

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

July 27, 1944

Mr. Floyd Rigdon
Current Argus
Carlsbad, New Mexico

Re: Case 55

My dear Floyd:

The Commission has not received publisher's affidavit
in the above captioned case — the legal advertisement of which
was transmitted to you July 13, 1944.

With kindest personal regards.

Cordially yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CBL:MS

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FIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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July 13, 1944

Santa Fe New Mexican
Santa Fe, New Mexico

Hobbs Daily News
Hobbs, New Mexico

Carlsbad Current-Argus
Carlsbad, New Mexico

Re: Case No. 55, 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 blanks are enclosed.

Very truly yours,

John M. Kelly
Director

By

Chief Clerk & Legal Adviser

CHEM

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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September 6, 1944

Mr. L. G. Snow
U. S. Geological Survey
Roswell, New Mexico

Dear Mr. Snow:

Attached is copy of Order No. 573, the bonus
allowable order.

With kindest personal regards.

Very truly yours,

Director.

JMK:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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September 6, 1944

Honorable Glenn Staley
Proration Office
Hobbs, New Mexico

Dear Glenn:

Attached is copy of Order No. 573, the bonus
allowable order.

With kindest personal regards.

Very truly yours,

Director

JMK:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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September 6, 1944

Mr. Hugh Sawyers
N. M. Oil & Gas Association
Roswell, New Mexico

Dear Hugh:

Here is the copy of the bonus allowable order. I believe this is of sufficient interest to all operators that I hope you will mimeograph it and mail it out.

The allowable was set as per our phone conversation — 110,000 barrels a day for September, 1944.

With kindest personal regards.

Very truly yours,

Director

JMK:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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September 6, 1944

Mr. Fred Turner, Jr.
Midland, Texas

Dear Fred:

Enclosed is a copy of the bonus allowable order, signed today by the Commission. You will note that this grants you approximately 25,000 barrel bonus for your discovery in the South Lovington Area. Please file the required information as per Section 5 and a permit will be issued to you and the pipe line company immediately.

Hope you are getting your horses in trim for the State Fair as you are going to have some pretty good competition. I was at the track Sunday and saw the two horses you have there now and I was told that you plan to ship four or five more in. Hope you can make it up to the Fair yourself and am looking forward to seeing you.

With kindest personal regards.

Very truly yours,

Director.

JMK:MS

Exhibit #1- 55

CARL B. KING DRILLING CO.

P. O. BOX 270
MIDLAND, TEXAS

July 26, 1944

Mr. Fred Turner, Jr.
Box 910
Midland, Texas

Dear Sir:

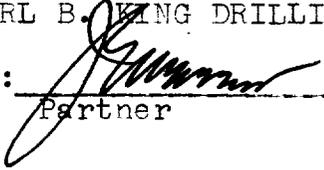
In compliance with your request, we wish to advise that the cost of drilling wells approximately 5000' deep in the Lea County, New Mexico, area has increased from \$2.75 per foot in 1941 to \$5.50 per foot in 1944. For further comparison the first wells we drilled in the Fullerton Area of Andrews County, Texas, were contracted at \$6.50 per foot, and we now receive better than \$3.00 per foot for the identical drilling.

Due to the fact that most of the expense involved in drilling a wildcat well is labor, hauling and other intangible costs, it is our opinion that the cost of drilling a wildcat well in Lea County, New Mexico, is 100% greater now than it was three years ago.

If we can give you any other information, please call upon us.

Yours very truly,

CARL B. KING DRILLING CO.

BY: 
Partner

EW/d

Exhibit # 2-55

GUY MABEE DRILLING COMPANY

1214 Atlas Life Building

TULSA, OKLAHOMA

July 26, 1944

FIELD OFFICES:

Midland, Texas

Grayville, Illinois

Mr. Fred Turner, Jr.
Box 910
Midland, Texas

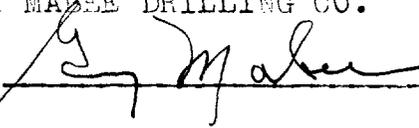
Dear Sir:

Confirming our conversation, we wish to advise that all labor, hauling and rig building costs have increased, in the past three years, to such an extent that the cost of contract drilling has had to be increased approximately 100% in order to allow a margin of profit. We would say that the cost of drilling a wildcat well has increased 100% in the past four years.

If we can be of further service, please let us know.

Very truly yours,

GUY MABEE DRILLING CO.

