

Case No.

169

Application, Transcript,  
Small Exhibits, Etc.

1745  
No. 169  
H. C. Co.

Continental Carbon Company for  
permission to use residue, flare, and gas  
well gas in manufacture of carbon black.

1745

February 2, 1949

Mr. Donald G. McCormick  
Bujac Building  
Carlsbad, New Mexico

Dear Mr. McCormick:

You will find attached, copy of letter addressed to Mr. R. R. Wright, in connection with the transcript of record on the Oil Conservation Commission hearing of January 6, 1949. The letter is self-explanatory.

Will you please correct your copy of the transcript accordingly?

Very truly yours,

R. R. Spurrier  
Secretary and Director

HRS:bsv  
attach.

*Received  
in this  
condition*

February 9, 1949

Oil Conservation Commission  
P. O. Box 1545  
Hobbs, New Mexico

Gentlemen:

You will find attached, copy of letter addressed to Mr. E. R. Wright, in connection with the transcript of record on the Oil Conservation Commission hearing of January 6, 1949. The letter is self-explanatory.

Will you please correct your copy of the transcript accordingly?

Very truly yours,

R. R. Spurrier  
Secretary and Director

RRS:baw  
attach.

---

ILLEGIBLE

February 9, 1949

Oil Conservation Commission  
205 Booker Building  
Artesia, New Mexico

Gentlemen:

You will find attached, copy of letter addressed to Mr. T. R. Wright,  
in connection with the transcript of record on the Oil Conservation  
Commission hearing of January 6, 1949. The letter is self-explanatory.

Will you please correct your copy of the transcript accordingly?

Very truly yours,

R. R. Spurrier  
Secretary and Director

RRS:hw  
attach.

---

ILLEGIBLE

February 8, 1949

Mr. Glenn Staley  
Lea County Operators Committee  
Drawer Eye  
Hobbs, New Mexico

Dear Mr. Staley:

You will find attached, copy of letter addressed to Mr. E. R. Wright, in connection with the transcript of record on the Oil Conservation Commission hearing of January 6, 1949. The letter is self-explanatory.

Will you please correct your copy of the transcript accordingly?

Very truly yours,

R. R. Spurrier  
Secretary and Director

RRS:baw  
attach.

February 8, 1949

Mr. E. R. Wright  
Attorney at Law  
54½ E. San Francisco Street  
Santa Fe, New Mexico

Dear Mr. Wright:

We are returning herewith letter addressed to you from Mr. Max A. Minnig, Manager, Gas Department, Continental Carbon Company, which concerns certain corrections to be made in the transcript of record covering the Oil Conservation Commission hearing held on January 6, 1949.

This is to advise that we have corrected our records accordingly, and will notify everyone concerned, to do likewise.

Thank you for calling this matter to our attention.

Very truly yours,

R. R. Spurrier  
Secretary and Director

RBS:baw  
encl.-1

C O P Y

C O P Y

CONTINENTAL CARBON COMPANY  
1400 West 10th Ave.  
Amarillo, Texas

January 28, 1949

Mr. E. R. Wright  
Santa Fe, New Mexico

Dear Sir:

In regard to the transcript of record you sent on the hearing of January 6th, I believe that there are three corrections which should be made so as to get the records straight. These are as follows:

In Mr. McKinney's testimony they have inserted on Page 5 in the 4th Answer, 1st line the written number "hundred". This should read "19 million, 44 thousand pounds" instead of "19 hundred million, 44 thousand pounds".

In my testimony on Page 16, 3rd Answer should read "the treating cost run about three-quarters of a cent" instead of "a quarter of a cent". I am sure I stated three-quarters and that she misunderstood, as you can see the cost would be 4-3/4¢ and I had previously stated the price to be about 5¢.

In the 4th Answer of my testimony, the answer should read "Our contract stipulates the gas to be under 50 grains, that pipe line gas of a grain and one-half or more is considered sour".

We would appreciate your seeing that these changes are inserted in the record, as they might be quoted at a later date, and we would like to be quoted correctly.

Yours very truly,

CONTINENTAL CARBON COMPANY

s/ Max A. Minnig  
Manager Gas Department

C O P Y

C O P Y



112 Camino del Rio N. 101  
San Diego, California  
Feb. 2, 1949

Mr. C. W. Currier  
Oil Conservation Commission  
Santa Fe, N. M.

Dear Mr. Currier:

Enclosed is a letter addressed to Mr. Wright in connection with the transcript I made for you on the hearings. The letter is self-explanatory.

Mr. Manning was the man whose testimony was so difficult to follow. I am greatly surprised he didn't find more errors as he mentioned quite a number of figures and that is hard for me to record. However, in correcting the transcript I will be glad to take care of it if you will mail the pages mentioned to me, or perhaps since the corrections are more or less minor you would prefer having them done in your office.

