to storage on 10-13-51.

Due to the fact that the Humble Pipe line has not had a formal commission order authorizing the production ~~transportation~~ of this oil, the only manner in which the allocation can be legally approved is by supplement to the production schedule or by formal order of the commission.

~~Since~~ Since there is no provision in the commission's Rules & Regulations for permission to produce any oil ~~that is not~~ in an allocated area that is not charged against the allocation, ~~the well~~ your letter of October 16th is in order.

Following is a tabulation of the production, needs & allocation by commission ~~order~~ production orders for this well. ~~Also that~~ Included in this tabulation is the allowable which under normal producing circumstances the well would receive. This tabulation is broken down into 2 columns; one, being the allowable effective 10-13-51 for 40 acre ^{proportion} interest & the other for a 52 acre ~~unit~~ production unit.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 2, 1952

C
O
P
Y

Mr. Jack Shier, District Manager
Aurora Gasoline Company 124 McClintic Bldg.
Midland, Texas

Dear Mr. Shier:

This is in reply to your letter of December 12, 1951
in which you request permission to run certain distress oil, in the
amount of 552 barrels, from your Davis No. 1 from East Hobbs -
San Andres production.

This letter will constitute authority by the Oil
Conservation Commission to run this distress oil during the
month of January 1952.

Very truly yours,

RRS:W

Secretary and Director

cc: Mr. A. L. Porter,
Hobbs, N. M.

AURORA GASOLINE COMPANY

Refiners and Marketers

REFINERIES:
DETROIT, MICHIGAN
ELSBIE, MICHIGAN

15911 WYOMING AVENUE
DETROIT 21, MICH.

UNIVERSITY 3-5800

December 12, 1951

Mr. R. R. Spurrier
Director New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

In reference to the forms C-115 which were submitted on our Davis Lease, Lea County, New Mexico for the month of November, 1951, it was necessary to submit one form C-115 for the period of November 1 to November 11 and also for the period November 11 to December 1.

You will please note that for the period ending November 11 a total of 552 barrels of oil were on hand. This production was produced, according to your letter dated October 25, 1951, under an authorization to clean out our Davis No. 1 well. The 552 barrels of oil which we had on hand as of November 11, 1951 represents that amount of distress oil which the Humble Pipe Line Company failed to run; accordingly, the 552 barrels of oil were on hand at the time the well was considered to have been completely cleaned up.

Would you therefore please grant us permission to run this amount of oil during the month of December, 1951 or January, 1952.

Yours very truly

Jack Shier

Jack Shier
District Manager

GDS/dc
cc: Mr. A. L. Porter, Jr.

124 Mr. Clinton D. Bly

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

January 2, 1952

C
O
P
Y

Mr. A. L. Porter, Jr.
Oil Conservation Commission
Hobbs, New Mexico

Dear Mr. Porter:

Pending a decision in Case 332, the allowable from Aurora, Davis No. 1, which was completed in the San Andres, will be set at the regular 40-acre top unit allowable.

Very truly yours,

RRS:W

Secretary and Director

K2

UNIVERSITY 3-5800

[illegible]

Deerborn-Bloch-Miller.

HUMBLE PIPE LINE COMPANY
Houston, Texas
January 8, 1952

ON CONSCRIPTION COMMISSION
 JAN 14 1962
 1962

Gentlemen:

At the time we first made connection and started running oil produced from this well, as you will recall, no allowable production had been set by the Oil Conservation Commission, and we understood from letters from the Proration Manager of the Oil Conservation Commission that the oil run was to be charged against the allowable production of the well when set.

Since running the oil, we have received a letter from Mr. A. L. Porter, Jr., Proration Manager and a copy of a letter from Mr. R. R. Spurrier, Secretary-Director of the Oil Conservation Commission, advising that the oil produced prior to November 11 (the effective date of the first allowable production schedule for this well) was to be treated as distress oil and not charged against the future allowable production of the well. We have received copies of your Operator's Monthly Report, Form C-115, which shows that this well produced 6,283 barrels during October and 1,799 barrels during the period, November 1 to November 10 or a total of 8,082 barrels, as a result of a blow-out and while in the process of cleaning out and completing.

