

Case No.

208

Application, Transcript,
Small Exhibits, Etc.

January 26, 1950

Miss Ruth Warden
1204 East Lead Avenue
Albuquerque, New Mexico

Dear Miss Warden:

We have received the files in Cases 208 and 209, also the original and two carbon copies of the transcript, in connection with the Commission's hearing on January 24th.

It is necessary, for our records and proper distribution, that we be provided with one original and three carbon copies of each transcript. We therefore request that you supply us with an additional copy at your earliest convenience.

We are returning herewith, the statement which you submitted, and request that you submit a new one, in duplicate, to take care of the additional copy of the transcript.

Thanking you, we are

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:hw
encl.

January 10, 1950

SANTA FE NEW MEXICAN

Santa Fe, New Mexico

Re: Notice for Publication
State of New Mexico
Oil Conservation Commission

- Cases 208 and 209 -

Gentlemen:

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

UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATES.

For payment, please submit statement in duplicate, and sign and return the enclosed voucher. (Please do not fill out the voucher - merely sign where indicated.)

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encls.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 208
ORDER NO. R-15

IN THE MATTER OF THE APPLICATION OF
CULBERTSON & IRWIN, INC. FOR AUTHORITY
TO DUALY COMPLETE, FOR OIL & GAS PRODUCTION,
FROM TWO SEPARATE ZONES (YATES GAS ZONE
AND QUEEN OIL ZONE) ITS LANKFORD NO. 1 WELL
LOCATED 1650 FT. FROM THE NORTH LINE AND
1650 FT. FROM THE EAST LINE OF SEC. 25,
TWP. 23S, R. 36E., N.M.P.M., LANGLEIE-
MATTIX POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

NOW on this 27th day of April 1950, the Commission having considered
the transcript of testimony introduced at said hearing,

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 although recent experiments tend to show that mechanical packers and other devices are now available for engineeringly successful dual completions, the Commission is unconvinced of the soundness of dual and multiple completions as a general practice in New Mexico without specific controls over each such project, and

IT IS THEREFORE ORDERED:

That effective January 24, 1950, Culbertson and Irwin, Inc. the applicant, herein, be and it hereby is authorized to dually complete and produce its Lankford No. 1 well located 1650 ft. from the north line and 1650 ft. from the east line of Sec. 25, T. 23S, R. 36E., N.M.P.M. (Langlie Mattix Pool) Lea County, New Mexico, in order that gas from the "Yates" sand (2950' to 3190') may be produced through the annulus between the casing and tubing and oil from the "Queen" sand (3525'-3637') through the tubing, by proper perforations and proper packer or packers;

PROVIDED, HOWEVER that said well (Lankford No. 1) shall be completed and produced in such a manner that there will be no commingling within the well bore of the said well of gas or oil and gas produced from the two separate strata, and

PROVIDED FURTHER that said well shall be equipped in such a manner that reservoir pressures may be determined separately for each of the two specified strata, and further be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined and

PROVIDED FURTHER that the operator shall make any and all tests, including segregation tests, but not excluding other tests and/or determinations at any time and in such manner as deemed necessary by the Commission. The original and all subsequent tests shall be witnessed by a representative of

the Commission and by representatives of offset operators, if any there be, and the results of each test properly attested to by the applicant herein and all witnesses and shall be filed with the Commission within ten days after the actual completion of each such test, and,

PROVIDED FURTHER that prior to the time said well is dually completed the applicant shall supply the Commission for its approval with plat or drawing showing the proposed method and manner of completion, together with an electrical or radioactive log showing the location and extent of each separate stratum and the proposed perforations, and

PROVIDED FURTHER that upon the dual completion of the well the applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to produce the seal from both zones or strata, showing tube and location of packers, other devices used, location and extent of perforations, name and depth of each producing zone or stratum, and special report of production, gas-oil ratio and reservoir pressure determinations of each horizon or stratum at the time of completion.

IT IS FURTHER ORDERED that jurisdiction in the case is hereby retained by the Commission for such further order or orders in the premises as may seem necessary or convenient to the Commission, and the case shall not be considered as establishing a precedent of authorizing general dual completions in the Cooper-Jal pool, and upon failure of applicant to comply with any provision or provisions of this order then the authority hereunder shall terminate, upon ten days notice by the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Thomas J. Mabry
THOMAS J. MABRY, CHAIRMAN

Guy Shepard
GUY SHEPARD, MEMBER

R. R. Spurrier
R. R. SPURRIER, SECRETARY

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:

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

Case 208

In the matter of the application of Culbertson & Irwin, Inc. to dually complete, for oil and gas production from two separate zones, namely, the Yates gas zone and the Queen oil zone, their Lankford No. 1 well, located 1650 ft. from the north line and 1650 feet from the east line of section 25, township 23 south, range 36 east, N.M.P.M., Lea County, New Mexico.

Case 209

In the matter of the application of the Standard Oil Company of Texas, for an order of approval of the unit agreement for the development and operation of the Carrizozo Unit Area, within Townships 6, 7 and 8 south, Ranges 8 and 9 east, N.M.P.M. containing 45,223.09 acres, Lincoln and Socorro Counties, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


R. R. SPURRIER, SECRETARY

January 10, 1950

REGISTERED MAIL

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

Dear Mr. Staley:

We enclose herewith, copy of Notice of Publication, announcing the hearing to be held before the Oil Conservation Commission, at Santa Fe, New Mexico, on January 24, 1950.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

January 10, 1950

HOBBS NEWS SUN

Hobbs, New Mexico

Re: Notice for Publication
State of New Mexico
Oil Conservation Commission

Gentlemen:

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

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

For payment, please submit statement in duplicate, and sign and return the enclosed voucher. (Please do not fill out the voucher - merely sign where indicated.)

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encls.

January 6, 1950

Mr. John M. Kelly
Box 5671
Roswell, New Mexico

Dear Sir:

With reference to the attached petition of Culbertson and Irwin to dually complete their Lankford No. 1 well, we would appreciate your forwarding two additional copies in order that there may be three copies on file with the Commission.

January 24 has been set as the date for allowable hearing and the above mentioned petition will be included if at all possible.

Thank you for complying with our request.

Very truly yours,

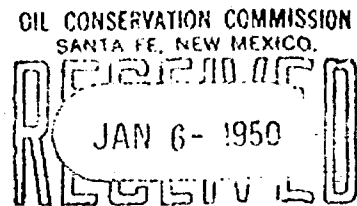
OIL CONSERVATION COMMISSION

bpw

Secretary and Director

JOHN M. KELLY
Box 5671
Roswell, New Mexico

January 4, 1950



New Mexico Oil Conservation Commission
Santa Fe, New Mexico

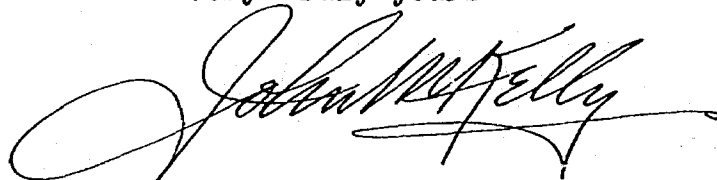
Gentlemen:

I am enclosing herewith a copy of the notice of publication with reference to the application of Culbertson & Irwin Inc. to dually complete their Lankford #1 well.

Mr Spurrier, before he left for Washington, assured me that this case would be heard at the next meeting of the Commission, which I understand is to be called on January 24, 1950.

I would appreciate your seeing that the notice is properly published.

Very truly yours



Encl.

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
JAN 6 - 1950

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CULBERTSON & IRWIN INC. TO
DUALY COMPLETE A WELL FOR OIL AND
GAS PRODUCTION IN LEA COUNTY, NEW
MEXICO.

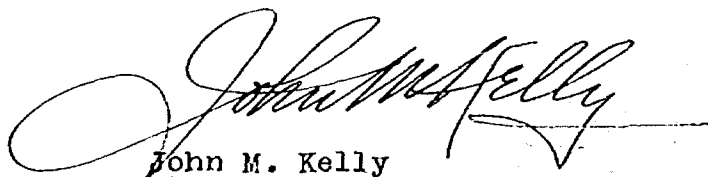
TO THE OIL CONSERVATION COMMISSION:

The petitioner, Culbertson & Irwin Inc., hereby makes application to dually complete a well in order to produce and market therefrom the gas and oil found in separate zones.

