

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:

THE APPLICATION OF J. P. CUSACK TO
HAVE A CLOSER SPACING THAN IS AT
PRESENT PROVIDED BY THE RULES OF
THE COMMISSION, AS FOLLOWS:
1000 FEET SOUTH OF THE NORTH LINE
AND 130 FEET EAST OF THE WEST LINE
OF THE E $\frac{1}{2}$ SE $\frac{1}{4}$ OF SECTION 34, TOWNSHIP
18 SOUTH, RANGE 38 EAST. THE GROUNDS
FOR SUCH SPECIAL SPACING ARE: THE
LEGAL SUBDIVISION INVOLVED IS WITHIN
A TOWNSITE, AND THE SPECIAL SPACING
REQUESTED IS THE MOST AVAILABLE TRACT
NOT BUILT UPON, THERE BEING PROPERTY
IN THE WAY OF BUILDINGS, SUCH AS A
SCHOOL HOUSE AND OTHER BUILDINGS
WHICH WOULD INTERFERE WITH A SPACING
IN ACCORDANCE WITH THE GENERAL
SPACING RULES.

CASE NO. 10

ORDER NO. 105

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock A. M. on
the 7th day of February, 1938, in the office of the Oil Conservation
Commission at the State Capitol, Santa Fe, New Mexico, upon the
call of the Commission in the above designated matter.

NOW, on this 7th day of February, 1938, the Commission
having before it for consideration the evidence adduced at the
hearing in said case and being fully advised in the premises, now
therefore finds:

1.

That notice of the hearing herein was published in accord-
ance with the provisions of law, and affidavits from publishers
of said notice, both in Lea County and Santa Fe County, are in
the record of this case.

2.

That there are located school buildings and school grounds

within the forty-acre subdivision involved herein, namely, the East Half of the Southeast Quarter ($E\frac{1}{2}SE\frac{1}{4}$) of Section 34, Township 18 South, Range 38 East, so as to make the regular spacing, in accordance with existing rules of the Commission impractical and unsafe for fire hazards.

3.

That the location petitioned for, to-wit: 1000 Feet South of the North line and 130 feet East of the West line of the $E\frac{1}{2}SE\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East, is a practical location which will not create waste.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that J. P. Cusack, the petitioner in this cause, be allowed to locate his well as follows: 1000 feet South of the North line and 130 Feet East of the West line of the $E\frac{1}{2}SE\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East.

OIL CONSERVATION COMMISSION



Frank Worden, Commissioner of
Public Lands,

Secretary.



A. Andreas, State Geologist.

H E A R I N G
BEFORE THE OIL CONSERVATION
COMMISSION OF THE STATE
OF NEW MEXICO.

Held in the Office of Frank
Worden, Commissioner of Public
Lands, at the Capitol Building,
February 7, 1938, at nine o'clock,
A. M.

PRESENT: FRANK WORDEN, State Land Commissioner, Secretary;
A. ANDREAS, State Geologist;
J. F. CUSACK,
B. A. BOWERS,
J. O. SETH, Attorney for Petitioner
CARL B. LIVINGSTON, Attorney for Oil Conservation
Commission.

ABSENT: GOVERNOR TINGLEY, Chairman.

The Hearing was opened by Mr. Worden.

THEREUPON, the notice for publication for the
Hearing was read by Mr. Worden, as follows:

"NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

"Pursuant to Chapter 72, Session Laws of 1935, State
of New Mexico, by which Act the Oil Conservation Commission of
New Mexico was created, investing said Commission with the jur-
isdiction and authority over all matters relating to the conser-
vation of oil and gas in this State and of the enforcement of
all provisions of said Act, notice is hereby given that a public
hearing will be held at the Capitol, Santa Fe, New Mexico, on
the 7th day of February, 1938, at 9:00 o'clock, A. M., for the
purpose of considering the following:

"Case No. 10.

"The application of J. F. Cusack to have a
closer spacing than is at present provided by the
rules of the Commission, as follows: 1000 feet
South of the North line and 130 feet East of the

West line of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East. The grounds for such special spacing are: The legal subdivision involved is within a townsite, and the special spacing requested is the most available tract not built upon, there being property in the way of buildings, such as a school house and other buildings which would interfere with a spacing in accordance with the General Spacing Rules.

"Any person having any interest in the subject of the said hearing shall be entitled to be heard.

"Given under the seal of said Commission at Santa Fe, New Mexico, on January 14, 1938.

OIL CONSERVATION COMMISSION

By Clyde Tingley
Governor

By Frank Worden
Commissioner of Public Lands

(SEAL)

By _____ "
State Geologist.