After carefully reviewing the New Mexico Conservation Law, we feel that oil can be legally produced only if the production is authorized by order of the Commission issued after notice and hearing, as required by Section 17 of the New Mexico Conservation Law.

In order to substantiate the legality of the oil produced prior to November 11, we would appreciate your securing and furnishing us an order issued by the New Mexico Oil Conservation Commission after due notice and hearing authorizing the production of the oil which was produced during the period prior to November 11.

Very truly yours,

ADW B (S)

A. D. Wilber (Signed)

WBM

HUMBLE PIPE LINE COMPANY

CASE 380
COPY

September 26, 1952

Mr. Jack Shier,
Aurora Gasoline Company,
124 McClintic Building,
Midland, Texas.

Dear Mr. Shier:

We have received from Mr. Macey a copy of a letter directed to you under date of September 16, together with a signed copy of Correction Order No. R-181-A relating to your Well No. 1 on the Davis Lease in the East Hobbs-San Andres Field.

I believe that with this order the entire matter is now straightened out and our records agree with the amounts as set forth in the order of the Commission. We appreciate very much the action taken by you and also by the Commission personnel in going into this matter and getting it all thoroughly straightened out.

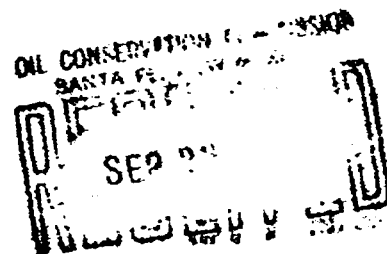
Yours very truly,

A. D. WILBUR

ADW:rr

cc-Mr. W. B. Macey
Chief Engineer
Oil Conservation Commission

cc-Mr. F. D. McMahon
Midland, Texas



J. M. HERVEY
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONDURANT, JR.
GEORGE H. HUNKER, JR.

LAW OFFICES
HERVEY, DOW & HINKLE
ROS WELL, NEW MEXICO

April 9, 1952

ROSS MADOLE
WILLIAM C. SCHAUER

Mr. Dick Spurrier,
New Mexico Oil Conservation Commission,
Santa Fe, New Mexico.

Dear Dick:

Mr. Madole has heretofore had some discussion with you in regard to an emergency order which the Commission entered on October 25, 1951, pursuant to Section 17 of the Oil Conservation Act under Rule 1202 under which all oil which was produced in pits and temporary storage tanks as a result of the blow-out of the Aurora Gasoline Company Davis No. 1 Well and which was classed as distress oil could be sold. I believe this well was located on Lot 4, Sec. 29, Twp. 18 S., Rge. 39 E., N.M.P.M. Our file indicates that on October 25, 1951, you wrote to Mr. Robert Blymn, your engineer at Hobbs, stating in effect that all of the above mentioned production classed as distress oil should not be charged as an advance allowable, and Mr. Blymn was instructed to advise the pipe line carrier of this fact by appropriate C-110 forms and accompanying explanatory letter.

We are in receipt of a letter from the Humble Pipe Line Company who ran this oil to the effect that they have not received from the Aurora Gasoline Company any order or other document issued by the Commission showing that they were authorized to produce the oil. Mr. Madole states that he contacted you and that you advised him that you would furnish him with a formal order authorizing this action as outlined in your letter of October 25 so that he might furnish the same to the Humble. We would appreciate you furnishing us with a copy of this order as quickly as possible so that we may furnish the same to the Humble Pipe Line Company.

Yours very truly,

HERVEY, DOW & HINKLE

BY 

CEH:jg

cc: H. P. Pressler,
Humble Pipe Line Company,
Drawer 2220,
Houston 1, Texas.