BY: 

GM/hp

Exhibit # 3-55 -

C. T. McLAUGHLIN

DRILLING CONTRACTOR

MIDLAND, TEXAS

July 26, 1944

Mr. Fred Turner, Jr.
Box 910
Midland, Texas

Dear Sir:

With reference to present conditions in the oil industry, we wish to make a point of the fact that unless the wildcatter receives some incentive in the way of either an opportunity to sell more oil or a substantial increase in the price of oil, they are not going to open up very many new oil producing areas.

Our business is contracting the drilling of wells and we have found that all costs have increased to such an extent that the cost of drilling a wildcat has more than doubled during the last four years whereas the reward for finding a new oil pool has not been increased any.

Yours truly,

C. T. McLAUGHLIN

BY: W.P. Shuman

CTM/wt

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SINCLAIR PRAIRIE OIL MARKETING COMPANY

NATIONAL BANK OF TULSA BUILDING

TULSA, OKLAHOMA

July 27, 1944

Mr. Fred Turner, Jr.
P. O. Box 910
Midland, Texas

Dear Mr. Turner:

We recently arranged to purchase the production from your #1 State "B" in Section 4-17-36, South Lovington Pool, Lea County, New Mexico, and we understand you have now made application to the New Mexico Conservation Commission for a discovery allowable applicable to the above well. This company has urgent need for additional crude oil purchases in the South Lovington area and other areas in New Mexico where it purchases oil, and can assure you of a market for any additional production from such areas.

Yours very truly,

SINCLAIR PRAIRIE OIL MARKETING COMPANY

By


Vice-President

Ear Right-9

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RAILROAD COMMISSION OF TEXAS
AUSTIN

BEAUFORD H. JESTER
CHAIRMAN

(11)

July 29, 1944

Mr. Fred Turner, Jr.
Midland, Texas

Dear Fred:

On receipt of your letter of July 24, I asked our Oil and Gas Division to give you the information you requested.

During the absence of our Director of Production, Jack Baumel, who was trying to solve our problem in the Bammel Field, Clark Lloyd, our Chief Enforcement Officer, worked up the enclosed memorandum, which should be of help to you.

Since we do not have a tabulation of all the wells that have been allowed new discovery allowables for the reasons assigned in this memorandum, the Commission can certainly make a statement as a correct statement of fact that our policy of allowing new discovery allowables for one-half mile extension of fields has stimulated drilling and production.

If the statement in this letter to this effect is not sufficient, let me know, and I can give you a statement to that effect signed by all three Commissioners. I would do so today but am the only Commissioner in the office today.

It is a pleasure to be of any help I can be to you, and it is a pleasure to send you this memorandum, as well as the orders of the Commission relating to this subject.

With all good wishes, I am

Yours most sincerely,

Beauford H. Jester

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

**Loco Hills
Pressure Maintenance Association, Inc.
ARTESIA, NEW MEXICO**

MEMBERS
S. P. YATES
C. M. POPE, JR.
EMERY CARPER
A. B. OWEN
J. M. MURRAY, SR.
MARTIN YATES, JR.

February 8, 1944

State Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The writer of this letter is President of Loco Hills Pressure Maintenance Association, Inc.; Mr. Bert Aston of Roswell, New Mexico is Vice President and Mr. Fred Brainard of Artesia, New Mexico is Secretary and Treasurer.

We had hoped that one or more of the officers would be able to attend the hearing set for February 10, 1944 to establish a pro ration plan for the Loco Hills field but it now appears that on account of illness and other matters, we may not be able to have any of the officers present.

Mr. Sam Sanders, a stockholder in the Association and a member of the executive committee is very well informed as to all of the activities of the Association and is very familiar with the Loco Hills field and will represent the writer of this letter at the hearing.

Yours very truly,



President
Loco Hills Pressure Maintenance
Association, Inc.

Ext 6

R.W. MSAFEE, VICE PRESIDENT
W.W. SCOTT, VICE PRESIDENT.
GEO. G. MATKIN, VICE PRESIDENT.
FORREST M. SMITH, CASHIER.

C.N. BASSETT, PRESIDENT.

P. H. ANDERSON, ASST. CASHIER.
E. G. MAGRUDER, ASST. CASHIER.
W. L. CARTON, ASST. CASHIER.
H. M. DAUGHERTY JR., ASST. CASHIER.

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THE STATE NATIONAL BANK

OF EL PASO

EL PASO, TEXAS

January 17, 1944

JAN 17 1944

OPR

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126,
Artesia, N. M.

Gentlemen:

We would like to have the allowable on our No. 6 well canceled at this time and receive reimbursement from the Association.

Will this letter be sufficient or do forms have to be executed in order to cancel the allowable on the well as soon as it becomes an input well ?

We are sending the forms in connection with making our No. 6 an input well to Santa Monica, California, for Mr. Bassett's signature.