I am sorry the transcript couldn't have been absolutely correct, but it was my first experience in that line. Meanwhile, thank you for the check which I received a few days ago.

Sincerely,

*Virginia Lichtmann*  
Virginia Lichtmann

K.W.

When the enclosed is received  
copy of Mr. Wright's letter to me  
and send copy of same to Mr. Currier

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

# WESTERN UNION

1306

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, NEW MEXICO  
JANUARY 13, 1949

CONTINENTAL CANYON COMPANY  
1400 WEST LOHN STREET  
AMBUILLO, TEXAS

*file*  
RE CASE 149 BEFORE NEW MEXICO OIL CONSERVATION COMMISSION. YOUR APPLICATION FOR RESIDUAL GAS IN THE AMOUNT OF EIGHTEEN MILLION CUBIC FEET PER DAY IS HEREBY GRANTED BY THE COMMISSION. WILL FORWARD ORDER BY MAIL.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

/s/ GUY SHEPARD, MEMBER  
/s/ R. E. SPURDIE, SECRETARY

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the repeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeatable message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.
2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one per cent of the amount by which such valuation shall exceed five thousand dollars.
3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.
4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: in cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 5,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.
5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.
6. The Company will not be liable for damages or statutory penalties in the case of any message except an intrastate message in Texas where the claim is not presented in writing to the Company within sixty days after the message is filed with the Company for transmission, and in the case of an intrastate message in Texas the Company will not be liable for damages or statutory penalties where the claim is not presented in writing to the Company within ninety-five days after the cause of action, if any, shall have accrued; provided, however, that neither of these conditions shall apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.
7. It is agreed that in any action by the Company to recover the tolls for any message or of messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.
8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.
9. No employee of the Company is authorized to vary the foregoing.

10-42

## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### FULL RATE TELEGRAMS

A full rate expedited service.

#### DAY LETTERS

A deferred service at lower than the full rate.

#### SERIALS

Messages in sections during the same day.

#### NIGHT LETTERS

Accepted up to 2 A.M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

### CABLE SERVICES

#### FULL RATE CABLES

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters or in cipher.

#### CODE (CDE)

A fast message service consisting of words formed without condition or restriction, counted at 5 characters per word. Minimum charge of 5 words applies.

#### DEFERREDS (LC)

Plain language messages, subject to being deferred in favor of full rate and CDE messages.

#### NIGHT LETTERS (NLT)

Overnight plain-language messages. Minimum charge of 25 words applies.

Case 169

January 11, 1949

Mr. Glenn Staley  
Lea County Operators Committee  
Drawer Eye  
Hobbs, New Mexico

Dear Glenn:

In line with our Case 169, which involves the application of the Continental Carbon Company for additional gas in the South Eunice area, I should appreciate it if you will address a letter to all operators, oil and gas, in this South Eunice pool, as follows:

What per cent, or what volume, of the gas currently produced in the South Eunice pool with oil, is used for the manufacture of carbon black and what volume is flared.

The Commission does not favor the use of gas well gas or dry gas, for the manufacture of carbon black while wet gas or residue gas is being flared from this pool or from any other pool in New Mexico.

We should therefore like to have this additional information to complete our record, in Case 169. Thank you very much.

Very truly yours,

---

R. R. Spurrier  
Secretary and Director

RRS:bw

RECORDED  
INDEXED  
JAN 14 1949  
FBI - ALBUQUERQUE

**AFFIDAVIT OF PUBLICATION**

State of New Mexico,  
County of Lea

I, Robert L. Summers

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supplement thereof for a

period of \_\_\_\_\_

One Issue weeks.

beginning with the issue dated \_\_\_\_\_

December 21, 19 48

and ending with the issue dated \_\_\_\_\_

Robert L. Summers  
Publisher.

Sworn and subscribed to before me

this 21st day of \_\_\_\_\_

December, 19 48

Heidi Jones  
Notary Public.

My commission expires \_\_\_\_\_

January 7, 19 51  
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

**LEGAL NOTICES**  
Dec. 21, 1948.

**NOTICE OF PUBLICATION**  
**STATE OF NEW MEXICO**  
**OIL CONSERVATION**  
**COMMISSION**

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held January 6, 1949, beginning at 10:00 o'clock a. m. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

**STATE OF NEW MEXICO TO:**

All named parties in the following cases, and notice to the public:

**Case 169**

In the matter of the application of Continental Carbon Company for order permitting it to use residue, flare, and gas well gas in the manufacture of carbon black at its proposed site in lot 15, section 3, T. 21 S., R. 37 E. N.M. P.M. Lea County, New Mexico, adjacent to existing carbon black plant.

