

THE ATLANTIC REFINING COMPANY
PETROLEUM PRODUCTS

MAGNOLIA BUILDING
DALLAS, TEXAS

July 13, 1943

E. H. BLUM
VICE PRESIDENT AND GENERAL MANAGER
DOMESTIC PRODUCTION

Mr. John Kelley,
State Geologist
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear John:

Thank you for your letter of July 9th with reference to the hearing on allocation of production to deep pools.

I will make every effort to attend the hearing on August 3rd, and though I have no reluctance to give my ideas concerning this matter I am sure that others would be in a far better position to present data on costs of deep wells, etc. than I would, and I would suggest that that sort of testimony be arranged for.

There is little of that sort of information available on New Mexico wells, but as you know, considerable deep drilling is being done in Andrews, Winkler, Ward, Reagan and Pecos Counties, Texas, and costs in some of the areas involved would be comparable to those that might be expected in Southeast New Mexico. If you have any specific types of information you think you will need, please inform me and I will try to gather it for you.

Yours very truly,


EDGAR KRAUS

EK:hc

SUN OIL COMPANY

SOUTHWEST DIVISION

FIRST NAT BANK BUILDING

DALLAS, TEXAS

August 2nd, 1943

J. H. PRESSLEY
MGR. OF LAND DEPT.

JOHN A. RITTER
SUPT. PRODUCTION DEPT.

J. EDGAR PEW, VICE PRES.
GENERAL DIRECTOR
PHILADELPHIA, PA.

JNO. G. PEW
ASST TO VICE PRESIDENT AND DIRECTOR
DALLAS, TEXAS

Hon. John M. Kelly,
New Mexico Oil Conservation Comm.,
Santa Fe, N. Mexico,

Subject: Case No. 47

Dear Sir:

Sun Oil Co. is very sorry to be unable to have a representative present at your hearing (Case No. 47) on Aug. the 3rd to place its views before your body. We would like to have this letter made a part of the record of the hearing, if possible.

We favor an increase in the size of the proration unit for deeper wells. We suggest that wells between 5000 and 7000 feet be assigned 80 acres, and deeper wells be considered as developing on 160 acre units. (The shape of the unit should conform with the P. A. N. Order No. 11 requirements, we believe.)

Allowables should also be increased, we believe, with depth and size of the unit. If it were practicable to have the acreage unit 50 - 60, etc., acres as depths from 5000 - 5500', etc., were reached, we believe that the same per-acre allotment now given normal 40 acre units would suffice. We suggest as a substitute that wells from 5000 to 7000' be given twice the normal 40 acre allowable and deeper wells on 160 acres be given 4 times the normal 40 acre allowable.

We believe that spacing of wells 660' from property lines, and 1320' from wells on adjacent properties, except in the case of 160 acre units when 2640' between wells, will suffice.

Yours truly,

F. E. Heath

F. E. Heath

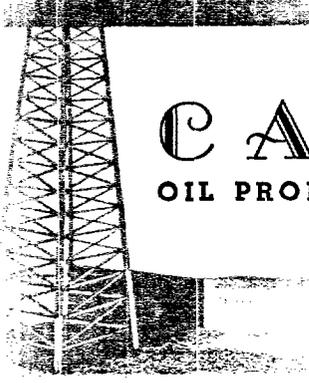
FEH:sg

*Very cordial
sincerely*

-49

EMERY CARPER
Manager
GRADY BOOKER
Secretary-Treasurer
STANLEY CARPER
Drilling Dept.
GLENN BOOKER
Oil Service Dept.
MARSHALL ROWLEY
Production Dept.

TELEPHONE 147



CARPER

OIL PRODUCTION & DRILLING

CARPER DRILLING COMPANY, IN THE CARPER BUILDING, ARTESIA, NEW MEXICO

July 26, 1943

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Attention Mr. John Kelly

Dear Mr. Kelly:

In reply to your letter of July 9th regarding ideas as to methods of figuring allocation I am quite sure that you are already familiar with my ideas in this particular area which is the only one that I feel we should have anything to say about. As you know, I am in favor of a twenty-five barrel allowable in the Loco pool and thirty-four in the Maljamar on account of gas conservation. As to the other pools in which my company is interested we hope that the allowable will not go any higher than it now is as we figure that it would mean a waste of gas which would much sooner bring us to the pumping stage.

I do not think I will be able to attend the meeting of August 3rd as there is nothing coming up in which I am vitally interested other than that already stated.