A. D. Wilbur,
Humble Pipe Line Company,
Drawer 2220,
Houston 1, Texas.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

APR 11 1952

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. 380
ORDER No. R-181

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
ADJUSTING THE ALLOWABLE AMOUNT
OF PRODUCTION FROM THE AURORA
GASOLINE COMPANY, WELL NO. 1,
DAVIS, LOCATED IN LOT 4, SECTION
29, TOWNSHIP 18 SOUTH, RANGE 39
EAST, NMPM, LEA COUNTY, NEW MEXICO,
IN THE EAST HOBBS-SAN ANDRES POOL
AND CONFIRMING THE ADMINISTRATIVE
ORDER OF THE COMMISSION IN AUTHORIZING
THE OVERPRODUCTION AND SALE OF OIL
FROM THIS WELL.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on July 15, 1952, at 9:00 a. m. at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 30 day of July, 1952, the Commission, a quorum being present, having considered the testimony adduced at the 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 Aurora Gasoline Company, Well No. 1, Davis, located in Lot 4, Section 29, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, in the East Hobbs-San Andres Pool, was originally intended as a test of the Blinbry Formation at a depth of 6370 feet and that a depth of 4462 feet the well blew out.

(3) That at the time the well "blew out", a considerable amount of oil was produced into earthen pits and in order to remove this oil to safer storage, to minimize the fire hazard and in order to allow the operator, Aurora Gasoline Company, to test the commercial feasibility of this new reservoir, the well was allowed to produce a considerable amount of oil over and above what it normally would have produced had it been completed in the normal manner.

(4) That as of July 1, 1952, this well has overproduced 5920 barrels of oil, as reflected by the records of the Commission.

(5) That the reduction of the allowable assigned the Aurora Gasoline Company, No. 1, Davis, in the amount of 10 barrels per day below the normal allowable assigned the well is in the interest of conservation and would protect the correlative rights of offset operators.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission be, and the same hereby is approved as follows:

(1) That the overproduction of oil from the Aurora Gasoline Company, Davis No. 1, Lot 4, Section 29, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, in the East Hobbs-San Andres Pool, during the months of October, 1951, to June, 1952, in the amount of 5920 barrels, be and the same hereby is authorized.

(2) That the allowable production assigned to the Aurora Gasoline Company, No. 1 Davis, shall be reduced ten barrels per day below the normal top unit allowable as set by the Commission for the East Hobbs-San Andres Pool for a period of 592 days.

PROVIDED FURTHER, that this order shall become effective August 1, 1952, and shall continue in force and effect for a period of 592 days terminating on March 16, 1954.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

Edwin L. Mechem, Chairman

Guy Shepard

Guy Shepard, Member

R. R. Spurrier

R. R. Spurrier, Secretary

S E A L

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. 380
ORDER No. R-181-A

THE APPLICATION OF THE OIL
CONSERVATION COMMISSION UPON
ITS OWN MOTION FOR AN ORDER
ADJUSTING THE ALLOWABLE AMOUNT
OF PRODUCTION FROM THE AURORA
GASOLINE COMPANY, WELL NO. 1,
DAVIS, LOCATED IN LOT 4, SECTION
29, TOWNSHIP 18 SOUTH, RANGE 39
EAST, NMPM, LEA COUNTY, NEW
MEXICO, IN THE EAST HOBBS-SAN
ANDRES POOL AND CONFIRMING THE
ADMINISTRATIVE ORDER OF THE COM-
MISSION IN AUTHORIZING THE OVER-
PRODUCTION AND SALE OF OIL FROM
THIS WELL.

CORRECTION
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing on July 15, 1952, at 9:00 a. m. at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on the 16th day of September, 1952, the Commission, a quorum being present, having considered the testimony adduced at the 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 Aurora Gasoline Company, Well No. 1, Davis, located in Lot 4, Section 29, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, in the East Hobbs-San Andres Pool, was originally intended as a test of the Blinbry formation at a depth of 6370 feet and that at a depth of 4462 feet the well blew out.