The petitioner presents the following data:

- (1) That this application cover only the Culbertson & Irwin Inc. Lankford #1 well, located 1650 feet from the north and 1650 feet from the east lines of section 25, township 23 south, range 36 east, Lea County, New Mexico.
- (2) That of this date said well is producing approximately 30 barrels of oil per day from the Queen sand at a depth between 3525 feet to 3637 feet.
- (3) That there was encountered during the drilling of the well a considerable quantity of hydro-carbon gas under high pressure between the depths of 2950 feet to 3190 feet. Said gas is coming from the Yates zone.
- (4) That the petitioner to more fully utilize the natural resources of this area and to prevent excessive underground wastes desires to dually complete said Lankford #1 well in such a manner as to produce the gas, from the Yates zone, through the annulus between the casing and tubing; and to produced the oil, from the Queens zone, through the tubing, placing a suitable retainer to prevent co-mingling of the products which are coming from different formations.
- (5) The petitioner requests that this application be heard at the next meeting of the Oil Conservation Commission.

Respectfully submitted


John M. Kelly
Consulting Engineer for the
Petitioner

January 4, 1950

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CULBERTSON & IRWIN INC. TO
DUALY COMPLETE A WELL FOR OIL AND
GAS PRODUCTION IN LEA COUNTY, NEW
MEXICO.

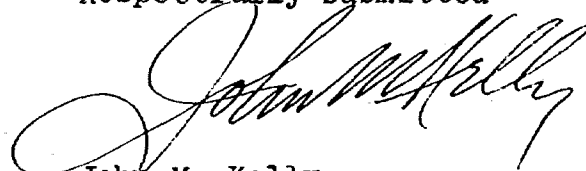
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The petitioner presents the following data:

- (1) That this application cover only the Culbertson & Irwin Inc. Lankford #1 well, location 1650 feet from the north and 1650 feet from the east lines of section 25, township 23 south, range 36 east, Lea County, New Mexico.
- (2) That of this date said well is producing approximately 30 barrels of oil per day from the Queen sand at a depth between 3525 feet to 3637 feet.
- (3) That there was encountered during the drilling of the well a considerable quantity of hydro-carbon gas under high pressure between the depths of 2950 feet to 3190 feet. Said gas is coming from the Yates zone.
- (4) That the petitioner to more fully utilize the natural resources of this area and to prevent excessive underground wastes desires to dually complete said Lankford #1 well in such a manner as to produce the gas, from the Yates zone, through the annulus between the casing and tubing; and to produce the oil, from the Queens zone, through the tubing, placing a suitable retainer to prevent co-mingling of the products which are coming from different formations.
- (5) The petitioner requests that this application be heard at the next meeting of the Oil Conservation Commission.

Respectfully submitted


John M. Kelly
Consulting Engineer of the
Petitioner

January 4, 1950

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:
All named parties in the following cases, and notice to the public:

CASE 208—In the matter of the application of Catherston and Irwin, Inc., to declare complete, for oil and gas production from two separate tracts, namely, the Yates gas zone and the Queen oil zone, their Leistikopf No. 1 well, located 1850 ft. from the north line and 1650 ft. from the east line of section 23, township 23 south, range 36 east, N.M.P.M., Lea County, New Mexico.

CASE 209—In the matter of the application of the Standard Oil Company of Texas, for an order of approval of the unit agreement for the development and operation of the Carrizozo Unit Area, within Townships 6, 7 and 8 south, Ranges 8 and 9 east, N.M.P.M., containing 45,223.09 acres, Lincoln and Socorro Counties, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
P. B. STUBBS, Secretary.
(SGAL)
Pub. Jan. 12, 1950.

Affidavit of Publication

State of New Mexico }
County of Santa Fe } ss.

I, Will Harrison, being first duly sworn, declare and say that I am the (~~Business Manager~~) (Editor) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once ~~each week~~ for one time ~~once each week~~ ~~and on the same day of each week~~ in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, ~~once each week~~ for one time ~~once each week~~ ~~and on the same day of each week~~ the first publication being on the 12th day of January, 1950, and the last publication ~~on the~~ ~~day of~~ ~~month of~~ ~~year~~, that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

PUBLISHER'S BILL

40 lines, one time at \$ 4.00
____ lines, _____ times, \$ _____
Tax \$ _____
Total \$ 4.00

Will Harrison
Editor-Manager
Subscribed and sworn to before me this 13th
day of January, A.D., 1950
Anna K. Orinabee

NOTED - 1/13/50

AFFIDAVIT OF PUBLICATION

State of New Mexico,

County of Lea

I, Robert L. Summer

Publisher

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 supple-

ment thereof for a period of one time weeks

beginning with the issue dated January 13, 1950

and ending with the issue dated January 13, 1950

Robert L. Summer
Publisher.

Sworn and subscribed to before

me this 16 day of January, 1950

Betty Seal
Notary Public.

My commission expires January 25, 1953

(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 NOTICE

January 13, 1950

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the presence of the following parties:

STATE OF NEW MEXICO TO:
All named parties in the following cases, and notice to the public:

Case 208

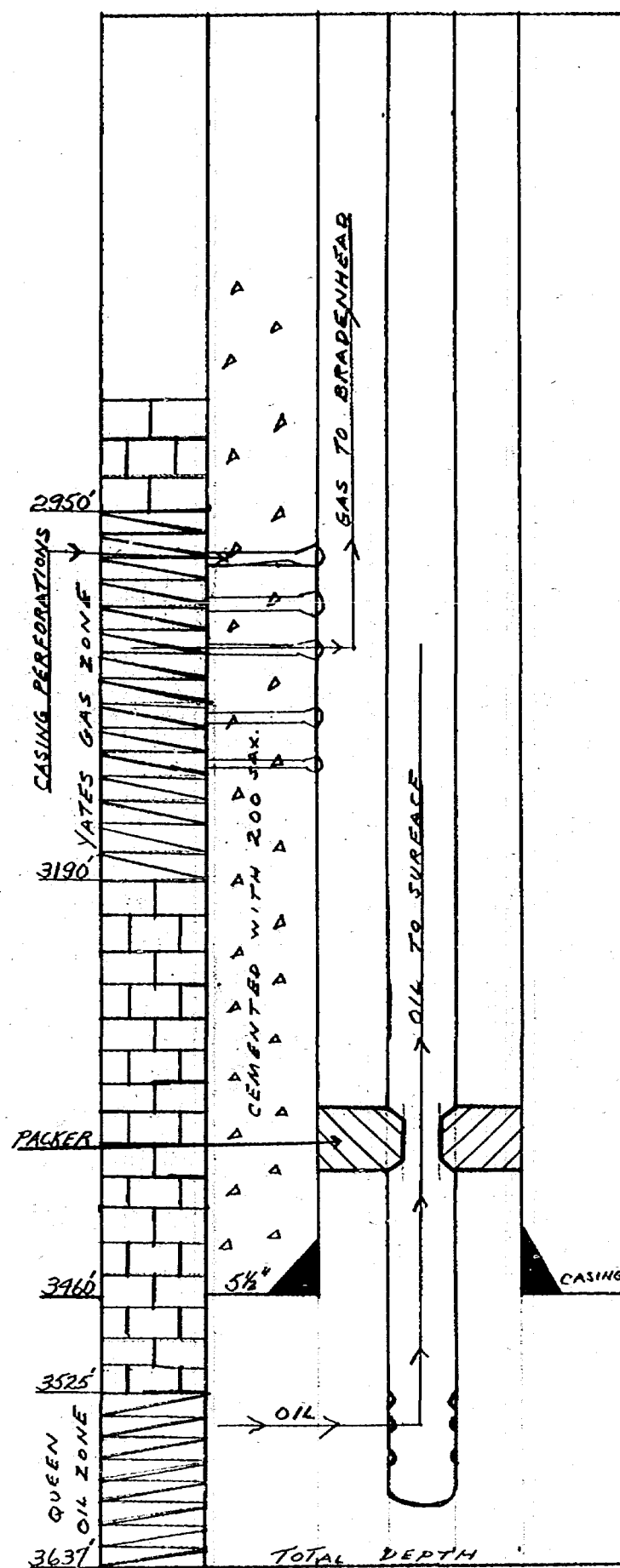
In the matter of the application of Culbertson and Irwin, Inc. to dually complete, for oil and gas production from two separate zones, namely, the Yates gas zone and the Queen oil zone, their Lankford No. 1 well, located 1650 ft. from the north line and 1650 ft. from the east line of section 25, township 23 south, range 36 east, 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 January 10, 1950.

(SEAL)

STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

R. R. SPURRIER,
SECRETARY



CULBERTSON & IRVIN
 LANKFORD #1 WELL
 COMPLETION DIAGRAM

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:

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

Case 208

25 MM In the matter of the application of *12 bbls* Gulbertson and Irwin, Inc. to dually complete, for oil and gas production from two separate zones, namely, the Yates gas zone and the Queen oil zone, their Lankford No. 1 well, located 1650 ft. from the north line and 1650 ft. from the east line of section 25, township 23 south, range 36 east, N.M.P.M., Lea County, New Mexico.