**Case 170**

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Cooper-Jal pool as presently described, all of section 14 (containing 2 gas wells), T. 23 S. R. 36 E., N.M.P.M. Lea County, New Mexico.

**Case 171**

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Penrose-Skel-

ly pool as presently described, W 1/2 section 6; all section 7; all section 18; N 1/2 section 19 (containing several gas wells), T. 23 S. R. 37 E., N.M.P.M. Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on December 16, 1948.

**STATE OF NEW MEXICO**  
**OIL CONSERVATION COM-**  
**MISSION**

R. R. Spurrier, Secretary  
(Seal)

December 17, 1948

SANTA FE NEW MEXICAN  
Santa Fe, New Mexico

RE: Cases 169-170-171-172, Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

PLEASE PROOF READ AND UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very truly yours,

Secretary and Director

December 17, 1948

HOBBS DAILY NEWS SUN  
Hobbs, New Mexico

RE: Cases 169, 170 and 171 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very truly yours,

bpu

Secretary and Director

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held January 6, 1949, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 169

In the matter of the application of Continental Carbon Company for order permitting it to use residue, flare, and gas well gas in the manufacture of carbon black at its proposed site in Lot 15, section 3, T.21 S, R.37 E, N.M.P.M. Lea County, New Mexico, adjacent to existing carbon black plant.

Case 170

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Cooper-Jal pool as presently described all of section 14 (containing 2 gas wells), T.23 S, R.36 E, N.M.P.M. Lea County, New Mexico.

Case 171

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Penrose-Skelly pool as presently described, W/2 section 6; all of section 7; all section 18; N/2 section 19, T.23 S, R.37 E, N.M.P.M. (containing several gas wells) in Lea County, New Mexico.

Case 172

In the matter of the application of Floyd H. West for an order authorizing an unorthodox well location for his Patterson No. 1, to be located in SE 1/4 NE 1/4, 2490 feet south of the north line and 1220 feet west of the east line of section 5, T.30 N, R.13 W, N.M.P.M. in San Juan County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on December 16, 1948.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. R. Spurrer*  
R. R. SPURRIER, Secretary

SEAL



**BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO**

**IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL CARBON COMPANY FOR AN  
ORDER AND PERMIT TO EXTEND ITS PRESENT  
PERMIT AND INCREASE PERMISSIBLE USE OF  
GAS IN THE MANUFACTURE OF CHANNEL CARBON  
BLACK**

) Case No. 295  
) Extending  
) Case No. 169  
) Order No. R-88  
)  
)

**SUPPLEMENTAL ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This matter coming on for hearing upon the Supplemental Petition of Continental Carbon Company for an increase in permissible use of gas in the manufacture of channel carbon black in Lea County, New Mexico, of 20,000,000 cubic feet per day, and

Due notice of hearing upon said Supplemental Application having been published as provided by law fixing the 7th day of August, 1951, at Santa Fe, New Mexico, as the time and place for hearing thereon, and

The matter having come on for hearing and the Commission having heard testimony and evidence as to the need and necessity for the increase applied for, and

It appearing therefrom that channel carbon black is an essential commodity in the manufacture of tire casings and other rubber goods, as well as ink for use in the printing industry and various and sundry other uses, and that the demand is in excess of the supply, and, further, that channel carbon black is in short supply and recognized by government agencies to be a critical commodity, and

It further appearing to the Commission that there is residue gas being flared, which constitutes surface waste and which is suitable and sufficient for the additional needs and uses applied for and that the use of the same will result in the conservation of waste,

IT IS, THEREFORE, ORDERED that the order of this Commission dated January 24, 1949, in Case No. 169, granting applicant the right to use not to exceed 18,000,000 cubic feet per day, be and the same hereby is modified as follows:

1. That the permissible amount which Applicant, Continental Carbon Company, may use shall be increased to not exceed 38,000,000 cubic feet per day instead of 18,000,000 cubic feet, as originally granted;
2. That the right shall be extended and granted for such use for a period of fifteen (15) years from the date of this order, such period of time being recognized as necessary and desirable for the proper amortization of the investment required to be made by Applicant in the use, and

IT IS FURTHER ORDERED, that the original order of January 24, 1949, in all other respects remain unchanged and be considered as applicable to the entire use hereby granted to Applicant to the same extent and effect as if copied herein in full, and that this Order shall be merely supplemental of the original order.