(3) That at the time the well blew out, a considerable amount of oil was produced into earthen pits and in order to remove this oil to safer storage, to minimize the fire hazard and in order to allow the operator, Aurora Gasoline Company, to test the commercial feasibility of this new reservoir, the well was allowed to produce a considerable amount of oil over and above what it normally would have produced had it been completed in the normal manner.

(4) That as of July 1, 1952, the records of the Commission reflect the following allocation and production for this well:

<u>MONTH</u>	<u>ALLOCATION</u>	<u>PRODUCTION</u>
October 1951	0	6283
November 1951	680	2479
December 1951	1054	1057
January 1952	1581	1862
February 1952	1537	1532
March 1952	1643	1504
April 1952	1590	1620
May 1952	1550	1831
June 1952	1440	1200
TOTAL	11,075	19,368

(a) That the allocation assigned the well for the months of October 1951, November 1951, and December 1951 should be adjusted so that the correct allocation which should have been assigned the well, based on a 40-acre allowable and a completion date of October 13, 1951, would have been as follows:

October 1951: 1007 barrels; November 1951: 1530 barrels; and December 1951: 1581 barrels.

(b) That the total corrected allocation assigned to the well as of 7:00 a.m. July 1, 1952, should total 13,459 barrels, which reflects an overproduction of 5909 barrels.

(5) (That the reduction of the allowable assigned the Aurora Gasoline Company, No. 1, Davis, in the amount of 10 barrels per day below the normal allowable assigned the well is in the interest of conservation and would protect the correlative rights of offset operators.

IT IS THEREFORE ORDERED:

That the application of the Oil Conservation Commission be, and the same hereby is approved as follows:

(1) That the overproduction of oil from the Aurora Gasoline Company, Davis No. 1, Lot 4, Section 29, Township 18 South, Range 39 East, NMPM, Lea County, New Mexico, in the East Hobbs-San Andres Pool, during the months of October 1951 to June 1952, in the amount of 5909 barrels, be, and the same hereby is authorized.

(2) That the allowable production assigned to the Aurora Gasoline Company, No. 1 Davis, shall be reduced ten barrels per day below the normal top unit allowable as set by the Commission for the East Hobbs-San Andres Pool for a period of 591 days.

(3) That the allowable assigned the Aurora Gasoline Company, No. 1 Davis, should be adjusted for the months of October 1951, November 1951, and December 1951, to show a total allowable for each month as follows: October 1951: 1007 barrels; November 1951: 1530 barrels; December 1951: 1581 barrels.

PROVIDED FURTHER, That this order shall become effective August 1, 1952, and shall continue in force and effect for a period of 591 days terminating on March 15, 1954.

This correction is made and entered nunc pro tunc as of July 30, 1952, for the purpose of correcting certain statistical errors appearing in original order R-181.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mecham

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

R. R. Spurrer

R. R. SPURRIER, Secretary

S E A L

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

September 16, 1952

C
O
P
Y

Mr. Jack Shier
Aurora Gasoline Company
McClintic Building
Midland, Texas

Dear Mr. Shier:

RE: OCC Case 380

The Commission has on this date signed Correction Order R-191-A issued in Case 380, and we enclose a signed copy for your records.

Sincerely,

W. B. Macey, Chief Engineer

WBM:nr

A. D. Wilbur
cc - Humble Pipe Line Co.
Box 2020
Houston - Tex.

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 12, 1952

C

O

Mr. Clarence Hinkle
Hervey, Dow and Hinkle
Roswell, New Mexico

P

Dear Mr. Hinkle:

Y

Please be advised that the Oil Conservation Commission will set the Aurora Gasoline Company emergency allowable matter down for the regular July hearing, which falls on July 15.