BY MR. WORDEN: The purpose of this hearing is to consider the request of J. P. Cusack for a closer spacing than is provided by the rules of the Commission.

Thereupon, J. P. CUSACK and B. A. BOWERS were called and duly sworn by the Land Commissioner.

Mr. J. P. Cusack testified as follows:

EXAMINATION BY MR. SETH.

Question: Your name is J. P. Cusack?

Answer: Yes.

Q. You are an oil operator, at Hobbs?

A. Yes.

Q. Do you hold the lease on the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East, in Lea County?

A. I do.

Q. Mr. Cusack, is that in the town of Hobbs?

A. It is.

- Q. Is it in the part of the town of Hobbs, at least in the part of the town that is built up?
- A. It is.
- Q. Now, I hand you the applicant's Exhibit 1, entitled "Map of Hobbs," and ask you if that area enclosed with a red line represents the $E\frac{1}{2}SE\frac{1}{4}$ of Section 34?
- A. It does.
- (Map introduced in evidence, marked "Exhibit 1".)
- Q. Is the town of Hobbs divided into lots, as shown on this Exhibit?
- A. It is.
- Q. Mr. Cusack, the place where you desire to drill the well that this hearing is about, I take it it is in Lot 24 of Block 25, is that correct?
- A. That is correct.
- Q. What is the distance of that location from the West line of the $E\frac{1}{2}SE\frac{1}{4}$ of Section 34?
- A. Approximately 130 feet.
- Q. And what distance is it from the North line of your lease?
- A. Approximately 1000 feet.
- Q. Mr. Cusack, are you interested in the lease lying immediately West of your lease?
- A. I am not.
- Q. Are you not interested in the $W\frac{1}{2}SE\frac{1}{4}$ of Section 34?
- A. I am not.
- Q. What company is interested in this lease?
- A. The Samedan, who are partners of mine in other leases.
- Q. And their spacing has been on the basis of 330 feet from the West line of the eighty, and 660 feet from the North line, and have drilled wells with such spacing?
- A. Yes.
- Q. And if you followed that system on your lease, that is, the $E\frac{1}{2}SE\frac{1}{4}$ of Section 34, where would it put the well, with reference to buildings, or schools?
- A. On the school property and immediately adjacent to the school building proper.
- Q. Now, this smaller area embraces parts of Blocks 96, 3 and 26. What does that represent?
- A. School property.
- Q. Are they building schools on that property?
- A. The school is built, and there is an athletic field also on the property.

- A. In my opinion, it would not.
- Q. What is your opinion as to its affect on the ultimate recovery of the oil in the E $\frac{1}{2}$ SE $\frac{1}{4}$ of the eighty, on which you have a lease?
- A. Do you mean as to affecting the West half?
- Q. No, I mean its affect on you. Would it enable you to get more than your fair share of the oil?
- A. I would say not, for the reason that the water drive is coming from the West and South, and there is no water on the East side in this immediate area at present.
- Q. None has shown up at the present time?
- A. No.
- Q. Where is that dry hole you mentioned located?
- A. That dry hole is located approximately in the Northwest quarter of the Southwest quarter of Section 35.
- Q. In the Hobbs townsite?
- A. Yes.
- Q. Has any water shown up?
- A. No, not in the producing horizon. It is some four or five hundred feet below.
- Q. That is all.

UPON EXAMINATION BY MR. SETH, Mr. B. A. Bowers testified as follows:

- Q. Mr. Bowers, you have been producing oil at Hobbs for several years?
- A. That is right.
- Q. And you are familiar with the conditions in that locality?
- A. That is right.
- Q. And in the locality of this lease of Mr. Cusack, on the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34?
- A. Yes.
- Q. You have heard the testimony of Mr. Cusack with reference to the location of the school building and grounds, as covering the point where the well would be located ordinarily.
- A. I have.
- Q. And that is correct?
- A. Yes, that is correct.
- Q. Are you familiar, generally, with the royalty interests covering the entire Southeast quarter?