DONE at Santa Fe, New Mexico this      day of August, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

SEAL

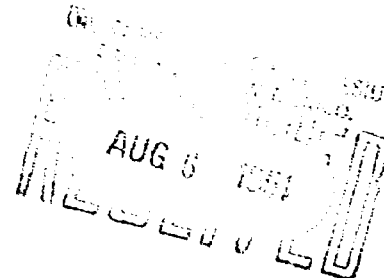
DEPARTMENT OF COMMERCE

NATIONAL PRODUCTION AUTHORITY  
WASHINGTON 25

July 31, 1951

NPA-310-WAN

*Case 295*  
Mr. R. R. Spurrier  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico



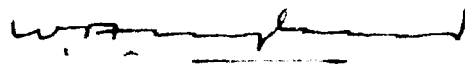
Dear Mr. Spurrier:

On July 13, 1951 the Continental Carbon Company of Amarillo, Texas submitted a formal request on Form CMP-4C to the Industrial Expansion Division of NPA, in order to obtain the necessary materials to move a part of their facilities from Sunray, Texas to Witco, New Mexico. These facilities are used in the production of carbon black.

This move is advisable, because of the uncertain supply of gas in the Sunray area of Texas and the assured ample supply of gas in the Witco area of New Mexico.

This appeal is Case No. J-879 and is awaiting formal action by the Industrial Expansion Division of NPA. The Protective Coatings Section of the Chemical Division of NPA is the sponsor of this case because carbon black is necessary in the Rubber program.

Very truly yours,

  
W. A. Nyland  
Chief, Protective Coatings Section  
Chemical Division  
Chemical, Rubber and Forest Products  
Bureau

M. F. SHAFFER

MANAGER GAS DIVISION  
CONTINENTAL CARBON CO.

1400 WEST TENTH AVE.  
AMARILLO, TEXAS  
PHONE 3-2855

BEFORE THE OIL CONSERVATION COMMISSION OF  
THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CONTINENTAL )  
CARBON COMPANY FOR AN ORDER AND PERMIT TO EXTEND )  
ITS PRESENT PERMIT AND INCREASE PERMISSIBLE USE ) Case No. 169  
OF GAS IN THE MANUFACTURE OF CHANNEL CARBON BLACK )

SUPPLEMENTAL PETITION

Continental Carbon Company heretofore filed a petition before this Commission, Case No. 169, upon which hearing was had on January 6, 1949, and order of the Commission entered on the 24th day of January, 1949, granting to Applicant, among other things, the right, for a period of ten years, to use, in the manufacture of channel carbon black, at the location designated in Lea County, New Mexico, not to exceed 18,000,000 cubic feet per day, reference to which petition, order and all proceedings therein being hereby made.

II

Since the date of such order Continental has continuously produced channel carbon black from volumes of approximately 18,000,000 cubic feet per day.

III

Continental desires to enlarge and expand its plant and facilities for the increased production of channel carbon black at its present location and has satisfactory available market for the increased production herein applied for. Continental has entered into a contract with Skelley Oil Company, one of the major producers in the field, for the purchase of residue gas remaining from casing head gas processed in their plant, and conditioned upon the granting of the authority

and permission hereby requested, Continental will proceed immediately in the increased production of channel carbon black.

IV

That the supply of residue gas and the increased facilities and production, as well as the available market for channel carbon black, all justify and call for an increase of not less than 20,000,000 cubic feet per day, for which application is now made to this Commission.

WHEREFORE, Petitioner prays an order of this Commission, after hearing, that the order of the Commission, No. 806, dated January 24, 1949, be supplemented and amended as follows:

1. That applicant be authorized and permitted to acquire from any convenient source and use in the manufacture of channel carbon black in its plant near Eunice, New Mexico, at the location described in said Order No. 806, and in the extension of said plant, an additional 20,000,000 cubic feet per day of any available residue gas, making a total, together with the 18,000,000 cubic feet per day permitted by said Order No. 806, of 38,000,000 cubic feet per day.

2. That the term for the authorized use of the 20,000,000 additional cubic feet per day run for a period of fifteen years from the date of the order of the Commission, and that Order No. 806 be further modified so that the term for the authorized and permitted use of 18,000,000 cubic feet, as therein authorized, shall be extended so as to end with the term of the increase, i.e., fifteen years from the date of the order of this Commission.

3. That the order of the Commission  
No. 806 be made applicable to the additional use now applied  
for, and in all other respects remain unchanged.

DATED THIS 16th day of July, 1951.

CONTINENTAL CARBON COMPANY

BY

M. F. Shaffer

ITS AGENT AND MANAGER, GAS DIVISION

IDEN AND JOHNSON  
Attorneys for Petitioner  
715 First National Bank Building  
Albuquerque, New Mexico

STATE OF NEW MEXICO  
COUNTY OF SANTA FE.....SS

M. F. SHAFER, being first duly sworn,  
upon oath states: That he is Agent and Manager, Gas  
Division for Continental Carbon Company and as such  
makes this verification; that he has read the foregoing  
Supplemental Petition, knows the contents thereof and  
that the same is true of his own knowledge and belief.

M. F. Shaffer

SUBSCRIBED AND SWORN to before me this

16 day of July, 1951.