Case 209

In the matter of the application of the Standard Oil Company of Texas, for an order of approval of the unit agreement for the development and operation of the Carrizozo Unit Area, within Townships 6, 7 and 8 south, Ranges 8 and 9 east, N.M.P.M. containing 45,223.09 acres, Lincoln and Socorro Counties, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
R. R. SPURRIER, SECRETARY

SEAL

State of New Mexico
Oil Conservation Commission

Hearing: January 24, 1950

NAME	COMPANY	TITLE	ADDRESS
RS Dewey	Humble	Asst. Eng.	Midland, Tex.
J W House	"	Supt.	Midland, Tex.
W. E. Hubbard	"	"	Houston
Joe W. Lackey	Malco	Secy.	Roswell
Glenn L. Shremaker	Stanolind	Dist. Crude Oil Buyer	Midland
Robt G. Anderson	Oil Prods. Co. Malco Ref. Inc.	Pres.	Roswell
James H. Smith	(Honey, Dow & Humble)	"	Roswell, N.M.
Art M. Quiddy	OIL & GAS ASSN.	"	" " "
R. S. Blum	Oil Conservation Comm.	"	Hobbs "
Roy O. Yarbrough	Oil Cons. Comm.	"	Hobbs
R. E. Whigley	Enriched Oil & Gas	"	Midland
Wloyd K. Apple	"	"	Fort Worth, Tex.
E. H. Gray	"	"	Midland, Tex.
W. E. Bates	The Texas Co.	"	Midland
R. T. WRIGHT	EL PASO NATURAL GAS	"	SAL, N.M.
G. E. Kendrick	"	"	" "
John M. Kelly	Independent	"	Roswell N.M.
James M. Murray	"	"	Hobbs N.M.
B. E. Quincy	N.M. Bur Mines - Engr.	"	Artesia
Ralph L. Gray	Buffalo Oil Co.	"	Artesia, N.M.
Frank Barnes	N.M. Oil Cons. Comm.	"	Santa Fe, N.M.
Glenn Staley	Red County Operators Assn.	"	Hobbs N.M.
J. L. Harvey	Ind.	"	Santa Fe, N.M.
Clyde B. Harter	Ind. (farmer)	"	Santa Fe, N.M.
R. G. Schuehle	Texas-Pacific Coal & Oil Co.	"	Midland Tex.
B. R. LUSCOMB	STANOLIND OIL & GAS Co.	"	FT. WORTH TEX.
Rayton Howard	Shell Oil Co.	"	Midland, Tex.
M. T. Smith	Shell Oil Co.	"	Midland Tex.
A. R. Ballou	Sun Oil Co.	"	Dallas, Tex.
M. L. Patterson	Phillips Pet. Co. - Gas. Dist.	"	Odessa, Tex.

State Of New Mexico
Oil Conservation Commission

Hearing: January 24, 1950

[illegible]

State of New Mexico
Oil Conservation Commission

Hearing: January 24, 1950

[illegible]

Case
208

May 4, 1950

REGISTERED MAIL

Mr. Glenn Staley
Lee County Operators Committee
Denver I
Holtco, New Mexico

Dear Mr. Staley:

We enclose herewith, the following signed copies:

Case No. 192, Order No. R-14
Case No. 208, Order No. R-15 ✓
Case No. 214, Order No. R-16
Case No. 215, Order No. R-17
Case No. 216, Order No. R-18.

Very truly yours,

R. R. Spurrier
Secretary-Director

RRS:bw
encls.

Case 208

May 4, 1950

Signed copies of the following orders, mailed to Hobbs Office.

→ Case No. 192, Order No. R-14
Case No. 208, Order No. R-15
Case No. 216, Order No. R-18
Case No. 215, Order No. R-17

1204 East Lead Avenue
Albuquerque, New Mexico
January 25, 1950

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

Dear Mr. Spurrier:

Enclosed are the Commission's files in Cases 208 and 209 hearing on the 24th, together with original and two carbon copies of transcript of minutes.

I failed to ascertain the number of copies of these minutes desired by the Commission and have submitted three inasmuch as there were three cases heard. If you should desire more copies, I will be glad to make them for you.

Yours truly,

Paul Warden

Before the Occ
State of New Mexico

Case 208

Order no —

In the Matter of: The
Appl of Culbertson & Jordin
inc. for Authority to dually
Complete, for Oil & Gas production,
from two separate zones (yellow gas zone)
and Green oil zone, its Jackford
No 1 well located 1650' from the N
line and 1650' from the E. line of Langley-Murdock
Sec 25 - T.23 S. R. 36 E N 7m (Pool)
Lea County - N.M.

Order of The Commission
By the Commission.

Now on this 27th day of April 1950, the
Commission having considered the transcript of
testimony introduced at said hearing,

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 although recent experiments tend to show
that mechanical packers and other devices are now
available for engineeringly successful dual completions,
the Commission is unconvinced of the soundness of
dual and multiple completions as a general practice
in New Mexico without specific controls over each
such project. and,

(2)

It is Therefore Ordered:

That effective January 24, 1950, Culbertson and Irwin, Inc., the Applicant herein, be and it hereby is authorized to duly complete and produce its Lankford No. 1. well located 1650' from the north line, and 1650' from the east line of Section 25 T23.S. R. 36E 7m PM (Ranillo, Indistinct pool)

Lea County, New Mexico, in an order to produce that gas from the "Gates" sand (3450' to 3490') and oil from the Queen sand (3525' - 3637') through the tubing, by proper perforations and proper packers or packers;

Provided however, that said well (Lankford No. 1.) shall be completed and produced in such a manner that there will be no commingling within the well bore of the said well of gas or oil and gas produced from the two separate strata, and

Provided further, that said well shall be equipped in such a manner that reservoir pressures may be determined ^{separately} for each of the two specified strata, and further be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil or oil and gas from each separate stratum may be accurately measured and the gas-oil ratios thereof determined and

Provided Further

ORDER NO. 838 CONT'D.

separately, and further, that said well must be equipped with all necessary connections required to permit recording meters to be installed and used at any time so that when such meters are installed all natural gas, oil, and/or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio determined, and

PROVIDED FURTHER that the operator shall make any and all tests, including segregation tests, but not excluding other tests and/or determinations at any time and in such manner as deemed necessary by the Commission. The original and all subsequent tests shall be witnessed by a representative of the Commission and by representatives of offset operators, if any there be, and the results of each test properly attested to by the applicant herein and all witnesses and shall be filed with the Commission within ten days after the actual completion of each such test, and,

PROVIDED FURTHER that prior to the time said well is dually completed the applicant shall supply the Commission for its approval with plat or drawing showing the proposed method and manner of completion, together with an electrical or radioactive log showing the location and extent of each separate stratum and the proposed perforations, and,

PROVIDED FURTHER that upon the dual completion of the well the applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to produce the seal from both zones or strata, showing tube and location of packers, other devices used, location and extent of perforations, name and depth of each producing zone or stratum, and special report of production, gas-oil ratio and reservoir pressure determinations of each horizon or stratum at the time of completion.

~~IT IS FURTHER PROVIDED and so ordered by the Commission that upon failure of applicant to comply with any provision or provisions of the Order then the authority hereunder shall immediately terminate, upon 10 day notice by the Commission.~~

IT IS FURTHER ORDERED that jurisdiction in the case is hereby retained by the Commission for such further order or orders in the premises as may seem necessary or convenient to the Commission, and the case shall not be considered as establishing a precedent of authorizing general dual completions in the Cooper-Jal pool, and upon failure of applicant.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. SPURRIER, SECRETARY

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
November 3, 1949

May 4, 1950

REGISTERED MAIL

Mr. John M. Kelly
Box 5671
Roswell, New Mexico

Dear Mr. Kelly:

We enclose herewith, signed copy of Case No. 208, Order No. R-15, issued by the Oil Conservation Commission, in connection with the hearing held in Santa Fe, New Mexico, on January 24, 1950.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

1204 East Lead Avenue
Albuquerque, New Mexico
January 30, 1950

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

Dear Mr. Spurrier:

Pursuant to your letter of January 26, I am enclosing
herewith additional carbon copy of minutes of the hearing
on January 24, together with corrected statement.

Yours truly,

(Mrs) Ruth Warden

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

The following proceedings before the Oil Conservation Commission, State of New Mexico, came on pursuant to legal notice of publication, and at the time and place as set out below.

NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO TO:

All interested parties:

The Oil Conservation Commission of the State of New Mexico hereby gives public notice that hearings will be held before the Commission pursuant to Rule 503 of the General Rules and Regulations of this Commission on the dates hereinafter set forth for the purpose of setting the allowable production of oil and gas for the State of New Mexico for the calendar month following the date of each hearing. All such hearings shall be held in the Office of the Oil Conservation Commission at Santa Fe, New Mexico, commencing at 10:00 a.m., and shall be on the following dates:

January 24, 1950	July 25, 1950
February 21, 1950	August 24, 1950
March 21, 1950	September 21, 1950
April 25, 1950	October 24, 1950
May 23, 1950	November 21, 1950
June 22, 1950	December 22, 1950

Dated this 3rd day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

SEAL

/s/ R. R. Spurrier
R. R. SPURRIER, SECRETARY

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:

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

Case 208

In the matter of the application of Culbertson and Irwin, Inc., to dually complete, for oil and gas production from two separate zones, namely, the Yates gas zone and the Queen Oil zone, their Lankford No. 1 well, located 1650 ft. from the north line and 1650 ft. from the east line of section 25, township 23 south, range 36 east, N.M.P.M., Lea County, New Mexico.

Case 209

In the matter of the application of the Standard Oil Company of Texas, for an order of approval of the unit agreement for the development and operation of the Carrizozo Unit Area, within Townships 6, 7 and 8 south, Ranges 8 and 9 east, N.M.P.M., containing 45,223.09 acres, Lincoln and Socorro Counties, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. SPURRIER
R. R. SPURRIER, SECRETARY

SEAL

BEFORE: Hon. Guy Shepard, Chairman

Hon. R. R. Spurrier, Secretary and Member

REGISTER:

R. S. Dewy, Midland, Texas, for Humble.

J. W. House, Midland, Texas, for Humble.

W. E. Hubbard, Houston, Texas, for Humble.

Joe. W. Lackey, Roswell, for Malco.

Glenn L. Shoemaker, Midland, Texas, for Stanolind Oil Purch. Co.

Robert C. Anderson, Roswell, New Mexico, for Malco Ref. Inc.

Clarence E. Hinkle, of Roswell, New Mexico, for Standard Oil Company of Texas.

Art McQuiddy, of Roswell, New Mexico, for Oil and Gas Assn.

R. S. Blymn of Hobbs, New Mexico, for Oil Conservation Commission.

Roy O. Yarbrough of Hobbs, New Mexico, for Oil Conservation

Commission.

R. A. Wright of Midland, Texas, for Sinclair Oil & Gas Company.
Lloyd Holsapplo of Fort Worth, Texas, for Sinclair Oil & Gas Company.

G. H. Gray of Midland, Texas, for Sinclair Oil & Gas Company.

Wm. E. Bates of Midland, Texas, for The Texas Company.

R. T. Wright of Jal, New Mexico, for El Paso Natural Gas.

G. E. Kendrick of Jal, New Mexico, for El Paso Natural Gas.

John M. Kelly of Roswell, New Mexico, for Independent.

James M. Monay, Jr., of Hobbs, New Mexico, for Independent.

E. E. Kinney of Artesia, New Mexico, for New Mexico Bureau of Mines.

Ralph L. Bray of Artesia, New Mexico, for Buffalo Oil Company.

Frank C. Barnes of Santa Fe, New Mexico, for New Mexico Oil Conservation Commission.

Glenn Staley of Hobbs, New Mexico, for Lea County Operators Com.

J. D. Harvay of Santa Fe, New Mexico, for Independent.

Clyde B. Gartner of Santa Fe, New Mexico, for Independent.

R. G. Schuehle of Midland, Texas, for Texas-Pacific Coal and Oil Company.

B. R. Luscomb of Ft. Worth, Texas, for Stanolind Oil and Gas Company.

Paxton Howard of Midland, Texas, for Shell Oil Company.

M. T. Smith of Midland, Texas, for Shell Oil Company.

A. R. Ballou of Dallas, Texas, for Sun Oil Company.

M. L. Patterson of Odessa, Texas, for Phillips Petroleum Company.

Elvis A. Utz, Santa Fe, New Mexico, for Oil Conservation Commission.

George A. Graham, Santa Fe, New Mexico, for Oil Conservation Commission.

Don G. McCormick, Carlsbad, New Mexico, for Oil Conservation Commission.

I N D E X

WITNESS:

	p a g e
M. T. Smith	5
George Gray	7
W. E. Bates	7
Joe W. Lackey	8
W. E. Hubbard	9
Glenn L. Shoemaker	10
Elvis A. Utz	11
John M. Kelly	15
Robert S. Blynn	17
Clarence E. Hinkle	18

EXHIBITS

<u>Number</u>	<u>For Identification</u>
Commission's Exhibit 1	5
Culbertson & Irwin, Inc., Exhibit "A"	15
Standard Oil Company of Texas, Exhibit "A"	19

COMM. SHEPARD: The meeting will please come to order.

The first order of business will be the matter of taking up the allowables. At this time, Mr. McCormick will have something to say. Attorney Don McCormick.

MR. McCORMICK: If the Commission please, I would like for the record to show that due notice of this hearing was given, pursuant to Rule 503 of the general Rules and Regulations of the Commission, the copy of the publication being Exhibit 1, and that this notice was published in the following newspapers:

Farmington Daily Times	Carlsbad Current-Argus
Gallup Independent	Espanola Valley News
Hobbs Daily News-Sun	Roswell Dispatch
Santa Fe New Mexican	Portales News

If the Commission please, I would like to call upon the purchasers of crude oil to make their nominations. Is there someone here who represents the Shell Oil Company?

MR. SMITH: M. T. Smith.

MR. McCORMICK: Will you be sworn, Mr. Smith?

M. T. SMITH

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A M. T. Smith.

Q With what company are you connected?

A The Shell Oil Company.

Q In what department?

A Crude Oil Purchasing Department.

Q I would like to ask if you have a nomination to make for the month of February, 1950?

A Yes, sir, we do.

Q What is that nomination?

A That nomination for the month of February is 30,500 barrels per day, calendar day.

Q That is for purchase in Eddy, Lea and Chaves Counties?

A We purchase in Lea County.

Q How does that compare with your purchases for the last month of which you have a record?

A That is practically the same as the month of January with the exception of the 500 barrels which we nominated to take care of new production which will probably come in during the month of February. In other words, our nominations are practically the same for February as they were for January.

MR. McCORMICK: Any questions by the Commission?

Q (By Mr. McCormick) Do you have anything else you would like to state, Mr. Smith?

A These nominations, Mr. McCormick, represent the actual purchasings or gatherings by Shell Oil Company from the respective leases of this State. That is, the purchases do not represent any purchases we would make from other companies. They are solely the gatherings which we have control of.

MR. GRAHAM: That is, commitments from producers?

THE WITNESS: That's right.

MR. McCORMICK: Does anybody have any questions they would like to ask Mr. Smith? You may be excused, Mr. Smith

THE WITNESS: Thank you.

(Witness excused)

MR. McCORMICK: Does Sinclair Oil Company have a representative here?

MR. GRAY: George Gray.

MR. McCORMICK: Will you come forward, Mr. Gray?

MR. GRAY: Well, I'll make this statement. It is my understanding that Sinclair Oil and Gas Company has sent a wire to the Oil Conservation Commission in New Mexico, stating their nominations. I don't know whether you have received that wire or not, but it will be forthcoming in time.

COMM. SHEPARD: You don't know what nominations they are making by wire, Mr. Gray?

MR. GRAY: Not the exact barrels; something between 20,000 and 21,000.

MR. McCORMICK: Let the record show that the telegram, when received, will be made a part of the record.

MR. GRAY: If you will, please.

MR. McCORMICK: Thank you, Mr. Gray.

Does the Texas Oil Company have a representative here?

MR. BATES: W. E. Bates.

MR. McCORMICK: Will you come forward, Mr. Bates?

W. E. BATES

Having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A W. E. Bates.

Q What company are you connected with?

A Texas Company.

Q In what capacity?

A Oil Purchasing representative, West Texas and New Mexico.

Q Do you have a nomination to make for crude oil purchases

for the month of February, 1950?

A No, I don't have the exact figure. It will be approximately 27,000 barrels a day.

Q And how does that compare with your present rate of purchases?

A It is the same as the month of January.

MR. McCORMICK: Any questions by the Commission?
Does anybody else have any questions?

Q (By Mr. McCormick) Do you have anything else you would like to state?

A No, sir.

MR. McCORMICK: Thank you, Mr. Bates.

THE WITNESS: Yes, sir.

(Witness excused).

MR. McCORMICK: Will Mr. Anderson of Malco come forward, please?

MR. LACKEY: I will.

JOE W. LACKEY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Joe W. Lackey.