Yours very truly,

Bassett Birney et al
by H. M. Daugherty
CASHIER.

HMD:P

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

OIL AND GAS DOCKET NOS. 108,
120, 123, 124, 125, 126, 128,
129, 132 and 146

IN RE: CONSERVATION AND PREVENTION
OF WASTE OF CRUDE PETROLEUM
AND NATURAL GAS IN THE STATE
OF TEXAS

#20-5203

Austin, Texas
August 16, 1943

ORDER AMENDING STATEWIDE ORDER NO. 20-4356 FIXING
ALLOWABLES FOR DISCOVERY WELLS IN THE STATE OF TEXAS

WHEREAS, The Commission finds that in the interest of national defense and the promotion of the war effort, encouragement should be given to the discovery of new reserves of crude oil within the State of Texas, and

WHEREAS, The Commission finds that exploratory drilling, which has as its purpose the discovery of new reserves of crude oil, should be encouraged and additional allowables should be granted to such discoveries.

NOW, THEREFORE, IT IS ORDERED By the Railroad Commission of Texas that effective 7 A. M., August 17, 1943, its Order No. 20-4356 dated January 15, 1943, be amended in such a manner that the scale of daily well allowables as herein set forth shall be applied in determining the oil allowable of wells under the hereinafter prescribed conditions.

SCALE OF ALLOWABLES

<u>INTERVAL OF DEPTH</u>	<u>DAILY WELL ALLOWABLE</u>
0 - 1,000	20 bbls.
1,000 - 2,000	40 bbls.
2,000 - 3,000	60 bbls.
3,000 - 4,000	80 bbls.
4,000 - 5,000	100 bbls.
5,000 - 6,000	120 bbls.
6,000 - 7,000	140 bbls.
7,000 - 8,000	160 bbls.
8,000 - 9,000	180 bbls.
9,000 - 10,000	200 bbls.
10,000 - 11,000	220 bbls.
11,000 - 12,000	240 bbls.
12,000 - 13,000	260 bbls.
13,000 - 14,000	280 bbls.
14,000 - 15,000	300 bbls.

IT IS FURTHER ORDERED That the assignment of discovery well allowables shall be in accordance with the hereinafter prescribed provisions:

(1) Producing oil wells, subject to the limitations hereinafter set out, that are drilled in what is determined by the Commission to be either a new field, a new producing horizon in an old field, or an extension of the producing limits of any known producing horizon shall be entitled to the discovery allowable.

(a) For the purpose of assigning discovery allowables, groups or clusters of wells shall be considered. Each such group or cluster of wells shall consist of the first well in such group or cluster and all other wells which are completed within a radius of less than one-half mile of the first well of such group or cluster. The discovery allowable as applied to any such group or cluster of wells shall have its allowable beginning on the date that oil is first satisfactorily marketed from any well in the group or cluster and shall, in no event, apply for more than 18 months thereafter, starting from the date of each well's having a satisfactory outlet to market. Selling oil from any well is evidence of a satisfactory market for that well, but does not commit the owner of any other well. The completion of a sixth well at a distance less than one-half mile from the discovery well of any group or cluster shall terminate the discovery allowable for all wells included in that group or cluster. The purpose of this order is to encourage extensions of development, and to develop new oil reserves.

(b) Any producing oil well completed at a distance in excess of one-half mile from the closest well which produces oil from the same horizon may be claimed to be the discovery well around which a group or cluster of wells may be started. In order to be assigned to such group or cluster so established, all subsequent completions must be within a radius of less than one-half mile from the well which established the group or cluster to which it is desired to assign such subsequent completions and must in addition thereto be more than one-half mile from any well used to establish any other group or cluster of wells.

IT IS FURTHER ORDERED That all wells to which the provisions of this order shall be found to apply shall be exempt from all shutdown orders during such period of time as the provisions of this order are applied thereto.

IT IS FURTHER ORDERED That this cause be held open on the docket for such other and further orders as may be necessary.