Charles Croshaw

NOTARY PUBLIC

MY COMMISSION EXPIRES:

Jan 14, 1954.

J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
111 SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

April 1, 1947

*Page 167*

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

Dear Mr. Spurrier:

I enclose petition, dated February 28th, from Columbian Carbon Company, requesting a modification of the existing order so as to permit them to take from the Skelly Gasoline plant up to 40,000,000 feet of gas per day.

The necessity for this use in the manufacture of carbon black is set out in the petition, and I would be glad to discuss it with you. I do not believe the Oil Conservation Commission has any real control in the matter, since under the circumstances and the price of  $3\frac{1}{2}$  cents, there is surely no waste, but inasmuch as previous permission of the Commission was obtained, we are again submitting the matter to the Commission.

Personally, I can see no reason for any formal hearing in the matter.

Very truly yours,



JOS:CB  
Encls.

# COLUMBIAN CARBON COMPANY

COLUMBIAN CARBON BUILDING  
41 EAST 42ND STREET

OFFICE OF THE PRESIDENT

NEW YORK 17, N.Y.

February 28, 1947.

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico.

Honorable Sirs:

Under date of August 26, 1941 you formally issued a permit to us, Columbian Carbon Company, to use any or all waste residue gas "now being blown to air from the Skelly Gasoline Plant located in the Penrose Field, Lea County, New Mexico" for the purpose of manufacturing "an important defense commodity included in the Army Munition Board list of strategic materials and in line with the Oil Conservation Commission's wish to cooperate with the National Defense effort". Furthermore, the permission reads that it "will apply only to that part of the gas that cannot be used for commercial or domestic sales or in representing projects that might be constructed in the future and which gas would be blown to air, constituting surface waste under Section II of the Oil and Gas Conservation law of New Mexico".

Upon receiving the said permit we constructed a carbon black plant consisting of two units which have ever since been operating and consuming approximately 16,000,000 cu.ft. per day of the waste residue gas in question. After obtaining the consent of the Commission in December 1944 to increase our consumption of waste residue gas we added a third unit to our plant. Our total consumption of waste residue has since been approximately 24,000,000 cu.ft. per day.

During the last year and a half casinghead gas production in the area served by the Skelly Gasoline Plant has increased beyond the capacity of the said gasoline plant to handle. The increase is due to the discovery and development of production in lower horizons. The increase promises to continue still further. In order to meet this situation Skelly Oil Company has made arrangements to enlarge its gasoline plant as quickly as materials can be obtained to a capacity which will permit treatment of at least 50,000,000 cu.ft. of casinghead gas per day. At the same time Columbian Carbon Company has found it both desirable and urgently necessary to enlarge its carbon black factory located approximately one and three quarter miles northeast of the Skelly Gasoline Plant in Lea County, New Mexico to such size as will permit it to use up to a total of 40,000,000 cu.ft. per day if that amount of waste residue is available from the Skelly plant operations after normal shrinkage of casinghead intake due to treatment, requirements for gasoline plant operation, return to lease holders for operation and domestic uses, etc.



To: Oil Conservation Commission  
State of New Mexico,  
Santa Fe, N.M.

February 28, 1947

The investment which Columbian Carbon Company will have to make to take care of the said additional carbon black manufacturing plant is considerable. Columbian is not only willing but anxious to make that investment and assume the business risks that go with it. However, Columbian Carbon Company does not feel that it can take the additional risks arising from the fact that the language thereof makes the permit of August 26, 1941 (1) a license good only during the war emergency and (2) a license good only so long as the gas is not needed for "commercial or domestic sales". Therefore this communication is a petition to the Honorable Commission to issue a new permit for the use by Columbian, without the war emergency restriction and without being subject to prior call for commercial and domestic use, of all the waste residue gas from the Skelly Gasoline Plant which it is able to purchase from the said plant and use.

The use of waste residue gas in the manufacture of carbon black can be firmly placed on its merits. Channel black, the variety of carbon black which Columbian Carbon Company is producing at its Lea County plant, is an essential civilian need. The need is not only essential but is also urgent. There is now an insufficient supply of channel carbon black to meet the market demand. A continuance of this imbalance is probable for some time to come from a long-range viewpoint.

The essentiality of the need for the commodity can be briefly stated as follows:

Channel black is the indispensable color base of all black printing inks such as are used by the modern high speed rotary presses in printing our newspapers and magazines. Channel black is also universally employed in the treads of automobile and airplane tires. Its universal use in tire manufacture is due not to its color, but to the fact that it has the quality of reinforcing rubber, increasing its tensile strength and adding enormously to the safety, durability and mileage of the tire. That is the reason why all modern tires have black treads. The United States Government deemed channel black of such prime importance to military transport during the war that it invested 24 million dollars in construction of factories to augment the supply.