Q What company are you connected with?

A Malco Refineries Company.

Q Of Roswell?

A Yes, sir.

Q Do you have a nomination to make for purchases in Eddy, Lea or Chaves Counties for the month of February, 1950?

A In Eddy County, 1800 barrels a day.

Q How does that compare with your present purchases?

A It is very comparable to our past month's purchases.

MR. McCORMICK: Are there any questions by the Commission?

COMM. SHEPARD: No.

MR. McCORMICK: Any questions by anybody else?

Q (By Mr. McCormick) Do you have anything else you would like to state?

A No, sir.

MR. McCORMICK: Thank you.

(Witness excused).

MR. McCORMICK: How about the Humble Oil Refining Company?

W. E. HUBBARD

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A My name is W. E. Hubbard.

Q And with what company are you connected?

A The Humble Oil and Refining.

Q I would like to ask you whether your company has a nomination for purchases of crude oil in Eddy, Lea, or Chaves Counties for the month of February, 1950?

A Yes, sir.

Q What is that nomination?

A 7,650 barrels per day.

Q How does that compare with your present purchases -- your present rate of purchases?

A Well, it is the same; in December we ran 7,653 barrels a

day. This month, we took our December purchases of actual runs.

MR. McCORMICK: Any questions by the Commission? Any questions by anyone else?

Q (By Mr. McCormick) Do you have anything else you would like to state, Mr. Hubbard?

A No, sir.

MR. McCORMICK: Thank you, sir.

(Witness excused).

MR. McCORMICK: Does Stanolind Oil Company have a representative here?

GLENN L. SHOEMAKER

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Glenn L. Shoemaker.

Q With what company are you connected?

A Stanolind Oil Purchasing Company.

Q Does your company have a nomination to make for purchases of crude oil in Eddy, Lea, or Chaves Counties for the month of February, 1950?

A We don't, for this reason: that our notice did not call for nominations. But I will be glad to contact our main office and have them wire you or call you, or make a nomination.

Q We would like for you to do that, Mr. Shoemaker. Do you have the figures on your present rate of purchases?

A I would estimate about 4500 barrels of oil a day.

Q Do you know of any reason why that rate of purchases would

not continue during February?

A Not of my own knowledge.

Q In your opinion, is it likely to be about the same?

A I would think so, but that is just me, personally. It would, of course, -- that would have to be decided by our main office.

Q You know of nothing that is likely to change the situation, do you?

A Not of my own knowledge.

MR. McCORMICK: Any questions by the Commission? Thank you, Mr. Shoemaker.

(Witness excused).

MR. McCORMICK: Phillips Oil Company, does it have a representative? Continental Oil Company -- does Continental Oil Company have a representative here? Magnolia? That is the Magnolia Petroleum Company, isn't it?

COMM. SHEPARD: Magnolia Petroleum Company.

MR. McCORMICK: Gulf Oil Corporation, does it have a representative here? Atlantic Refining Company, does it have a representative here? I would like to ask if there are any other representatives of purchasers here today that have not been called on?

I would like to call as a witness, Mr. Elvis Utz.

ELVIS A. UTZ

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Elvis A. Utz.

Q I would like to ask what your business is? With whom are

you connected?

A Engineer, Oil Conservation Commission.

Q How long have you been with the New Mexico Oil Conservation Commission?

A About ten months.

Q I would like to ask if you are familiar with the records of the Commission as to pipe line runs, current production, and the potential producing capacity of the various pools in the State of New Mexico?

A Yes, I am.

Q Do you have an opinion as to what the market demand for crude oil in the entire State of New Mexico will be for the month of February, 1950?

A Our opinion is 143,900 barrels.

Q And on what is that based?

A That is based on the past months of allocation and pipe line runs and United States Bureau of Mines estimates.

Q I would like to ask how much of that demand will be satisfied by the unallocated pools of San Juan, McKinley, and Rio Arriba Counties?

A Approximately 900 barrels per day in the unallocated pools.

Q And then that would leave 143,000 barrels per day to be met by the pools in Lea, Eddy and Chaves Counties?

A That is correct.

Q How about the potential producing capacity of the wells in these three counties? Is it greater than the figure which you gave as the market demand?

A Yes, it is greater considerably.

Q I would like to ask if, to prevent waste, in your opinion, it is necessary that the production in Lea, Eddy and Chaves

Counties be restricted and limited during the month of February, 1950?

A We believe it is, in order to prevent waste.

Q How much oil, in your opinion, can southeastern New Mexico, that is, Eddy, Lea and Chaves Counties produce without committing waste, and within the market demand?

A We believe 143,000 barrels.

Q And is that your recommendation for the allowable production for those three counties?

A It is.

Q In your opinion, how should that be distributed?

A It should be distributed in the three counties of Eddy, Lea and Chaves under the present rules and regulations of the Commission.

Q You are familiar with those rules and regulations?

A Yes, sir, I am.

Q I would like to ask if, in your opinion, such distribution will be reasonable and will it prevent waste, and will it protect correlative rights?

A Yes, we believe it will.

MR. McCORMICK: Are there any questions by the Commission? Any questions by anybody else? You are excused.

(Witness excused).

MR. McCORMICK: That's all.

COMM. SHEPARD: Does anyone else have anything to offer? Mr. Staley, do you have? Do you have anything on that for the New Mexico Oil and Gas Association?

MR. STALEY: Nothing.

COMM. SHEPARD: Mr. Hinkle?

MR. HINKLE: Nothing.

COMM. SHEPARD: Well, if not, we will take up the next case. Is City Service here? If not, we will take up the next case and prepare this order some time today.

MR. HUBBARD: I would like to ask a question first, please, sir. Do you not think that the record should show the estimate of the Bureau of Mines for February?

COMM. SHEPARD: Yes.

MR. McCORMICK: If the Commission please, the Bureau of Mines was requested for that estimate and for some reason, they sent the estimate for the month of March. We have the benefit of the estimate for December, for January, and for March, but at the present moment, we do not have it for February. But when that is received, which it will be probably during the day, with the consent of the Commission, we will make that a part of the record.

COMM. SHEPARD: It will be done.

MR. McCORMICK: While I have the floor, if the Commission please, I wonder if the Commission would like to make some announcement as to the desired method for receiving nominations in the future at these monthly hearings?

COMM. SHEPARD: We would be glad to receive them in writing or in person, either way you desire to offer them.

MR. McCORMICK: From all purchasers in the State?

COMM. SHEPARD: From all purchasers in the State. And if they were submitted in writing, we prefer that they be in the form of a sworn affidavit.

At this time, we will take up Case 208. Mr. Graham, will you read the notice?

(Reads the notice of publication in Case No. 208).

COMM. SHEPARD: Mr. Kelly, will you be sworn?

JOHN M. KELLY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

My name is John M. Kelly, of Roswell, New Mexico. I am the engineer for Culbertson and Irwin, Inc., of Midland, Texas, the petitioner in this case.

I would like to present and have one exhibit marked as Exhibit "A".

(Culbertson & Irwin, Inc.,
Exhibit "A", was marked for
identification).

If the Commission please, the Petitioner presents the following data in regard to its application to dually complete the Lankford No. 1 well, in Lea County, New Mexico.

1. That this application cover only the Culbertson and Irwin Inc., Lankford #1 well, located 1650 feet from the north and 1650 feet from the east lines of Section 25, Township 23 South, Range 36 East, Lea County, New Mexico.

2. That the well as of this date is producing approximately 30 barrels of oil per day from the Queens sand at a depth between 3525 feet to 3637 feet.

3. That there was encountered during the drilling of the well a considerable quantity of hydro carbon gas under high pressure between the depths of 2950 feet to 3190 feet. Said gas is coming from the Yates zone.

4. That the petitioner, to more fully utilize the natural resources of this area and to prevent excessive underground wastes, desires to dually complete said Lankford #1 well in such a manner as to produce the gas, from the Yates zone, through the annulus between the casing and tubing; and to produce the

oil from the Queens Zone through the tubing, placing a suitable retainer to prevent co-mingling of the products which are coming from different formations.

I have prepared a drawing showing the petitioner's intention to do that. From this, as you will notice, the oil is coming at the depth between 3525 feet and 3637 feet. This oil, as shown on the drawing, is being produced through perforations in the tubing and then to the surface in surface tanks. Now, the petitioner would like to perforate the casing between the points of 2950 feet and 3190 feet, in order to release the gas now in the Yates zone and which is cased off and cemented off at the present time. After perforating the casing, the petitioner would set a packer, a tubing packer below these perforations, in order to be able to produce the gas through the annulus between the casing and tubing, and sell it to the gas company serving the area.

