

H E A R I N G

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

Held in the Office of the Governor,  
State Capitol, Santa Fe, New Mexico,  
at ten o'clock, A. M., September 18, 1939.

PRESENT: GOVERNOR JOHN E. MILES, Chairman;  
FRANK WORDEN, State Land Commissioner, Secretary;  
A. ANDREAS, State Geologist;  
CARL B. LIVINGSTON, Attorney for Oil Conservation  
Commission;  
J. O. SETH, Shell Oil Co., Inc., Santa Fe, N. Mex.;  
A. G. SCHUEHLE, Shell Oil Co., Inc., Midland, Texas;  
T. B. SUDDERTH, Me-Tex Supply, Hobbs, New Mexico;  
C. A. HULL, Shell Oil Co., Inc., Hobbs, New Mexico;  
GLENN BISH, Ohio Oil Company, Hobbs, New Mexico;  
H. L. JOHNSTON, Continental Oil Co., Hobbs, New Mexico;  
R. F. WINDFOHR, Trans-Pecos Pipe Line Co., Artesia,  
New Mexico;  
GLENN STALEY, Proration Umpire, Hobbs, New Mexico.

The hearing was opened by Governor Miles.

THEREUPON, at the request of Mr. Worden, the Notice  
for Publication for the hearing was read by Mr. Livingston, 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 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 18th day of September, 1939,  
at ten o'clock A. M., for the purpose of considering the  
following:

"Case No. 16.

The application of Shell Oil Company, Inc.,  
formerly Shell Petroleum Corporation, for a  
special spacing 'to drill a well for the pro-  
duction of oil and gas, to be known as Endura  
'A' No. 3, at a location 330 feet from the  
south line and 125 feet from the west line of  
the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 12, Township 21 South,  
Range 35 East; that said location is sought, for  
the reason that this applicant desires to attempt

to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance -- that is to say 330 feet East from the unit line -- would be outside of this zone of production,' said location being in Lea County.

"The resident attorney for the applicant is Honorable J. O. Seth, Santa Fe, New Mexico.

"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 August 16th, 1939.

OIL CONSERVATION COMMISSION

BY (Sgd.) FRANK WORDEN  
Commissioner of Public Lands

(SEAL)

BY (Sgd.) A. ANDREAS  
State Geologist"

BY MR. WORDEN: Gentlemen, we are now ready to proceed.

BY MR. SETH: I would like to put Mr. Schuehle on as a witness.

Thereupon, Mr. A. G. Schuehle was called and duly sworn by Mr. Worden. Mr. Schuehle testified as follows:

EXAMINATION BY MR. SETH.

Question: State your name, please.

Answer: A. G. Schuehle.

Q. What is your occupation?

A. Petroleum Engineer.

Q. By whom are you employed?

A. Shell Oil Company, Inc.

Q. Are you familiar with conditions in the Eunice Pool in New Mexico?

A. Yes, sir.

Q. The application in question here contemplates a spacing of a well in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 12, Township 21 South, Range 35 East, at a distance of only 125 feet from the west line and 330 feet from the south line of this 40 acre tract. You are familiar with that application?

A. Yes, sir.

Q. Attached to the original application is a diagram. Was this diagram prepared by you?

A. Yes, I did most of the work on this.

Q. Is that based on the best geological information available?

A. Yes, sir.

Q. Is the proposed location which the Shell Oil Company seeks marked on this map as "proposed location"?

A. Yes, sir.

Q. If it **were** placed at the regular distance from the unit line, would it be outside of the zone of production?

A. Yes, it would.

Q. Does this diagram clearly show the ownership of royalties in this lease?

A. Yes, that is correct.

Q. It is state land?

A. Yes, all state land.

Q. And would the location of the well at the point known as "Proposed Location" in your opinion result in waste?

A. No, sir, it would result in conservation. Production would be obtained.

Q. In other words, unless drilled at substantially the proposed location, this oil could not be produced at all?

A. That's right.

Q. Is the Endura Oil Company interested in that lease?

A. Yes, sir.

Q. Is M. D. Bryant also interested in the state lease?

A. Yes, sir, he is.

Q. And the Drilling and Exploration Company also?

A. Yes, sir.

Q. And the Republic Production Company?

A. Yes, sir.

MR. SETH: Gentlemen, I have here the consent of the Drilling and Exploration Company, M. D. Bryant, Republic Production Company, and Endura Oil Company to allow the Shell Oil Company to drill this well at the proposed location and I offer these letters of consent in evidence that this irregular spacing may be made.

(Letters of consent introduced into evidence, marked Exhibits "1", "2", "3" and "4".)

MR. SETH: Is there anyone else interested in this area besides those already mentioned?

A. None others than those already mentioned.

MR. SETH: I believe that is all.

MR. WORDEN: Mr. Livingston, do you have any questions to ask?

MR. LIVINGSTON: No, I believe Judge Seth has covered the field very well in his interrogations. I might point out to the Governor that the acreage involved in this lease is all owned by the same institution.

MR. WORDEN: Does anyone have any objections to the granting of this special spacing order?

MR. H. L. JOHNSTON: May I ask the witness a question?

MR. WORDEN: Yes.

MR. JOHNSTON: Has this matter been discussed with anyone in our organization? The Continental Oil Company?

MR. SCHUEHLE: Not within the last month or two.

Q. But it has been discussed, though?

A. In just a general discussion.

Q. Would you mind if I see the map of that area?

A. No, I have one right here.

MR. WORDEN: Mr. Johnston, do you have any objections?

MR. JOHNSTON: No, sir.

MR. WORDEN: Does anyone else present have any objections?

MR. WORDEN: There being no objections to the granting of a special spacing for the well in question, the Commission will consider an order allowing such special spacing.

After consideration by the Oil Conservation Commission, an order was signed by the members of the Commission granting the proposed location sought by the Shell Oil Company, Incorporated.

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

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

I, Irene Kershner, hereby certify that the above and foregoing three 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 Governor, State Capitol, Santa Fe, New Mexico, on September 18, 1939.

Irene Kershner