- A. Not to the extent that Mr. Cusack has stated that he is, but in general, I will concur with his statement.
- Q. It is all based on the old Turner homestead?
- A. Yes.
- Q. And the town lots were sold with reservation of minerals?
- A. That is correct.
- Q. Is that part of Hobbs, where the school grounds are located, as shown on this exhibit 1, built up; that is, are there other buildings around the school?
- A. Yes, that is quite settled up around there.
- Q. And this location that Mr. Cusack is seeking, is that approximately the closest he can get?
- A. That is the most practical location to make, in view of fairness to the school and the present occupants of the property.
- MR. ANDREAS: How close to any building is this proposed location?
- A. There is a house immediately across the Street to the East, and in the adjoining block, it is well filled up with buildings.
- MR. ANDREAS: How about North and South?
- A. There is a Street on the North, Carlsbad Avenue, which is the Main street through Hobbs, and across the street, South, there is a considerable number of buildings in that block.
- Q. There are less buildings in this block in which the tentative location of the well is shown than in any other block in the immediate vicinity?
- A. Yes.
- Q. In your opinion, considering the surface occupancy, is this the best location?
- A. Yes.
- Q. In your opinion, would the locating of the well there be unfair to the adjoining mineral rights?
- A. I will answer and make my statement in this way: were I the royalty owner in the Samedan lease immediately adjoining it on the West, I would have no hesitancy at all in agreeing to Mr. Cusack's drilling the well on the location that he requests.
- Q. Do you believe this spacing unfair in the sense that Mr. Cusack may be able to get more than his fair share of oil from the lease?
- A. I do not.
- Q. And how about the ultimate recovery of oil from this well. Do you think he will get a fair recovery from this location?
- A. I believe that he will, because of the fact that, as stated by him, no water drive comes from the East, both from an engineering and a geological standpoint, and it is not probable that there will be. It is more probable that the water will come across

the structure from the West, it seems at present, and not from the East.

Q. Did the school board object to the regular location?

A. Yes. I have a very close contact with the school board, and am interested in all their work, although I am not a member of the Board, and they do object to the location with the regular spacing, if it can possibly be done in any other way.

Q. Are they erecting new school buildings?

A. They have erected one and they intend to build in several on the present grounds.

MR. CUSACK: In this respect, I called Mr. Staley, who is President of the School Board and also proration umpire at Hobbs, and asked him if they would approve this location, and he said definitely no, and when he said that, I started in to find out if there wasn't some other location available. They objected for two reasons, the safety factor, for one thing, and the space.

Q. While this may be beyond the jurisdiction of the Commission in a sense, you have wholly cooperated with the school board in this new location which you seek?

A. Yes.

Q. And the proration umpire at Hobbs is also chairman of the school board?

A. Yes.

MR. WORDEN: There is no objection from any member of the school board as to this new location?

A. No, there is none whatsoever. They are perfectly satisfied.

MR. WORDEN: And they feel that it is a safe distance and would not be likely to injure any of the children?

A. That is right. They feel that this location could not possibly injure them in any way.

That is all.

There being no further business to come before the hearing, the hearing adjourned.

STATE OF NEW MEXICO)
County of Santa Fe) ss.

I, M. S. Master, hereby certify that the above and foregoing six and a fraction pages of typewritten matter constitute a true, correct and complete transcript of the shorthand notes taken by me at the hearing before the Oil Conservation Commission held in the office of the Oil Conservation Commission at the State Capitol Bldg., on Monday, February 7, 1938.

M. S. Master

Affidavit of Publication

Jan. 24, 1938

STATE OF NEW MEXICO
COUNTY OF SANTA FE } ss.
CITY OF SANTA FE

I, Larry Bynon, hereby swear
and affirm that I am the Publisher
of the New Mexico Examiner, a weekly newspaper of general cir-
culation in the City of Santa Fe, the County of Santa Fe, and the
State of New Mexico, printed in the City of Santa Fe each week;

that the attached is a true copy of Publication,
as it appeared in the New Mexico Examiner, issues of

Jan. 21, 1938, in a full and complete
edition of the paper.

Signed: Larry Bynon

STATE OF NEW MEXICO
COUNTY OF SANTA FE } ss.
CITY OF SANTA FE

Larry Bynon appeared before me this
24 day of January, 1938, known to me
to be the person above making affidavit, and after being duly
sworn, deposes and says that the statements above made are true
and accurate to the best of his knowledge.

Ethel Draper
Notary Public in and for Santa Fe
County, State of New Mexico.

My Commission expires: Apr 24, 1939

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

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 7th day of February, 1938, at 9:00 A. M., for the purpose of considering the following:

Case No. 10.

The Application of J. P. Cusack to have a closer spacing than is at present provided by the rules of the Commission, as follows: 1000 feet South of the North line and 130 feet East of the West line of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East. The grounds for such special spacing are: The legal subdivision involved is within a townsite, and the special spacing requested is the most available tract not built upon, there being property in the way of buildings, such as a school house and other buildings which would interfere with a spacing in accordance with the General Spacing Rules.

Any person having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on January 14, 1938.