This type of completion is now in use in the area in other wells and is a common method of procedure; and I do not believe there will be any co-mingling of the products by completing the well in this manner.

MR. SUPRIER: What was the gas? How much gas?

THE WITNESS: Approximately 25 million. It was not tested completely in the drilling.

MR. SPURRIER: What kind of packer, John?

THE WITNESS: More than likely, a Baker.

MR. McCORMICK: You are an attorney, Mr. Kelly, aren't you?

MR. SPURRIER: Off the record.

(Discussion off the record).

MR. GRAHAM: You have referred to other wells dually com-

pleted, Mr. Kelly. How far is this well from them?

THE WITNESS: I believe the closest well, Mr. Graham, is approximately two miles in Section 36, same township and range.

MR. GRAHAM: Are there any wells not dually completed between the dually completed job -- between these two wells?

THE WITNESS: No, sir. In fact, there are only two or three wells between them and they are producing from the Queens sand zone.

MR. McCORMICK: How effectively could the gas be shut off from the oil production?

THE WITNESS: One hundred percent, with the right packer setting.

MR. McCORMICK: And a test could be made easily and accurately for determining exactly what was coming from each zone?

THE WITNESS: Yes. As a matter of fact, I believe the Commission has ordered that in a case of this kind, you require a test to be made yearly.

COMM. SHEPARD: Any further questions? If not, you may be excused, Mr. Kelly, unless you care to enter your law degree in evidence.

(Witness excused).

ROBERT S. BLYMN

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Robert S. Blymn.

Q Are you associated with the New Mexico Oil Conservation Commission?

A Yes.

Q What capacity?

A Petroleum engineer.

Q And where are you located?

A Hobbs.

Q Are you familiar with the well about which Mr. Kelly just spoke?

A Yes.

Q Have you checked his proposed method of completion?

A Well, I haven't seen the work that Mr. Kelly has done on it, but I have been informed of what they intended to do by the petitioner back two or three weeks ago.

Q I would like to ask you, in your opinion, if any waste would be caused by such a completion?

A No.

Q And it would enable the recovery of gas that is not presently being recovered?

A Yes.

Q Do you have any recommendation to make to the Commission as to their action on this petition?

A I would recommend that it be granted.

COMM. SHEPARD: You may be excused.

(Witness excused).

COMM. SHEPARD: Well, the application will be granted. We will take up the next case, 209. Mr. Graham will you read the notice?

(Reads the notice of publication in Case No. 209).

CLARENCE E. HINKLE

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

Members of the Commission, my name is Clarence E. Hinkle,

of the firm of Hervey, Dow and Hinkle, of Roswell, New Mexico, representing the Standard Oil Company of Texas. The matter before the Commission is upon the application of the Standard Oil Company of Texas for approval of Unit Agreement to be known as the Carrizozo Unit Agreement.

The application which has been served, I believe, and filed with the Commission, shows that the proposed area will comprise 45,223.09 acres, situated in Townships 6, 7, and 8, South of Ranges 8 and 9 East, in Lincoln and Socorro Counties.

Of the entire acreage, 37,361.23 acres are federal lands, 5,359.8 acres are state lands, and 2,502.06 acres are fee lands.

The area which is proposed to be unitized has heretofore been approved by the United States Geological Survey as one suitable and proper for unitization. That approval was given on October 18, 1949, and I would like to introduce as an exhibit at this time the geological map, which is the same map as was filed at the time with the United States Geological Survey, and on which they based their findings that the area is one suitable and proper as one for unitization.

(Map referred to was marked Exhibit "A", for identification).

The form of the Unit Agreement which is proposed is the same form which has heretofore been used in a number of cases, and which has had approval by both the Secretary of the Interior, by the Commissioner of Public Lands, and by the New Mexico Oil Conservation Commission. Copies of that form have also been filed with the Commissioner of Public Lands, and I believe I'm safe in saying that it has the approval of his attorney as to form.

The Unit Agreement would designate the Standard Oil Company of Texas as the unit operator, and they would be given full power and authority to operate and develop all the lands within the unit area.

The Unit Agreement further provides that within six months from the effective date of the Unit Agreement, they will commence operations upon a test well upon a part of the unit area, and drill same to the depth of 4,000 feet unless oil or gas in paying quantities is encountered at a lesser depth, or to such a depth as further drilling would not be warranted.

It is believed that the Unit Agreement will promote the economic and efficient recovery of oil and gas and will be in the interest of prevention of waste, as contemplated by our New Mexico Oil Conservation Statutes.

I believe that that covers it.

COMM. SHEPARD: Any questions? If not, it will be granted.

Is there anything further to come before the Commission?

If not, we will stand adjourned.

(Whereupon, the hearing was adjourned at 10:45 o'clock, A.M.).

NOTICE FOR 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 24, 1950, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the House of Representatives.

STATE OF NEW MEXICO TO:

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

Case 208

In the matter of the application of Culbertson and Irwin, Inc. to dually complete, for oil and gas production from two separate zones, namely, the Yates gas zone and the Queen oil zone, their Lankford No. 1 well, located 1650 ft. from the North line and 1650 feet from the East line of Section 25, Township 23 South, Range 36 East, N.M.P.M., Lea County, New Mexico.

Case 209

In the matter of the application of the Standard Oil Company of Texas, for an order of approval of the unit agreement for the development and operation of the Carrizozo Unit Area, within Townships 6, 7 and 8 South, Ranges 8 and 9 East, N.M.P.M. containing 45,223.09 acres, Lincoln and Socorro Counties, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. SPURRIER, SECRETARY

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
January 12, 1950

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

The following proceedings before the Oil Conservation Commission, State of New Mexico, came on pursuant to legal notice of publication, and at the time and place as set out below.

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OIL CONSERVATION COMMISSION

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All interested parties:

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July 25, 1950
August 24, 1950
September 21, 1950
October 24, 1950
November 21, 1950
December 22, 1950

Dated this 3rd day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, SECRETARY

SEAL

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Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on January 10, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, SECRETARY

SEAL

BEFORE: Hon. Guy Shepard, Chairman

Hon. R. R. Spurrier, Secretary and Member

REGISTER:

R. S. Dewy, Midland, Texas, for Humble.

J. W. House, Midland, Texas, for Humble.

W. E. Hubbard, Houston, Texas, for Humble.

Joe. W. Lackey, Roswell, for Malco.

Glenn L. Shoemaker, Midland, Texas, for Stanolind Oil Purch. Co.

Robert C. Anderson, Roswell, New Mexico, for Malco Ref. Inc.

Clarence E. Hinkle, of Roswell, New Mexico, for Standard Oil Company of Texas.

Art McQuiddy, of Roswell, New Mexico, for Oil and Gas Assn.

R. S. Blymn of Hobbs, New Mexico, for Oil Conservation Commission.

Roy O. Yarbrough, of Hobbs, New Mexico, for Oil Conservation

Commission.

R. A. Wright of Midland, Texas, for Sinclair Oil & Gas Company.

Lloyd Holsapplo of Fort Worth, Texas, for Sinclair Oil & Gas Company.

G. H. Gray of Midland, Texas, for Sinclair Oil & Gas Company.

Wm. E. Bates of Midland, Texas, for The Texas Company.

R. T. Wright of Jal, New Mexico, for El Paso Natural Gas.

G. E. Kendrick of Jal, New Mexico, for El Paso Natural Gas.

John M. Kelly of Roswell, New Mexico, for Independent.

James M. Monay, Jr., of Hobbs, New Mexico, for Independent.

E. E. Kinney of Artesia, New Mexico, for New Mexico Bureau of Mines.

Ralph L. Gray of Artesia, New Mexico, for Buffalo Oil Company.

Frank C. Barnes of Santa Fe, New Mexico, for New Mexico Oil Conservation Commission.

Glenn Staley of Hobbs, New Mexico, for Lea County Operators Com.

J. D. Harvay of Santa Fe, New Mexico, for Independent.

Clyde B. Gartner of Santa Fe, New Mexico, for Independent.

R. G. Schuehle of Midland, Texas, for Texas-Pacific Coal and Oil Company.

B. R. Luscomb of Ft. Worth, Texas, for Stanolind Oil and Gas Company.

Paxton Howard of Midland, Texas, for Shell Oil Company.

M. T. Smith of Midland, Texas, for Shell Oil Company.

A. R. Ballou of Dallas, Texas, for Sun Oil Company.

M. L. Patterson of Odessa, Texas, for Phillips Petroleum Company.

Elvis A. Utz, Santa Fe, New Mexico, for Oil Conservation Commission.

George A. Graham, Santa Fe, New Mexico, for Oil Conservation Commission.

Don G. McCormick, Carlsbad, New Mexico, for Oil Conservation Commission.