There seems no good reason for differentiating between use of waste residue gas for carbon black manufacture and dedication thereof to commercial and domestic sale. The price to be paid by Columbian to Skelly is competitive with prices offered by purchasers in the area for commercial and domestic resale.

Columbian Carbon Company has negotiated a new contract with the Skelly Oil Company for the waste residue gas from the enlarged Skelly Gasoline Plant which only awaits the Commission's action on this petition for final signature. The contract provides for the use by Columbian Carbon Company of a maximum of 45,000,000 cu.ft. per day. That quantity is all

To: Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

of the waste residue gas which the Skelly Oil Company can foresee that it will have for delivery to Columbian. Columbian has agreed to increase the price it pays for gas presently being delivered to it, namely approximately 24,000,000 cu. ft. per day, to 3¢ per MCF and to pay for all gas it will take up to 40,000,000 cu. ft. per day when its new carbon black unit is completed (i.e., inclusive of the present 24,000,000 cu. ft. daily used) at a minimum of 3½¢ per MCF. The contract contains provisions for substantial price escalation after the first five years.

Since delay, either of the building of the additional carbon black unit or of the enlargement of the Skelly Plant, will postpone the conservation of gas already being produced in the area in excess of the present capacity of the gasoline plant, we pray the Commission to deal with this petition at the earliest possible moment and to issue a new permit to us as free of the mentioned limitations in the present permit as is the Commission's Order 651, issued May 8, 1946, in favor of Charles Eneu Johnson and Company for the use of gas from the South Eunice Pool.

Very truly yours

Columbian Carbon Company



C. E. Kayser  
Assistant to the President

C.E.K./BTV

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held January 6, 1949, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 169

In the matter of the application of Continental Carbon Company for order permitting it to use residue, flare, and gas well gas in the manufacture of carbon black at its proposed site in Lot 15, section 3, T.21 S, R.37 E, N.M.P.M. Lea County, New Mexico, adjacent to existing carbon black plant.

Case 170

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Cooper-Jal pool as presently described all of section 14 (containing 2 gas wells), T.23 S, R.36 E, N.M.P.M. Lea County, New Mexico.

Case 171

In the matter of the application of the New Mexico Oil Conservation Commission, upon its own motion, at the suggestion of the New Mexico Nomenclature Committee, to delete from the Penrose-Skelly pool as presently described, W/2 section 6; all of section 7; all section 18; N/2 section 19, T.23 S, R.37 E, N.M.P.M. (containing several gas wells) in Lea County, New Mexico.

Case 172

In the matter of the application of Floyd H. West for an order authorizing an unorthodox well location for his Patterson No. 1, to be located in SE 1/4, 2490 feet south of the north line and 1220 feet west of the east line of section 5, T.30 N, R.13 W, N.M.P.M. in San Juan County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on December 16, 1948.

SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. R. Spurrer*  
R. R. SPURRER, Secretary

J. O. SETH  
A. K. MONTGOMERY  
OLIVER SETH

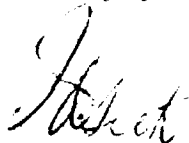
SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
III SAN FRANCISCO ST  
SANTA FE, NEW MEXICO  
April 11, 1947

Mr. R. R. Spurrier  
State Geologist  
Santa Fe, New Mexico

Dear Dick:

I have drafted a form of minutes of the meeting in connection with the carbon black matter, and enclose it herewith. It covers my understanding of what you and Governor Miles agreed on.

Very truly yours,



JOS:CB  
Encls.

MINUTES OF EXECUTIVE MEETING

OF

OIL CONSERVATION COMMISSION

April 7, 1947

The Commission met in its office on April 7th, 1947. The following were present:

John E. Miles, Commissioner of Public Lands

R. R. Spurrier, State Geologist

The following business was transacted:

The application of Columbian Carbon Company for permission to use residue gas from the Skelly Gasoline Plant, located in the Penrose Field, Lea County, New Mexico, was taken up for consideration, and the following resolution was adopted:

Inasmuch as the Columbian Carbon Company is using waste or residue gas from the Skelly Gasoline Plant, located in the Penrose Field, Lea County, New Mexico, for the purpose of manufacturing carbon black, and is paying and agrees to pay a reasonable price for said gas; and inasmuch as it is proposed to enlarge the Skelly Gasoline Plant and also the plant of Columbian Carbon Company now using gas from said Skelly Plant; and inasmuch as it appears that said gas is not being wasted, but is being used for the manufacture of a valuable commodity, and that a satisfactory price is being paid for said gas;

NOW, THEREFORE, the Oil Conservation Commission hereby grants the Columbian Carbon Company permission to use all the waste or residue gas now being or hereafter to be produced from the Skelly Gasoline Plant located in the Penrose Field, Lea County, New Mexico, up to 45,000,000 cubic feet of gas per day; and

BE IT FURTHER ORDERED that the restrictions contained in former orders, limiting such use to the period of the emergency, and limiting such use to such gas as can not be used for commercial or domestic sales and in repressuring projects, be and the same are hereby eliminated, and this order is entered without any restrictions of any nature.