RAILROAD COMMISSION OF TEXAS

Beauford H. Jester, Chairman

Olin Culberson, Commissioner

Ernest O. Thompson, Commissioner

(SEAL)

ATTEST: L. D. Ransom, Secretary

BEFORE THE CORPORATION COMMISSION OF THE
STATE OF OKLAHOMA

In the Matter of the Application
of Walker T. Pound, Conservation
Officer, to Determine the Amount of
Oil to be Produced in the State of
Oklahoma for the Months of August
and September 1943

CAUSE C D No. 857

ORDER No. 16542

REPORT OF THE COMMISSION

This cause came on for hearing before the Corporation Commission of the State of Oklahoma in its court room in the Capitol Office Building, Oklahoma City, Oklahoma, on the 28th day of July, 1943, at 11 o'clock, A.M., upon the application of the Conservation Officer and pursuant to an order of the Commission setting the cause for hearing and notice thereof published as required by law; at which hearing there appeared the Conservation Officer, the Conservation Attorney, and many operators, producers, purchasers, and takers of oil, and others interested in the various sources of supply of oil in the State of Oklahoma, and evidence in support of said application was adduced and all parties present announced that they had no further evidence to offer; whereupon the Commission, having considered all of said evidence, and being fully advised in the premises, finds as follows:

F I N D I N G S

1. That notice by publication of the filing of the application herein, the time and place of the hearing thereon, and the purpose of said hearing, has been regularly given in all respects as required by law, and the Commission has jurisdiction of the subject matter embraced in said application and of the parties interested therein, and jurisdiction to issue and promulgate the hereinafter prescribed order.

2. That on the 2nd day of July, 1943, the Commission issued its Order No. 16488 in Cause C. D. No. 852, establishing the amount of oil to be produced for the month of July 1943 from all of the common sources of supply in the State of Oklahoma, including but not limited to crude oil, condensate, and natural gasoline at 363,400 barrels per day, which was within the certification made by the Petroleum Administrator for War.

3. That the full production of the various common sources of supply in the State of Oklahoma during the months of August and September 1943 cannot be obtained without waste, as defined by the statutes of the State of Oklahoma and the rules and regulations of the Commission; that there are not sufficient transportation or marketing facilities nor market demand for the full production of oil therefrom during said period, and that it is necessary to restrict the production of oil in each of said common sources of supply.

4. That the Corporation Commission has classified each of the common sources of supply in the State of Oklahoma into divisions known as stripper areas, Classes A, B, and C, and unclassified allocated areas; that such classification is necessary and proper in order that waste may be prevented and that there be no discrimination between the various sources of supply, and in order properly to administer the laws of the State of Oklahoma and the orders of the Commission.

5. That the Corporation Commission has considered each of the common sources of supply in each of the classifications above enumerated as a separate and distinct unit in determining the amount of oil that should be produced.

6. That the President of the United States appointed the Honorable Harold L. Ickes, Secretary of the Interior, as Petroleum Administrator for War, and in general empowered him to coordinate and regulate the production of oil throughout the United States during the national emergency; that the Petroleum Administrator certified the total production of all petroleum liquids including but not limited to crude oil, condensate, and natural gasoline, in the State of Oklahoma during the months of August and September 1943 should be approximately 347,000 barrels per day.

7. That from reports made by the natural gasoline plants throughout the State of Oklahoma and from other sources it appears that the production of natural gasoline, condensate, and other liquefied petroleum products not usually classified as crude oil, will be approximately 28,000 barrels daily during the months of August and September 1943, which amount is determined from such production during the past several months, the capacity of the natural gasoline plants and other factors in the production of such liquefied petroleum products.

8. That the Corporation Commission has considered the amount of oil that can be produced from each of the allocated common sources of supply in the State of Oklahoma without waste, and finds that during the months of August and September 1943 there can be produced from each of the allocated common sources of supply the amount hereinafter set out in this order, which together with the stripper areas will amount to 330,000 barrels of oil per day; that said amount can be produced in the manner hereinafter set out in this order without physical waste; and that there is a firm market demand for same; that production at said daily rate will tend to increase the ultimate recovery of oil and to prevent waste.

9. That in the interest of National defense and in order to promote the war effort and to fully cooperate with the Petroleum Administrator, the Commission finds that the amount of oil including natural gasoline, condensate and other liquefied petroleum products which can be produced without waste during the months of August and September 1943 will be 358,000 barrels per day which exceeds the amount recommended by the Petroleum Administrator as above set out, but that the same will be in conformity with the program of the Petroleum Administrator since it is contemplated during the present emergency that production from all fields should only be limited to the amount that will prevent waste.

10. That approximately ninety per cent of the wells in the State of Oklahoma have very small production and are known as stripper wells; that in order to prevent their premature abandonment and to prevent the various types of waste defined in Chapter 131, Session Laws of 1933, and amendments thereto, and in accordance with the other provisions of said law, all of said stripper wells should be permitted to produce at capacity during the months of August and September 1943.

11. That many of the wells in the stripper areas of the State of Oklahoma must be produced at capacity to prevent their premature abandonment, and that purchasers of oil should take from such stripper wells all of the oil that can be produced therefrom before production is taken from the flush or allocated fields; that the full production of such stripper wells is not only necessary in order to prevent waste, but is of vital interest to the producers in said areas and to the State as a whole.