Very truly yours,

RRS:W

Secretary and Director

cc: Mr. A. D. Wilbur
Humble Pipe Line Co.
Houston, Texas

J. M. HERVEY
HIRAM M. DOW
CLARENCE E. HINKLE
W. E. BONOURANT, JR.
GEORGE H. HUNKER, JR.
—
ROSS MADOLE
WILLIAM C. SCHAUER

COPY

LAW OFFICES
HERVEY, DOW & HINKLE
ROSWELL, NEW MEXICO

June 10, 1952

Mr. H. P. Pressler
Humble Pipe Line Company
Drawer 2220
Houston 1, Texas

Dear Herman:

I have your letter of May 29, inquiring further as to the status of the distress oil produced from the Aurora Gasoline Company's Davis No. 1 well located on Lot 4, Section 29, Township 18 South, Range 39 East, N.M.P.M.

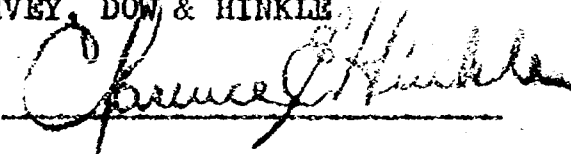
I have talked with Mr. Spurrier over the telephone in regard to this matter, and he has promised to write Mr. A. D. Wilbur a letter immediately giving the Humble Pipe Line Company a clearance in connection with the oil which has been run.

We trust that this will clear up the situation.

Yours sincerely,

HERVEY, DOW & HINKLE

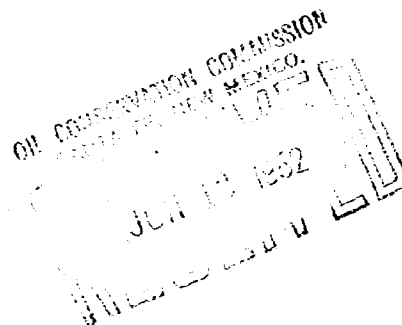
By



CEH:JH

cc: Mr. Dick Spurrier
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Mr. A. D. Wilbur
Humble Pipe Line Company
Drawer 2220
Houston 1, Texas



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 26, 1952

C
O
P
Y

Mr. Jack Shier
Aurora Gasoline Company
McClintic Building
Midland, Texas

Dear Mr. Shier:

Attached you will find an extract from the Oil Conservation Commission's legal notices issued this week to advertise cases set for regular hearing on July 15, 1952.

Among them is Case 380, emanating from motion of the Commission and relating to your Davis No. 1 well. Mr. Macey asked that copy of this notice be sent to you in order that you might have adequate time to prepare for the hearing. He was leaving this week on vacation, expecting to be back in Santa Fe around July 8, in case you wish to contact him in the matter.

Very truly yours,

For W. B. Macey
Chief Engineer

WBM:nr
Encl.

F

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

CASE NO. 380

July 15, 1952
Regular Hearing

RECEIVED
JUL 23 1952
19

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG
PHONES 7-9645 AND 5-8546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

JULY 15, 1952

In the Matter of:

This case is heard upon motion of
the Commission itself in the matter
of Aurora Gasoline Company's Davis
No. 1 well, located 990' from S
line and 330' from E line of 29-
18S-39 East, Hobbs-San Andres Pool,
and adjustment of allowable thereof
for first 12 months of production.

Case No. 380

(Notice of Publication read by Mr. Graham.)

MR. SPURRIER: Mr. Simon, are you going to be the
witness in this case?

C. D. SIMON,

having been previously duly sworn, testified as follows:

MR. WHITE: On behalf of the Commission will you give
a report of your studies in regard to this case, please?

A This well, Davis No. 1 was originally intended as a
clear fork test. However, when we passed through the San Andres
section at approximately 4460 feet we were confronted with a
big problem. The well blew out on us and an attempt was made
to shut the well in with the help of blow-out preventers. Prior
to the time, drilling through the San Andres section, the blow-
out preventers were tested with the customary 1500 pounds press-

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

ure and from all apparent reasons the blow-out preventers seemed to be holding alright. In fact we went through the Queen gas section at approximately 3900 feet. The blow-out preventers were working just fine. It is the custom in that particular area due to the Queen's gas to use as light a mud slurry as possible in view of the fact that the Queen's gas section, although it doesn't contain too much volume does have quite a bit of pressure. Consequently when we hit the San Andres section we didn't have too much mud weight due to the fact that we were trying to let the Queen's gas bubble up through our drilling fluid and before we knew it the well blew out on us and flowed more or less pipeline oil to the pits. We attempted to close out the blow-out preventers, and I don't wish to name the type of blow-out preventers we were using at the time, but we did attempt to close them off and consequently they didn't hold, which is very typical of that particular type of blow-out preventer, I believe, in my experience and we could see very readily that we had somewhat of a wild well on our hands.