There being no further business, the meeting adjourned.

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Member

\_\_\_\_\_  
Secretary.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 169  
ORDER NO. 806

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL CARBON COMPANY FOR ORDER  
PERMITTING IT TO USE RESIDUE, FLARE,  
AND GAS WELL GAS IN THE MANUFACTURE  
OF CARBON BLACK AT ITS PROPOSED SITE  
IN LOT 15, SECTION 3, TOWNSHIP 21 SOUTH,  
RANGE 37 EAST, N.M.P.M., LEA COUNTY,  
NEW MEXICO, ADJACENT TO EXISTING CARBON  
BLACK PLANT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A.M., January 6, 1949, at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 24th day of January, 1949, the Commission having before it for consideration the testimony adduced at the hearing of said case 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 case.
2. That evidence adduced at the hearing indicates that channel carbon black is a commodity used extensively in the manufacture of tire casings and other rubber products,
3. That the Continental Carbon Company is now the owner of a 2-unit carbon black plant located at Sunray, Texas, which it proposes to disassemble, move and re-erect on a location in Lot 15, Section 3, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, adjacent to the present operating carbon black plant of Witco Carbon Company.
4. That the acquisition and subsequent use in the manufacture in New Mexico of carbon black of available residue or tail gas which is not otherwise put to beneficial use would result in the prevention of waste.

IT IS THEREFORE ORDERED:

1. That the Continental Carbon Company, the applicant herein be and it hereby is authorized and permitted for a period and term of ten years from the date hereof to acquire from any convenient source and use in the manufacture of carbon black in its plant to be located on a site in Lot 15, Section 3, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico, not to exceed eighteen million cubic feet per day of any available residue or tail gas not otherwise put to beneficial use or the end use of which would constitute physical or economic waste.

2. That applicant's request for the right and authority to acquire and use "gas well gas" as a supply supplement in its manufacturing business is hereby denied without prejudice.

3. That the Continental Carbon Company after operating experience shall have shown a reasonable necessity therefore, may apply for and after notice and hearing on the merits under the rules of the Commission, may be given temporary authority to acquire and use available "gas well gas" or "sweet" gas from an authorized transporter on a free market basis as a limited month end supplement to its regular residue or tail gas supply authorized hereinabove.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

THOMAS J. MABRY, CHAIRMAN

  
GUY SHEPARD, MEMBER

  
R. R. SPURRER, SECRETARY



Meeting - January 6 1949

New Mexico Oil Conservation Commission

Senate Chamber

W. D. Ward		
Leach		
Quinn		
J. H. Winkler	Continental Carbon Co.	Amarillo, Tex.
M. G. Hines	Continental Carbon Co.	Amarillo, Tex.
E. H. Hines	" "	Santa Fe, N. M.
L. E. Hines	" "	Amarillo, Tex.
Geo. E. Lindrick	Ed. Bee Natural Gas Co.	Santa Fe, N. M.
Ray D. Gaskin	Oil Conservation Comm.	Hobbs, N. M.
J. A. Gwilt	Drilling & Exploration Co.	Hobbs, N. M.
J. R. Brown	West Texas Petroleum Co.	Midland, Texas
M. L. Patterson	Phillips Pet. Co. Gasoline Dept.	Odessa, Texas
L. B. Green		Brownsville, Tex.
H. H. Sweeney	Oil Conservation Comm.	Hobbs, N. M.
H. B. Peligman	Continental Carbon Co.	Amarillo, Texas.
J. H. Sweeney	Shell Oil Co.	Santa Fe, N. M.
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
J. H. Sweeney	Shell Oil Co.	Hobbs, N. M.
Frank C. Barnes	Oil Conservation Comm.	Santa Fe.
Ed. Sweeney	Continental Carbon Co.	Hobbs, N. M.
Ed. Sweeney	Continental Carbon Co.	Hobbs, N. M.
Al Hues	Oil Conservation Comm.	Alto, N. M.
L. R. Patton	West Drilling	Santa Fe.
Flagg H. West	West Drilling	Santa Fe.
W. H. May	West Drilling	Santa Fe.
E. L. Schaffer	Continental Oil Co.	Odessa, Texas
Harmon Dackey		Hobbs, N. M.
H. Dackey		Santa Fe.
D. R. Lunt	Wilson Oil Co.	Artistic, N. M.
Geo. O. Hillson	Continental Oil Company	Ponca City, Oklahoma
W. C. Brunner	Shell Oil Co. Inc.	Midland, Texas
Barton Howard	Shell Oil Co. Inc.	Midland, Texas
Charles Loring	" "	Hobbs, N. M.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION  
OF CONTINENTAL CARBON COMPANY FOR  
PERMISSION TO USE RESIDUE, FLARE,  
AND GAS WELL GAS IN THE MANUFACTURE  
OF CARBON BLACK.