With best regards, I am,

Yours very truly,

CARPER DRILLING COMPANY

By *Emery Carper*

EC:TC

HUMBLE OIL & REFINING COMPANY

MIDLAND, TEXAS

J. W. HOUSE

July 28, 1943

Mr. C. G. Staley
Hobbs, New Mexico

Dear Sir:

Mr. Ralph Fitting has collaborated with me in gathering and analysing the data presented on the accompanying plat entitled "Relationship Between Drilling Depth and Well Cost". As drilling costs were obtained from a number of operators and are considered confidential information, no identity or weight has been assigned to the data points on the graph. The material has been divided into three classes, dry wildcat wells, wells encountering substantial amounts of chert, and producing field wells. The data on dry wildcat wells is presented to supplement and substantiate the material on producing wells. The data on wells encountering chert is shown to indicate the increased cost attendant upon drilling substantial amounts of this material. As the thickness of the chert, depth of its occurrence, and areal extent are all unknown factors prior to exploratory drilling, any discussion of compensatory allowable arising therefrom is premature at this time.

A straight solid line has been projected through the data points for producing wells to a depth of eleven thousand feet. This line is assumed to represent the present drilling cost for producing wells below five thousand feet. As lead lines, tankage and other lease facilities are constant factors not materially effected by drilling depth, their cost is not included in the straight line relationship. Based upon this drilling cost, it may be noted that the costs to drill to 7000, 9000, and 11,000 feet are integer multiples of the cost to drill to 5000 feet. In order that an operator may be assured his fair share of the Lea County allowable throughout the productive life of his property commensurate with the relative drilling cost, an allocation of two, three or four times the top allowable for a well drilled to 5000 feet or less would need to be assigned respectively to wells drilled to 7000, 9000, and 11000 feet.

In order to conform with the land subdivisions in New Mexico and to use a minimum of critical war materials, the well spacing pattern could be made progressively wider with depth of drilling such that the drilling unit would be 80, 120, and 160 acres for 7000, 9000, and 11000 feet respectively. Drilling units comprising a lesser number of acres than those proposed above would obtain a fractional part of a unit allowable. An effort should be made to restrict drilling to the center

of 40 acre tracts in a staggered pattern to insure as much uniformity as possible in reservoir withdrawal.

It is believed that such a field development program would tend to promote exploratory drilling during the initial development of the field, would encourage unitization of properties up to the size of the drilling unit for the field prior to their development, and would afford sufficient flexibility to permit of closer and more uniform drilling at some later date should that become adviseable.

Should it be deemed adviseable to encourage wildcat drilling, the discovery well in any field might receive twice the allowable assigned to a field well for the same drilling depth and unit acreage for a period of eighteen months.

Trusting that the above analysis may be of help, I am

Very truly yours,

J. W. HOUSE

By


R. S. Dewey

RSD/ob

HUMBLE OIL & REFINING COMPANY
HOUSTON, TEXAS

July 28, 1943

File: 6-1
Hearing - 8/3/43

Mr. John M. Kelly, Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Sir:

Your letter addressed to Mr. Suman with reference to the hearing in case No. 47 scheduled for August 3, 1943, has been referred to me for reply. In this connection I wish to advise Mr. J. P. Ruckman and Mr. R. S. Dewey will be present to represent the Humble Oil and Refining Company.

Very truly yours,



W. E. HUBBARD



LEA COUNTY OPERATORS COMMITTEE

HOBBS, NEW MEXICO

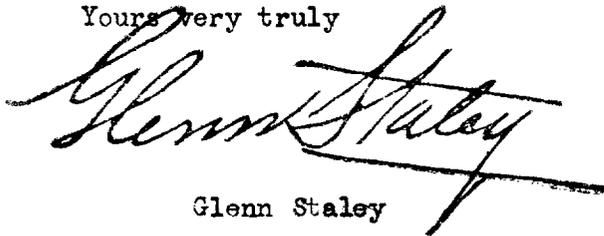
January 29, 1945

Mr. Carl B. Livingston
Oil Conservation Commission
Santa Fe, New Mexico.

Dear Carl:

Please find enclosed the transcript of Case No. 47
which you so kindly loaned me and for which I thank you
very much.

Yours very truly

A handwritten signature in cursive script that reads "Glenn Staley". The signature is written in dark ink and is positioned above the typed name.