The fact that this was also a wildcat discovery for this particular area we were trying as rapidly as possible to evaluate the section. Consequently we had to mix mud in the neighborhood of 17 to 18 pound mud which is somewhat abnormal for depths in the west Texas, New Mexico area, comparable to 44 to 45 hundred feet. Eventually the well was killed with 17 pound to 18 pound mud. That was perhaps my first personal contact with a well of this nature and in checking around with the District Commission's

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9845 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Office I learned that the Stanolind Oil & Gas Company had a very similar case to our particular well. Their well being located in the Wilson Pool and the attempt to get that particular well under control was very similar to ours. However, as soon as the well was killed, - - it was killed with quite a heavy mud also -- as soon as the well was killed it was shut in. When an attempt was made to open the well at sometime later, that time being controlled by the amount of oil that had been produced during the time that the well was out of control, when the well was reopened it was found dead and I believe the logical conclusions were that the mud had not been removed sufficiently from the formation, that particular mud that was used to kill the well. After we had managed to get our well under control we were very anxious to again have it opened up in order to have it clean itself of all the heavy material which was necessary to get it under control and that was the basis for the request to run the oil. The oil that had been produced during the attempt to get the well under control was produced into earthen pits and we did manage to get a few steel vessels on the location. However, after the well was brought under control and the shristmas tree equipment installed the well was cleaned up into a normal tank battery.

MR. SPURRIER: Are there any questions of this witness?

MR. MACEY: In that Stanolind case you mentioned, do you know how they handled the allowable in that matter?

MR. WHITE: Mr. Macey, I do not. With your permission

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

I talked the matter over with Mr. Blymm and Mr. Porter. I was not personally confronted with the Stanolind case. However, I think Mr. Blymm knows much more about it than I do. If he wouldn't have any objections I would like for him personally to answer that for you.

MR. SPURRIER: Mr. Blymm, would you care to clear the record on the Stanolind allowable on that?

MR. BLYMM: I don't think I can trust my memory on that. As I remember the Stanolind case it was just as Mr. Simmon presented, that is when Stanolind killed the well with mud. They had some 40,000 barrels in earthen storage that was picked up and recovered and marketed at the time and then it was necessary to charge that amount against their allowable and the well was shut in for a period of nearly two years, as I remember, maybe more than two years. Then when they attempted to put it back on production then it never was good after that. I don't know ^{that} they ever did get any oil out of it. I know they pumped mud for a long period of time there and then plugged and abandoned that well. I don't know that they ever did get anymore oil out of it after they had put the mud in it.

Is that what you wanted me to say, Jerry?

A Yes.

MR. SPURRIER: Thank you, Bob. Is there anyone that disagrees with Mr. Blymm's statement? Anyone that can add to it? Is there any further question of this witness?

MR. SELLINGER: I would like to inquire just one thing

for my own benefit. I understand your well is over produced and you want the Commission to charge that over production off, is that what the problem is?

A. No, sir. To the best of my knowledge, in letters of request, we had written to the Commission, at the particular time we just requested permission be granted to run the oil that was in the earthen pits to avoid a lot of waste. At that particular time I don't know whether any particular rules and regulations had been set up for cases like that.

MR. SELLINGER: Do you have an allowable established for your well?

A. No, I said it was a wildcat well and blew out.

MR. SHIER: The Commission allowed a set fixed allowable of 10,000 barrels, or so.