OIL CONSERVATION
COMMISSION,

By CLYDE TINGLEY,
Governor.

By FRANK WORDEN,
Commissioner of Public Lands.

By _____
State Geologist.

Pub. Jan. 21, 1938.

DECEIVED

JAN 19 1938 PM

(Pub. Jan. 17)
NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION
COMMISSION

of February, 1938, at 9:00 a.m.,
for the purpose of considering
the following:

Case No. 10.

beginning with the issue dated---

January 17-, 1938

and ending with the issue dated---

193
Thomas B. Summers
Publisher.

Sworn and subscribed to before me

this 17th day of---

January 1938
R. E. Grey
Notary Public.

My commission expires May 18th
_____, 1961
(Seal)

Case No. 10.
The application of J. P. Cusack to have a closer spacing than is at present provided by the rules of the Commission, as follows: 1000 feet South of the North line and 130 feet East of the West line of the E $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 34, Township 18 South, Range 38 East. The grounds for such special spacing are: The legal subdivision involved is within a townsite, and the special spacing requested is the most available tract not built upon, there being property in the way of buildings, such as a school house and other buildings which would interfere with a spacing in accordance with the General Spacing Rules.

Any persons having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on January 14, 1938.

OIL CONSERVATION COM-
MISSION.

By Clyde Tingley, Governor.
By Frank Worden, Commissioner
of Public Lands.

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, ~~and is not a~~

AN OIL FIELD GAS PRODUCTION AND LEAKAGE AND PI LEAKAGE BEGINNING 1925

Location	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	Totals

Regalia Production Co. Oreby #1	29-25-37	310,507	446,072	444,672	340,483	121,933	67,813	1,531,500									
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Starvation Oil & Gas Co. Farnsworth A-1	13-26-36	591,273	920,657	846,453	233,624	2,564		2,485,071									
Farnsworth A-2	18-26-37			62,164	131,551	41,698	563	235,975									
Farnsworth B-2	7-26-37			87,012	1,350,603	621,983		2,059,598									
Farnsworth B-3	7-26-37				228,901	513,433		981,592									
Gregory C-1	33-25-37					268,193		504,918									
Gregory A-22	31-25-37					89,721		161,459									
Gregory B-1	15-26-37					271,936		517,049									
Farnsworth C-1	4-26-37					115,507		467,814									
Farnsworth C-2	4-26-37					1,516		465,300									
Langley B-3	14-25-37					4,941		87,007									
Meyers B-1	7-24-37					21,240		205,309									
Meyers B-5	9-24-37					33,697		128,610									
Farnsworth B-1	7-26-37	564,104	679,419	740,813	222			1,984,558									
								10,285,261									

The Texas Co. Cagle A-1	9-26-37	1,747,089	1,423,218	1,561,440	1,239,624	1,235,172	554,136	7,782,679									
Cagle A-2	9-26-37				554,247	2,452,897	1,403,071	4,420,215									
Cagle B-1	15-26-37		1,942,108	2,683,647	1,892,740	1,504,037	632,565	8,555,097									
Cagle B-2	15-26-37				441,333	450,333	171,498	1,063,164									
Shepherd A-1	6-26-37		273,271	438,310	412,153	282,616	169,214	1,575,564									
Shepherd B-1	5-26-37	521,486			574,929	534,801	327,121	1,958,037									
Shepherd B-3	5-26-37				220,332	163,375	68,698	675,230									
Shepherd B-4	5-26-37				282,305	215,013	90,886	820,017									
Rhodes #1	22-26-37	2,345,235	1,991,462	1,599,456	982,213	744,415	252,366	7,915,149									
Rhodes #2	22-26-37			625,357	765,557	456,489	271,071	2,119,474									
Koberly A-1	8-26-37		69,451	109,654	56,343	1,416		225,866									
Koberly B-1	21-26-37				554,247	2,452,897	1,403,071	1,219,580									
Parker #1	29-26-37				482,160	852,063	466,613	1,936,680									
Langhart #1	29-25-37			135,844		541,208	2,100,162	2,641,390									
State Y-1	16-26-37						319,784	319,784									
Shepherd B-2	6-26-37						51,044	51,044									
Shepherd A-2	6-26-37			209,984				209,984									
								43,568,327									

