

II

CASE NO. 40

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN UNION PRODUCTION COMPANY FOR 160 ACRE SPACING FOR GAS WELLS IN THE FULCHER BASIN FIELD DEFINED FOR THE PURPOSE OF SAID APPLICATION TO CONSIST OF THE FOLLOWING LANDS: SECTIONS 34 AND 35, TOWNSHIP 30 NORTH, RANGE 12 WEST, N.M.P.M. SECTIONS 7, 17, 18, 19, 20 AND 21, TOWNSHIP 29 NORTH, RANGE 11 WEST, N.M.P.M. Sections 1, 2, 3, E $\frac{1}{2}$  10, 11, 12 AND 13, TOWNSHIP 29 NORTH, RANGE 12 West, N.M.P.M. Pursuant to notice by the Commission, duly made and published

setting April 27, 1943, at ten o'clock, A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the Coronado Room, La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN J. DEMPSEY, Governor of New Mexico, Chairman  
HON. JOHN M. KELLY, State Geologist, Secretary  
HON. R. H. RODGERS, Commissioner of Public Lands, Member  
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Advisor.

APPEARANCES:

<u>Names</u>	<u>Company</u>	<u>Address</u>
R. E. Adams	Cities Service Oil Co.	Bartlesville, Okla.
D. C. Albers	The Ohio Oil Co.	Midland, Texas
W. D. Mitchell	Gulf Oil Corp.	Hobbs, N. M.
G. H. Gray	Repollo Oil Co.	Midland, Texas
Floyd Brett	do	Ft. Worth, Texas
H. E. Berg	Tidewater Assoc. Oil	Midland, Texas
L. F. Shiplet	The Texas Co.	Midland, Texas
E. H. Holcomb	Great Western Prod., Inc.	Lubbock, Texas
Geo. P. Livermore	do	Lubbock, Texas
Francis C. Wilson	Wilson Oil Co.	Santa Fe, N. M.
Neville G. Penrose		Ft. Worth, Texas
Glenn Staley	Proration Office	Hobbs, N. M.
Leo Fry	Stanolind	Hobbs, N. M.
R. W. O'Neill	Phillips Pet. Co.	Odessa, Texas
D. R. McKeithan	do	Bartlesville, Okla.
Colin C. Rae	Skelly Oil Co.	Tulsa, Okla.
George W. Selinger	do	Tulsa, Okla.
H. B. Hurley	Continental Oil Co.	Ft. Worth, Texas
E. H. Griswold	N.M.P.U.	Midland, Texas
R. Van A. Mills	Continental Oil Co.	Ponca City, Okla.
C. C. Cragin	Western Gas	El Paso, Texas
W. B. Davis	do	Jal, N. M.
Bert Aston	Franklin Pet.	Roswell, N. M.
C. A. Scheurich	do	Clovis, N. M.
A. M. McCorkle	Lea Co. Oper. Com.	Ft. Worth, Texas
D. W. Bodie	Cities Service Oil Co.	Hobbs, N. M.
Edgar Kraus	Atlantic Refining Co.	Dallas, Texas
J. O. Seth	Lea Co. Oper. Com.	Santa Fe, N. M.
Guy Shepard	State Treasurer	Santa Fe, N. M.
Roy Yarbrough	State Oil & Gas	Hobbs, N. M.
Wilton E. Scott	Cities Service Oil Co.	Hobbs, N. M.
Fred M. Clement	Continental Oil Co.	Hobbs, N. M.
Leo R. Manning	State Land Office	

P. D. Grommon, Jr.	The Texas Co.	Midland, Texas
L. C. Thomas	The Texas Co.	Midland, Texas
John E. Miles		Santa Fe, N. M.
H. A. Kiker, Atty.	Southern Union Prod.Co.	Santa Fe, N. M.
Van Thompson	do	Dallas, Texas
M. C. Parrish, Jr.	do	Santa Fe, N. M.
C. C. Campbell	Texas Pacific Coal & Oil	Midland, Texas
O. F. Hedrick	do	Midland, Texas
Niven Baird	A merican Republics Corp.	Artesia, N. M.
R. V. Fitting, Jr.	Shell Oil Co.	Midland, Texas
J. D. Hudgins	State Tax Com.	Santa Fe, N. M.
R. S. Dewey	Humble Oil & Rfg.Co.	Midland, Texas
Ed Downing	Magnolia	Kermit, Texas
J. H. Moore	Shell Oil Co.	Hobbs, N.M.
F. E. Heath	Sun Oil Co.	Dallas, Texas
Frank Patten	P.A.W.	Washington, D. C.
John J. O'Malley		
M. Albertson	Shell Oil Co., Inc.	Houston, Texas
Foster Merrill	U.S.G.S.	Roswell, N. M.
Ernest A. Hanson	do	Roswell, N. M.
W. E. Hubbard	Humble Oil Co.	Houston, Texas
H. J. Kemler	Shell Oil Co.	Midland, Texas
A. E. Willig	The Texas Co.	Ft. Worth, Texas
E. C. Dahlgrin	Interstate Oil Compact Com.	Oklahoma City, Okla.
S. P. Hannifin	Magnolia	Roswell, N. M.
D. A. Powell	Drilling & Exploration Co.	Hobbs, N.M.
Bond D. Jones	Geologist	Amarilla, Texas
G. H. Card	Stanolind O. & G.Co.	Ft. Worth, Texas
C. V. Millikan	Amerada Petroleum Corp.	Tulsa, Okla.