MR. MACEY: I think I can answer your question, Mr. Sellinger. The Commission authorized 10,000 barrels more or less under their emergency powers because of the fact that the oil was laying out in the pits. It was dangerous and also the fact that we were aware of what happened in the Stanolind case that the minute the well was shut in it never did come back on its own. According to the figures that I have the well is over produced approximately a little short of 6,000 barrels, about 5,000 barrels. It was the intention of this hearing which was called on the Commission's motion to put the facts into the record so that an order could be written authorizing the production that they have already produced. In other words we

want to actually legalize that oil.

MR. SELLINGER: What is the accounting procedure going to be? Is the well to be charged with overage?

MR. MACEY: Yes, we intend to present the figures in the case and adjust the allowable downward so at the end of a certain period of time the total amount of oil that the well produces would not be greater than it would be if it were produced in a normal manner and completed on a certain day.

MR. SELLINGER: That is all I want to get.

MR. MACEY: I don't know whether Aurora has any objections to that plan or what their thoughts are on that matter. Do you understand what we propose to do?

MR. GRAHAM: It will be produced under a strictly reduced - -

MR. MACEY: (Interrupting) Until the time it gets on its own feet. In other words it gets back to even status. Incidentally, the well was originally drilled on Lot 4 in that 40 acre section and subsequently the allowable was raised to 40 barrels and by Commission's order Aurora applied for increase in allowable and granted a 40 acre allowable and it is felt that the 40 acre allowable should apply from the day the well was completed, which we figure is the 13th of October which was the day the oil was first run into the tank. The allowable will be adjusted over probably a total of 18 months period from the start of their production so that at the end of the 18th month period the total production will be exactly the same as it would

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

be if it had been produced in a normal manner.

A I think that is very fair.

MR. McPHERON: I think we are the only operator in the pool and we would like to concur with the Commission's stand in this matter and we think the adjustment should be made. We think the way they propose to make it is a very vague thing.

MR. SPURRIER: Anyone else? The figures are available in case anyone should care to have them but the Commission can take cognizance of its own record in the interest of time.

Any further comment in the case? If not, the case will be taken under advisement.

(Recess)

MR. SPURRIER: We understand that Aurora has a request to make in Case 380 before we go onto 381, Mr. Simon.

MR. SIMON: We would like to propose a motion concerning the method in which this excess allowable is supposed to be consumed to the extent that subject well be penalized five barrels per day less than the top normal 40 acre unit allowable until sufficient time as the well will have consumed the excess allowable.

MR. SPURRIER: Is there an objection to Mr. Simon's motion?

A VOICE: The question is whether the well will produce at the top allowable for three years.

MR. SPURRIER: That is an eventual thing that Aurora will have to expect, will it not?

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

MR. SIMON: Actually, it would be only one man's personal opinion as to how long the well will produce with respect to the amount of pay that we have in other San Andres reservoirs. Wells similar to that usually have a life span I would say of at least ten years for San Andres as production, even those that come in on the pump have a life span of that long.

A VOICE: Do they stay on top allowable that long, though? Do you have recollection how many feet of net pay you have there?

A Yes, I think it is in the neighborhood of 20 feet. I think we topped the pay at 4,400, 4,500 feet. Before we could put the brake on we were down to 6,500.

MR. WHITE: Does the well meet the allowable now?

A Yes, the well, the last time that we did take a short periodic test on it it was capable of making 30 barrels an hour.

MR. SPURRIER: Mr. McPheron?

MR. MCPHERON: It appears to me that Aurora has been treated awful nice, allowed 6,000 barrels of production to sell immediately, to pay out their well immediately you might say and I think that the record should be adjusted within 12 to 18 months to reduce the allowable enough to crack the thing within 12 months. I believe the well will produce top allowable that long. I doubt seriously that it will produce top allowable three years. That would depend on what the top allowable is. If it happened to be 60 barrels, three years. Now it couldn't make it.

MR. SIMON: I would like to ask Mr. McPheron why he thinks it is so unfair.

MR. McPHERON: You have been allowed the production?