Two States Oil Co. Calley #1	20-24-37					80,761	53,056	103,817									
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Western Gas Co. Harrison #1	7-25-37			57,741	197,287	141,028	29,678	425,734									
Harrison #2	29-24-37			665,175	440,860	452,739	304,471	1,865,245									
Harrison #3	20-24-37				192,892	471,171	283,496	947,569									
Harrison #4	29-24-37				552,401	374,772	41,666	1,160,728									
Camp	6-24-37			191,897	223,035	417,800	164,748	1,081,323									
Guthrie	34-23-36			275,740	286,309	387,526	53,001	886,791									
McKinn	15-23-36			160,055	235,397	391,717	209,106	837,219									
Cherry	1-24-36				110,976	405,987	306,447	723,410									
Reby #1	12-24-36				741,357	17,203	19,020	677,458									
State B-1	2-25-37						80,002	80,002									
State Y-1							49,090	49,090									
State #1							7,070	7,070									
								5,738,727									

ILLEGIBLE

EL PASO NATURAL GAS COMPANY
and
WESTERN GAS COMPANY

M. CUBIC FEET GAS PURCHASES FROM COMPANIES BY LEASES AND BY YEARS BEGINNING 1935

	Location	1935	1936	1937	1938	1939	To Aug 1st 1940	Totals
Antero Oil Development Co.								
Cotton #1	12-25-36		132,593	140,777	657			274,032
Billingham Oil Co.								
Lambert #1	28-25-37				314,030	613,697	410,586	1,338,313
Byrd-Scott, Inc.								
E. S. Wells #2	12-25-36			24,166	115,262	164,579	49,226	353,233
Cotton Service Oil Co.								
Cotton #1	23-25-37			590,707	235,339	535,758	126,151	1,486,855
Lindley A-2	14-25-36	30,944						30,944
Lindley B-1	13-25-36	78,597	1,234,512	125,832				1,438,942
								2,956,741
Continental Oil Co.								
Sholes A-13-1	13-25-36				422,155	857,354	619,467	1,688,976
Sholes A-13-2	13-25-36				345,139	259,549	-	604,688
Sholes A-19-1	19-25-37	955,420	566,090	1,185,710	1,287,787	1,292,312	676,682	3,954,001
Sholes A-24-1	24-25-36			1,057,604	1,151,153	1,160,879	756,837	4,126,473
Sholes A-24-2	24-25-36			36,035	2,570	416,634	657,683	1,112,922
Lyon #1	26-23-36				279,814	751,039	370,271	1,401,124
Sholes #1 (Formerly J. G. Hammond)	13-25-36		169,942	493,475	91,767	87,215	-	842,399
Sholes #2	" 13-25-36		163,900	598,200	132,666	15,739	-	910,505
Lyon	19-26-36	1,086,008	2,249,070	1,737,234	343,673	-	-	5,414,985
								22,275,979
✓ Colburn & A. Irwin, Inc.								
Martin #1 & #2	12-25-36					32,748	158,108	190,856
Colburn & A. Irwin, Inc.								
A. R. E. Stovall								
Stovall #1	10-25-37			135,416	386,736	768,419	391,185	1,681,756
Gulf Oil Corp.								
McDonnell #1	13-25-37		20,272	204,660	100,865	251,601	53,302	630,690
McDonnell #1	30-24-37			50,583	33,350	40,813	31,889	166,635
Arnett Ramsey E-2	16-25-37						974	974
								798,299
Gypsy Oil Co.								
Arnett B-1	32-25-37	33,441	328,072	258,981	51,454	52,506	9,191	733,645
Great Western Producers, Inc.								
State #1	16-26-37			1,001	1,492,263	648,979	290,707	2,432,950
Humble Oil & Refining Co.								
Lindley A-1	23-25-36	336,693	232,199					570,892
Lindley A-2	13-25-36	468,681	267,653					736,334
Lindley A-3	13-25-36	71,983						71,983
Lyon #1	14-25-36	91,884						91,884
								1,471,093
Leonard Oil Co.								
Cotton #1	20-25-37	628,019	669,645	372,169	117,845	252,684	96,276	2,136,638
Dillon #1	20-25-37			251,304	111,841	2,643	18,008	483,796
								2,620,434
J. M. Murray								
Fanning #1	33-23-37				36,000	397,905	238,368	672,273
Napoleo Oil Co.								
Cotton #1	12-25-36		57,800	91,863	95,184	195,820		440,667
Cotton #2	12-25-36			31,832	100,390	530,969	30,000	693,191
Stephens #1	13-25-36		204,932	549,560	171,236	1,138		927,166
Stephens #2	13-25-36		273,528	574,748	573,879	3,276		1,425,430
Lambert #1	28-25-37			6,560	3,116	6,489	2,736	18,901
Baker #1	9-24-37					188,732	55,573	244,305
								3,549,651

ILLEGIBLE