Case No. 169

P E T I T I O N

Continental Carbon Company, a corporation duly organized and existing under the laws of Delaware, with application now pending before the State Corporation Commission of the State of New Mexico, to qualify as a foreign corporation, hereby makes application to use residue, flare and/or gas well gas in the manufacture of carbon black, and in support of such application respectfully states to the Oil Conservation Commission of the State of New Mexico:-

1. Continental is in the business of manufacturing carbon black, and has offices at 295 Madison Avenue, New York City, N. Y., and 1400 West Tenth Street, Amarillo, Texas.

2. Continental is engaged in the manufacture of carbon black, and proposes to move and re-erect a two-unit carbon black manufacturing plant, which has heretofore been operated at Sunray, Texas, to a location in Lot 15, Section 3, Township 21, South of Range 37 East, N.M.P.M., adjacent to the present plant of Whitco Carbon Company, which was formerly known as Panhandle Carbon Company.

Continental has entered into an agreement with Skelly Oil Company to take residue gas from its Eunice No. 2 gasoline extraction plant, which is located on  $S\frac{1}{2}$   $SE\frac{1}{4}$   $NE\frac{1}{4}$  and  $N\frac{1}{2}$   $NE\frac{1}{4}$   $SE\frac{1}{4}$  of Section 28, Township 21, South of Range 37 East. The carbon black plant of petitioner will be of the type generally known as a channel plant for the manufacture of carbon black by what is generally known as the channel process.

3. The source of said residue gas and flare gas will be principally from the Skelly Oil Company's Lunice No. 2 gasoline extraction plant, which is now being erected, through which plant gases will be processed for the recovery of gasoline, leaving a surplus residue gas, which said residue gas has been heretofore, and is now being, flared into the atmosphere, from Skelly Oil Company's gasoline extraction plant No. 1 and from producing oil wells, to the extent of approximately twenty million cubic feet per day; that the arrangements made between Continental and Skelly provide for the delivery by Skelly Oil Company, through a pipe line from their gasoline extraction plant to the new channel carbon black plant of petitioner, of approximately eighteen million cubic feet per day. At times it may be necessary to supplement this residue gas with flare gas from other sources, due to causes beyond the operational control of Skelly Oil Company. Such flare gas may be drawn temporarily direct from either oil-gas wells or gas wells, the idea being that such gas drawn directly from oil-gas wells or gas wells shall be used only in a standby capacity to level off production and operational gas shortages.

4. Channel carbon black is still an essential commodity in the manufacture of tire casings and other rubber goods and products. The demand for channel carbon black is still slightly in excess of supply. A sound working inventory is still not available to the industry.

5. The moving of this carbon black manufacturing plant by Continental does not create new production in the industry, but merely is moving capacity for production from one location to another. The moving of this plant into New Mexico will tend to conserve gas, which is now going to waste.

WHEREFORE, Continental Carbon Company respectfully submits that the moving of said plant from its former location to its location in Lot 15, Section 3, Township 21, South of Range 37 East, and the manufacture of channel carbon black in said plant

will constitute and result in a beneficial use in said residue gas, flare gas and gas well gas, and result in substantial economic benefit to the State of New Mexico, and the conservation of vital and irreplaceable resources, as defined in the conservation laws of the State of New Mexico.

Dated this 10<sup>th</sup> day of December 1948.

CONTINENTAL CARBON COMPANY

BY

C. E. McKinney  
Vice President

STATE OF TEXAS     )  
                              ) SS  
COUNTY OF POTTER )

C. E. McKINNEY, being duly sworn on oath, deposes and says:  
That he is Vice President of Continental Carbon Company, the petitioner in the above entitled matter; that he has read the foregoing petition and knows the contents thereof, and that the same is true to his own knowledge.

C. E. McKinney  
Subscribed and sworn to before me this 10th day of  
December 1948.

My commission expires:

My commission expires  
June 1, 1950.

Shirley L. Maunsel  
Notary Public

ANNOUNCEMENT

CONTINENTAL CARBON COMPANY  
WITCO CARBON COMPANY

AND

WITCO HYDROCARBON CORPORATION

ANNOUNCE THE REMOVAL OF THEIR  
AMARILLO, TEXAS OFFICES

TO

1400 WEST TENTH AVENUE  
AMARILLO, TEXAS  
PHONE 3-2855