MR. SIMON: Yes.

MR. McPHERON: It is time to correct it over a reasonable length of time and 12 to 18 months certainly isn't unreasonable.

MR. SIMON: That is correct but I still don't know what basis you are basing the fact it is going to be unreasonable. Is it research that you're interested in?

A VOICE: I think his idea is that the well would suffer an affinity if it gets to top allowable.

MR. SIMON: Suppose we state it five barrels less than the capability of the well should the well not be able to make it.

MR. McPHERON: We have no record of that. You have already established drainage from our lease in all probability. We haven't had any objection to it knowing that it was going to be corrected sooner or later.. The Commission has elected to correct it now and apparently are ready to establish some reasonable length of time to make the correction. Gulf is of the opinion that 12 to 18 months is a long enough time.

MR. SPURRIER: Any further comment?

MR. LAMB: What was the case of Stanolind when the well blew out and salvaged the oil? How long was their well shut in and how long did they have it, did they have an adjustment period?

MR. SIMON: To the best of my knowledge the well was shu in immediately and thereafter when the well was reopened it was just not commercial.

MR. McPHERON: Well, following the precedent it should be shu in.

MR. SIMON: I beg your pardon? We're dealing here with conservation. That is the basis behind the hearing.

MR. McPHERON: The precedent was established and the Stanolind line was shu in until enough time elapsed to consume the allowable. The precedent has been established.

MR. SIMON: You had a man testify here that the Stanolind well was hurt severely and they attributed it to the fact it had been shut in so long.

MR. SPURRIER: Is that correct?

MR. SHIER: Insofar as Gulf's recommendations are concerned. Do you have any idea what your estimated recoveries per acre are?

MR. McPHERON: I don't have them here. I am sure we have them.

MR. WALKER: Gulf will estimate a recovery there far beyond a ten year period, based on the top allowable which would eliminate any question of getting that oil back within any period. I think your engineering records would show that.

MR. McPHERON: What would be your estimate of the barrels per acre?

MR. SHIER: I would say a minimum of 5,000 barrels per

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

acre.

MR. WALKER: What recovery? You mean in barrels so far?

MR. SHIER: Barrels per acre.

MR. WALKER: You have a good well there that is flowing its allowable with ease. I think that the figure of 5,000 barrels per acre is very low.

MR. SHIER: Not for that pay.

MR. WALKER: All we can go on is our engineering data and we can make it with ease.

MR. SPURRIER: Any other comment?

MR. SIMON: As far as our case is concerned we will leave it to the Commission.

MR. SHIER: We don't feel that we are asking for anything in excess of what we should get. As Mr. McPherson says the Commission has been very nice to us and everyone has been nice to us. I don't think we have abused it in any particular way. I don't think we have treated this thing in any other way except from the Stanolind point of conservation. At all times we were in touch with people who were giving us very good advice.

MR. SPURRIER: Any other comments? If not, the case will be taken under advisement and we will move onto Case No. 381.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 380 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on July 15, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ day of July, 1952.

REPORTER

ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

Case 380

July 18

for the first 12 months of production

IN THE MATTER OF THE APPLICATION OF THE OIL CONSERVATION COMMISSION UPON ITS OWN MOTION FOR AN ORDER ADJUSTING the ALLOWABLE FROM THE AURORA GASOLINE CO., WELL NO. 1, DAVIS, LOCATED 990 FEET FROM THE SOUTH LINE AND 330 FEET FROM THE EAST LINE OF SECTION 29, TOWNSHIP 18 SOUTH, RANGE 39 EAST, NMPM, EAST HOBBS-SAN ANDRES POOL, LEA COUNTY, NEW MEXICO, ~~SO THAT THE ALLOWABLE OIL PRODUCED BY THE WELL DURING THE FIRST year of production.~~

~~Said allowable being adjusted in such a manner that the total amount of oil produced by the~~
said adjustment made necessary due to inadvertent over production of the well at the time of completion and to conform the administrative act of the commission in authorizing the sale of this oil.