Glenn Staley

NEVILLE G. PENROSE
FAIR BUILDING
FORT WORTH, TEXAS

Thu 2nd

John - I will be there to attend your meeting on Aug 3rd with a guest.

H. B. Fuqua of The Gulf - In case you don't know him well - you will

have an opportunity to become better

a acquainted - He is well worth

knowing - We have reservations at

The La Fonda for the 2nd

Sincerely,

Neville

V. S. Welch
Oil Producer and Operator
Artesia, N. M.

July 16, 1943.

John M. Kelly,
Director
Oil Conservation Commission
Santa Fe, New Mexico

Dear John:

I have yours of July 9th together with Notice of
Publication for hearing to be held on August 3rd.
Thanks for same. If I can be helpful in any way
in connection with this hearing I will be glad
to attend.

With kindest personal regards, I am,

Sincerely yours,



V. S. Welch

VSW:LS

GEORGE P. LIVERMORE, INC.

DRILLING CONTRACTORS—DIESEL EQUIPMENT

816 LUBBOCK NATIONAL BUILDING

LUBBOCK, TEXAS

July 21, 1943

Mr. John M. Kelley, Director
New Mexico Oil & Gas Conservation Commission
Santa Fe, New Mexico

Dear John:

I am in receipt of your letter of July 9th, relative to the meeting to be held at Santa Fe on August 3rd.

Wish to advise I will make my plans to be there and will give you what little information and personal experience I have relative to deeper drilling in New Mexico.

With kindest personal regards, I am,

Yours very truly,

GEORGE P. LIVERMORE, INC.



President

GPL/h

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

August 4, 1943

Mr. F. E. Heath
Sun Oil Company
First Nat. Bank Building
Dallas, Texas

Re: Case No. 47

Dear Mr. Heath:

This will acknowledge receipt of your letter of August 2 with regard to the above captioned case. Your letter will be placed in the file of the hearing of that case.

Very truly yours,

John M. Kelly
Director

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 9, 1943

Mr. Neville G. Penrose
1314 Fair Building
Ft. Worth, Texas

Dear Mr. Penrose:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if you would give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 9, 1943

Mr. Steve Hannifin
Magnolia Petroleum Company
Roswell, New Mexico

Dear Mr. Hannifin:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if you or a representative of your company would give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 9, 1943

Mr. Neville G. Penrose
1314 Fair Building
Ft. Worth, Texas

Dear Mr. Penrose:

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This order naturally must be based on testimony presented before the Commission and we would appreciate it if you would give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 9, 1943

Mr. John Suman, Vice-President
Humble Oil Company
Houston, Texas

Dear Mr. Suman:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if your company would have a representative appear to give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 9, 1943

Mr. George F. Livermore
Lubbock, Texas

Dear Mr. Livermore:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if you or a representative of your company would give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

JMK:MS

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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 9, 1943

Mr. H. Olsen
H. Olsen Oil Company
2022 Chesapeake Tower
Oklahoma City, Oklahoma

Dear Mr. Olsen:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if you or a representative of your company would give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director

JMK:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 9, 1942

Mr. Edgar Krams
Atlantic Refining Company
Dallas, Texas

Dear Edgar:

I am enclosing a copy of our Notice of Publication for a hearing to be held August 3rd for an order authorizing an increase of daily allowables for deep pools and fields with, of course, the corresponding increase of allowable to proration units; the fixing of the size of the proration and drilling units and regulating the well spacing therein; also defining the depth or depths of deep pools or fields.

This order naturally must be based on testimony presented before the Commission and we would appreciate it if your company would allow you permission to give testimony on your ideas as to the method of figuring this allocation, taking into consideration economics and other factors involved.

Would you please notify us as soon as possible in regard to the above matter?

With kindest personal regards, I remain

Very truly yours,

John M. Kelly
Director.

JMK:MS

U. S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NATIONAL MONUMENTS SYSTEM
NATIONAL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 8, 1943

The Santa Fe New Mexican
Santa Fe, New Mexico

The Artesia Advocate
Artesia, New Mexico

The Hobbs Daily News Sun
Hobbs, New Mexico

Re: Case No. 47, Notice for Publication

Gentlemen:

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

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

For payment please submit statement in duplicate
accompanied by voucher executed in duplicate. The vouchers
must be signed by a notary in the space provided on the back
of the voucher. The necessary voucher blanks are enclosed.

Very truly yours,

John H. Kelly,
Director

By

Chief Clerk & Legal Advisor

CE:MS

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