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, as follows:

"NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 40

In the matter of the application of the Southern Union Production Company for 160 acres spacing for gas wells in the Fulcher Basin Field defined for the purpose of said application to consist of the following lands: Sections 34 and 35, Township 30 North, Range 12 West, N.M.P.M. Sections 1, 2, 3, E $\frac{1}{2}$  10, 11, 12 and 13, Township 29 North, Range 12 West, N.M.P.M. Sections 7, 17, 18, 19, 20 and 21, Township 29 North, Range 11 West, N.M.P.M. This case is set for 10 o'clock A.M., April 27, 1943.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting March 29, 1943.

Given under the seal of said Commission at Santa Fe,  
New Mexico, on April 9, 1943.

OIL CONSERVATION COMMISSION

By (Sgd) John M. Kelly  
Secretary."

BY MR. LIVINGSTON: The Commission is now ready to proceed.

BY JUDGE KIKER: Gentlemen of the Commission: This application seeks the establishment of a uniform program of well spacing in the Fulcher Basin Field in San Juan County, made up of properties or leases, regardless of ownership, which will be permitted by the new act of the Legislature. This application is made for reasons which will work for conservation, not only of natural gas, but materials, labor and general expenses in the development of the field. The original application was filed at the suggestion of governmental agencies which have already indicated their interest in the granting of the exception, so that with this Commission's approval, and with what I think to be promised approval of the governmental agencies, it will be unnecessary to make constant applications for exceptions. Mr. Van Thompson will set forth more fully the reasons on account of which we make this application.

VAN THOMPSON,

being first duly sworn to tell the truth, the whole truth, and nothing but the truth, was interrogated by Judge Kiker, and testified as follows:

BY JUDGE KIKER: We have filed an amended application, which is substantially the same as the original, but somewhat different in form, but the same, materially, as that already in the files of the Commission. The lease we have set out in the amended application.

Q Mr. Thompson, state the reasons for this application?

A Well, the Southern Union Production Company supplies the Albuquerque-Santa Fe District. The demand has increased from two and a half billion per year, in 1939, to better than four billion per year. In order to supply the demand, it has been

necessary to drill a number of wells. Since the war it has been necessary to make application to get authority to drill wells on 160-acre spacing for each well we drilled, because of shortage of materials --

BY MR. KELLY: You are filing this petition asking to have permission to drill as near as possible to the center of 160 acres?

A Under the state regulations it was not possible to do that. That is the purpose of the petition, in order to establish a uniform spacing all over the whole area. They have intimated that if the State grants this order, they will approve it, then we can eliminate requesting the exceptions each time we drill.

BY JUDGE KIKER:

Q As to the proposition of drilling near the center of the tract, explain that.

A Well, we don't think it will be possible to drill a well in the center, in all cases, but the petition asks that we be allowed to drill any place so that the well is not less than <sup>330'</sup> 320 feet from the line.

BY MR. KELLY: You are asking this for the duration of the war?

A Yes, sir.

Q Are you the principal owner of the land in this field?

A Yes, sir, we own about eighty per cent of the acreage defined in the petition.

Q Have you received any objections from the other owners?

A No, sir. The other principal owner has 1400 acres. They have discussed this proposition with the PAW and the USGS as to the federal lands. The two companies control more than eighty per cent of the acreage in the area.

Witness excused.

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C E R T I F I C A T E

I hereby certify that the foregoing and attached four pages of typewritten matter are a true, correct and complete transcript of the shorthand notes taken by me in Case No. 40, on the 27th day of April, 1943, and by me extended into type-writing.

Witness my hand this 6th day of May, 1943.

*Esther Barton*  
Esther Barton.