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EXHIBITS

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COMM. SHEPARD: The meeting will please come to order.

The first order of business will be the matter of taking up the allowables. At this time, Mr. McCormick will have something to say. Attorney Don McCormick.

MR. McCORMICK: If the Commission please, I would like for the record to show that due notice of this hearing was given, pursuant to Rule 503 of the general Rules and Regulations of the Commission, the copy of the publication being Exhibit 1, and that this notice was published in the following newspapers:

Farmington Daily Times	Carlsbad Current-Argus
Gallup Independent	Espanola Valley News
Hobbs Daily News-Sun	Roswell Dispatch
Santa Fe New Mexican	Portales News.

If the Commission please, I would like to call upon the purchasers of crude oil to make their nominations. Is there someone here who represents the Shell Oil Company?

MR. SMITH: M. T. Smith.

MR. McCORMICK: Will you be sworn, Mr. Smith?

M. T. SMITH

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name please.

A M. T. Smith.

Q With what company are you connected?

A The Shell Oil Company.

Q In what department?

A Crude Oil Purchasing Department.

Q I would like to ask if you have a nomination to make for the month of February, 1950?

A Yes, sir, we do.

Q What is that nomination?

A That nomination for the month of February is 30,500 barrels per day, calendar day.

Q That is for purchase in Eddy, Lea and Chaves Counties?

A We purchase in Lea County.

Q How does that compare with your purchases for the last month of which you have a record?

A That is practically the same as the month of January with the exception of the 500 barrels which we nominated to take care of new production which will probably come in during the month of February. In other words, our nominations are practically the same for February as they were for January.

MR. McCORMICK: Any questions by the Commission?

Q (By Mr. McCormick) Do you have anything else you would like to state, Mr. Smith?

A These nominations, Mr. McCormick, represent the actual purchasings or gatherings by Shell Oil Company from the respective leases of this State. That is, the purchases do not represent any purchases we would make from other companies. They are solely the gatherings which we have control of.

MR. GRAHAM: That is, commitments from producers?

THE WITNESS: That's right.

MR. McCORMICK: Does anybody have any questions they would like to ask Mr. Smith? You may be excused, Mr. Smith.

THE WITNESS: Thank you.

(Witness excused)

MR. McCORMICK: Does Sinclair Oil Company have a representative here?

MR. GRAY: George Gray.

MR. McCORMICK: Will you come forward, Mr. Gray?

MR. GRAY: Well, I'll make this statement. It is my understanding that Sinclair Oil and Gas Company has sent a wire to the Oil Conservation Commission in New Mexico, stating their nominations. I don't know whether you have received that wire or not, but it will be forthcoming in time.

COMM. SHEPARD: You don't know what nominations they are making by wire, Mr. Gray?

MR. GRAY: Not the exact barrels; something between 20,000 and 21,000.

MR. McCORMICK: Let the record show that the telegram, when received, will be made a part of the record.

MR. GRAY: If you will, please.

MR. McCORMICK: Thank you, Mr. Gray.

Does the Texas Oil Company have a representative here?

MR. BATES: W. E. Bates.

MR. McCORMICK: Will you come forward, Mr. Bates?

W. E. BATES

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A W. E. Bates.

Q What company are you connected with?

A Texas Company.

Q In what capacity?

A Oil Purchasing representative, West Texas and New Mexico.

Q Do you have a nomination to make for crude oil purchases

for the month of February, 1950?

A No, I don't have the exact figure. It will be approximately 27,000 barrels a day.

Q And how does that compare with your present rate of purchases?

A It is the same as the month of January.

MR. McCORMICK: Any questions by the Commission?
Does anybody else have any questions?

Q (By Mr. McCormick) Do you have anything else you would like to state?

A No, sir.

MR. McCORMICK: Thank you, Mr. Bates.

THE WITNESS: Yes, sir.

(Witness excused).

MR. McCORMICK: Will Mr. Anderson of Malco come forward, please?

MR. LACKEY: I will.

JOE W. LACKEY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Joe W. Lackey.

Q What company are you connected with?

A Malco Refineries Company.

Q Of Roswell?

A Yes, sir.

Q Do you have a nomination to make for purchases in Eddy, Lea or Chaves Counties for the month of February, 1950?

A In Eddy County, 1800 barrels a day.

Q How does that compare with your present purchases?

A It is very comparable to our past month's purchases.

MR. McCORMICK: Are there any questions by the Commission?

COMML SHEPARD: No.

MR. McCORMICK: Any questions by anybody else?

Q (By Mr. McCormick) Do you have anything else you would like to state?

A No, sir.

MR. McCORMICK: Thank you.

(Witness excused).

MR. McCORMICK: How about the Humble Oil Refining Company?

W. E. HUBBARD

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A My name is W. E. Hubbard.

Q And with what company are you connected?

A The Humble Oil and Refining.

Q I would like to ask you whether your company has a nomination for purchases of crude oil in Eddy, Lea, or Chaves Counties for the month of February, 1950?

A Yes, sir.

Q What is that nomination?

A 7,650 barrels per day.

Q How does that compare with your present purchases -- your present rate of purchase?

A Well, it is the same; in December we ran 7,653 barrels a

day. This month, we took our December purchases of actual runs.

MR. McCORMICK: Any questions by the Commission? Any questions by anyone else?

Q (By Mr. McCormick) Do you have anything else you would like to state, Mr. Hubbard?

A No, sir.

MR. McCORMICK: Thank you, sir.

(Witness excused).

MR. McCORMICK: Does Stanolind Oil Company have a representative here?

GLENN L. SHOEMAKER

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Glenn L. Shoemaker.

Q With what company are you connected?

A Stanolind Oil Purchasing Company.

Q Does your company have a nomination to make for purchases of crude oil in Eddy, Lea, or Chaves Counties for the month of February, 1950?

A We don't, for this reason: that our notice did not call for nominations. But I will be glad to contact our main office and have them wire you or call you, or make a nomination.

Q We would like for you to do that, Mr. Shoemaker. Do you have the figures on your present rate of purchases?

A I would estimate about 4500 barrels of oil a day.

Q Do you know of any reason why that rate of purchases would

not continue during February?

A Not of my own knowledge.

Q In your opinion, is it likely to be about the same?

A I would think so, but that is just me, personally. It would, of course, -- that would have to be decided by our main office.

Q You know of nothing that is likely to change the situation, do you?

A Not of my own knowledge.

MR. McCORMICK: Any questions by the Commission? Thank you, Mr. Shoemaker.

(Witness excused).

MR. McCORMICK: Phillips Oil Company, does it have a representative? Continental Oil Company -- does Continental Oil Company have a representative here? Magnolia? That is the Magnolia Petroleum Company, isn't it?

COMM. SHEPARD: Magnolia Petroleum Company.

MR. McCORMICK: Gulf Oil Corporation, does it have a representative here? Atlantic Refining Company, does it have a representative here? I would like to ask if there are any other representatives of purchasers here today that have not been called on?

I would like to call as a witness, Mr. Elvis Utz.

ELVIS A. UTZ

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Elvis A. Utz.

Q I would like to ask what your business is? With whom are

you connected?

A Engineer, Oil Conservation Commission.

Q How long have you been with the New Mexico Oil Conservation Commission?

A About ten months.

Q I would like to ask if you are familiar with the records of the Commission as to pipe line runs, current production, and the potential producing capacity of the various pools in the State of New Mexico?

A Yes, I am.

Q Do you have an opinion as to what the market demand for crude oil in the entire State of New Mexico will be for the month of February, 1950?

A Our opinion is 143,900 barrels.

Q And on what is that based?

A That is based on the past months of allocation and pipe line runs and United States Bureau of Mines estimates.

Q I would like to ask how much of that demand will be satisfied by the unallocated pools of San Juan, McKinley, and Rio Arriba Counties?

A Approximately 900 barrels per day in the unallocated pools.

Q And then that would leave 143,000 barrels per day to be met by the pools in Lea, Eddy and Chaves Counties?

A That is correct.

Q How about the potential producing capacity of the wells in these three counties? Is it greater than the figure which you gave as the market demand?

A Yes, it is greater considerably.

Q I would like to ask if, to prevent waste, in your opinion, it is necessary that the production in Lea, Eddy and Chaves

Counties be restricted and limited during the month of February, 1950?

A We believe it is, in order to prevent waste.

Q How much oil, in your opinion, can southeastern New Mexico, that is, Eddy, Lea and Chaves Counties produce without committing waste, and within the market demand?

A We believe 143,000 barrels.

Q And is that your recommendation for the allowable production for those three counties?

A It is.

Q In your opinion, how should that be distributed?

A It should be distributed in the three counties of Eddy, Lea and Chaves under the present rules and regulations of the Commission.

Q You are familiar with those rules and regulations?

A Yes, sir, I am.

Q I would like to ask if, in your opinion, such distribution will be reasonable and will it prevent waste, and will it protect correlative rights?

A Yes, we believe it will.

MR. McCORMICK: Are there any questions by the Commission? Any questions by anybody else? You are excused.

(Witness excused).

MR. McCORMICK: That's all.

COMM. SHEPARD: Does anyone else have anything to offer? Mr. Staley, do you have? Do you have anything on that for the New Mexico Oil and Gas Association?

MR. STALEY: Nothing.

COMM. SHEPARD: Mr. Hinkle?

MR. HINKEE: Nothing.

COMM. SHEPARD: Well, if not, we will take up the next case. Is City Service here? If not, we will take up the next case and prepare this order some time today.

MR. HUBBARD: I would like to ask a question first, please, sir. Do you not think that the record should show the estimate of the Bureau of Mines for February?

COMM. SHEPARD: Yes.

MR. MCCORMICK: If the Commission please, the Bureau of Mines was requested for that estimate and for some reason, they sent the estimate for the month of March. We have the benefit of the estimate for December, for January, and for March, but at the present moment, we do not have it for February. But when that is received, which it will be probably during the day, with the consent of the Commission, we will make that a part of the record.

COMM. SHEPARD: It will be done.

MR. MCCORMICK: While I have the floor, if the Commission please, I wonder if the Commission would like to make some announcement as to the desired method for receiving nominations in the future at these monthly hearings?

COMM. SHEPARD: We would be glad to receive them in writing or in person, either way you desire to offer them.

MR. MCCORMICK: From all purchasers in the State?

COMM. SHEPARD: From all purchasers in the State. And if they were submitted in writing, we prefer that they be in the form of a sworn affidavit.

At this time, we will take up Case 208. Mr. Graham, will you read the notice?

(Reads the notice of publication in Case No. 208).

COMM. SHEPARD: Mr. Kelly, will you be sworn?

JOHN M. KELLY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

My name is John M. Kelly, of Roswell, New Mexico. I am the engineer for Culbertson and Irwin, Inc., of Midland, Texas, the petitioner in this case.

I would like to present and have one exhibit marked as Exhibit "A".

(Culbertson & Irwin, Inc.,
Exhibit "A", was marked for
identification).

If the Commission please, the Petitioner presents the following data in regard to its application to dually complete the Lankford No. 1 well, in Lea County, New Mexico.

1. That this application cover only the Culbertson and Irwin Inc., Lankford #1 well, located 1650 feet from the north and 1650 feet from the east lines of Section 25, Township 23 South, Range 36 East, Lea County, New Mexico.

2. That the well as of this date is producing approximately 30 barrels of oil per day from the Queens sand at a depth between 3525 feet to 3637 feet.

3. That there was encountered during the drilling of the well a considerable quantity of hydro carbon gas under high pressure between the depths of 2950 feet to 3190 feet. Said gas is coming from the Yates zone.

4. That the petitioner, to more fully utilize the natural resources of this area and to prevent excessive underground wastes, desires to dually complete said Lankford #1 well in such a manner as to produce the gas, from the Yates zone, through the annulus between the casing and tubing; and to produce the

oil from the Queens Zone through the tubing, placing a suitable retainer to prevent co-mingling of the products which are coming from different formations.

I have prepared a drawing showing the petitioner's intention to do that. From this, as you will notice, the oil is coming at the depth between 3525 feet and 3637 feet. This oil, as shown on the drawing, is being produced through perforations in the tubing and then to the surface in surface tanks. Now, the petitioner would like to perforate the casing between the points of 2950 feet and 3190 feet, in order to release the gas now in the Yates zone and which is cased off and cemented off at the present time. After perforating the casing, the petitioner would set a packer, a tubing packer below these perforations, in order to be able to produce the gas through the annulus between the casing and tubing, and sell it to the gas company serving the area.

This type of completion is now in use in the area in other wells and is a common method of procedure; and I do not believe there will be any co-mingling of the products by completing the well in this manner.

MR. SPURRIER: What was the gas? How much gas?

THE WITNESS: Approximately 25 million. It was not tested completely in the drilling.

MR. SPURRIER: What kind of packer, John?

THE WITNESS: More than likely, a Baker.

MR. McCORMICK: You are an attorney, Mr. Kelly, aren't you?

MR. SPURRIER: Off the record.

(Discussion off the record).

MR. GRAHAM: You have referred to other wells dually completed, Mr. Kelly. How far is this well from them?

THE WITNESS: I believe the closest well, Mr. Graham, is approximately two miles in Section 36, same township and range.

MR. GRAHAM: Are there any wells not dually completed between the dually completed job -- between these two wells?

THE WITNESS: No, sir. In fact, there are only two or three wells between them and they are producing from the Queens sand zone.

MR. McCORMICK: How effectively could the gas be shut off from the oil production?

THE WITNESS: One hundred percent, with the right packer setting.

MR. McCORMICK: And a test could be made easily and accurately for determining exactly what was coming from each zone?

THE WITNESS: Yes. As a matter of fact, I believe the Commission has ordered that in a case of this kind, you require a test to be made yearly.

COMM. SHEPARD: Any further questions? If not, you may be excused, Mr. Kelly, unless you care to enter your law degree in evidence.

(Witness excused).

ROBERT S. BLYMN

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By Mr. McCormick:

Q State your name, please.

A Robert S. Blymn.

Q Are you associated with the New Mexico Oil Conservation Commission?

A Yes.

Q What capacity?

A Petroleum engineer.

Q And where are you located?

A Hobbs.

Q Are you familiar with the well about which Mr. Kelly just spoke?

A Yes.

Q Have you checked his proposed method of completion?

A Well, I haven't seen the work that Mr. Kelly has done on it, but I have been informed of what they intended to do by the petitioner back two or three weeks ago.

Q I would like to ask you, in your opinion, if any waste would be caused by such a completion?

A No.

Q And it would enable the recovery of gas that is not presently being recovered?

A Yes.

Q Do you have any recommendation to make to the Commission as to their action on this petition?

A I would recommend that it be granted.

COMM. SHEPARD: You may be excused.

(Witness excused).

COMM. SHEPARD: Well, the application will be granted.

We will take up the next case, 209. Mr. Graham will you read the notice?

(Reads the notice of publication in Case No. 209).

CLARENCE E. HINKLE

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

Members of the Commission, my name is Clarence E. Hinkle,

of the firm of Hervey, Dow and Hinkle, of Roswell, New Mexico, representing the Standard Oil Company of Texas. The matter before the Commission is upon the application of the Standard Oil Company of Texas for approval of Unit Agreement to be known as the Carrizozo Unit Agreement.

The application which has been served, I believe, and filed with the Commission, shows that the proposed area will comprise 45,223.09 acres, situated in Townships 6, 7, and 8, South of Ranges 8 and 9 East, in Lincoln and Socorro Counties.

Of the entire acreage, 37,361.23 acres are federal lands, 5,359.8 acres are state lands, and 2,502.06 acres are fee lands.

The area which is proposed to be unitized has heretofore been approved by the United States Geological Survey as one suitable and proper for unitization. That approval was given on October 18, 1949, and I would like to introduce as an exhibit at this time the geological map, which is the same map as was filed at the time with the United States Geological Survey, and on which they based their findings that the area is one suitable and proper as one for unitization.

(Map referred to was marked Exhibit "A", for identification).

The form of the Unit Agreement which is proposed is the same form which has heretofore been used in a number of cases, and which has had approval by both the Secretary of the Interior, by the Commissioner of Public Lands, and by the New Mexico Oil Conservation Commission. Copies of that form have also been filed with the Commissioner of Public Lands, and I believe I'm safe in saying that it has the approval of his attorney as to form.

The Unit Agreement would designate the Standard Oil Company of Texas as the unit operator, and they would be given full power and authority to operate and develop all the lands within the unit area.

The Unit Agreement further provides that within six months from the effective date of the Unit Agreement, they will commence operations upon a test well upon a part of the unit area, and drill same to the depth of 4,000 feet unless oil or gas in paying quantities is encountered at a lesser depth, or to such a depth as further drilling would not be warranted.

It is believed that the Unit Agreement will promote the economic and efficient recovery of oil and gas and will be in the interest of prevention of waste, as contemplated by our New Mexico Oil Conservation Statutes.

I believe that that covers it.

COMM. SHEPARD: Any questions? If not, it will be granted.

Is there anything further to come before the Commission?

If not, we will stand adjourned.

(Whereupon, the hearing was adjourned at 10:45 o'clock, A.M.).