12. That the operators in all of the pools in the State of Oklahoma and especially in the stripper areas, should produce their wells, and the purchasers should take oil therefrom, in such manner as to insure ratable taking in every pool in the State.

13. That in the Apache Pool, where two wells are located on forty acres as provided by the Commission's order establishing twenty-acre triangular spacing, the August and September 1943 allowable should be 150 barrels per well per day; and on leases where one well has been drilled on forty acres and another well is prohibited from being drilled by the provisions of Order M-68 issued by the Petroleum Administrator for War, the allowable of the one well should be 300 barrels per day, with the requirement that all royalty and working interests in a forty-acre unit must receive their proportionate part of the production in order for the 300 barrels allowable to be effective; provided that, if it appears to the Commission after notice and hearing that a forty-acre unit is not entirely productive of oil, the Commission will reduce the allowable accordingly; provided further, that The Texas Company's Mulkehay well No. 3 should have an allowable of only 150 barrels per day for the months of August and September 1943 for the reason that said well is whipstocked and is bottomed some 135 feet off center; that the allowable of The Texas Company's Mulkehay Well No. 5 should be 225 barrels per day for the months of August and September for, while the Mulkehay Well No. 6 drilled in the same forty acres was a dry hole, it appears that more than half and probably three-fourths of the forty-acre unit will be productive of oil.

14. That all underage as of July 1, 1943, and August 1, 1943, in excess of one day's allowable shall be canceled unless the operator presents to the Conservation Officer or the Commission evidence that same can be made up without waste, in which event underage may be made up as directed by the Conservation Officer or the Commission.

CLASSIFICATION	AUGUST		PER WELL MINIMUM
	DAILY ALLOCATION	PER CENT	
<u>STRIPPER WELLS</u>	191,098		
<u>CLASS "A" POOL</u>			
Oklahoma City - Wilcox Zone	47,000	98.0	25
<u>CLASS "B" POOLS</u>			
Billings - Wilcox	4,525	5.03	60
Frederick - Deep	500	2.43	25 Marginal
Hewitt, West	2,200	95.0	25
Jesse	1,600	24.0	70
Pauls Valley - Bromide	4,400	15.1	100 Marginal
Pauls Valley - Pennsylvanian	1,000	15.1	100 Marginal
	<u>14,225</u>		
<u>CLASS "C" POOLS</u>			
Fitts - Cronwell	500		
Fitts - Hunton	1,000		
Fitts - Upper Simpson	2,500		
Fitts - Wilcox	2,400		
	<u>6,400</u>		
<u>UNCLASSIFIED ALLOCATED AREAS</u>			
Adams	725		100
Anderson	250		125
Apache	7,000		
Big Ben of Osage	1,050		
Brooksville	800		160
Brooksville South	500		250
Burbank, South	7,100		
Byars, South	400		75
Caddo - Deep	400		400
Cement	5,800		
Cement, Southwest	1,261		300
Coyle	4,800		200
Cumberland - Bromide	3,500		
Cumberland - Oil Creek	500		
Cumberland - McLish	6,500		
Dill, Northeast	331		300
Earlsboro, North - Wilcox	2,800		125
Earlsboro, Northwest	600		200
Edmond, West	1,287		300
Guthrie	2,000		150
Guthrie Townsite	300		175
Horn's Corner	785		200
Liberty	400		400
Liberty, Northeast	350		350
Lucien, Northeast	500		300
McComb, South	300		160
Naval Reserve	2,300		
Novina, West	300		100
Oklahoma City -			<u>PER WELL</u>
Lower Simpson	7,500		<u>ALLOWABLE</u>
Upper Simpson Dolomite	225		
North Upper Hoover	300		
Ramsey - Hunton	1,600		
Ramsey - Wilcox	2,800		
Rusk	1,700		225
Shawnee, North	1,100		200
Stella	278		200
Velma - Deep	560		400
			125

DISCOVERY ALLOWABLES

ARJ

1. A discovery allowable shall be granted to each separate and distinct source of supply not previously known or proven to be productive, and if more than one separate source of supply is proven by the discovery well, then only one discovery allowable shall be granted and this to the source of supply in which the well is completed and produced from initially, except that if any well which has been completed in a known source of supply is deepened and discovers a new, separate source of supply, a discovery allowable shall be granted to it equal to the difference between the discovery allowable computed for the new depth and the depth to the next higher known producing zone.

2. A 5,000 barrel discovery allowable shall be granted to any new source of supply encountered at a depth not exceeding 2000 feet, and only one discovery allowable shall be granted to any single well drilled not to exceed 2000 feet regardless of the number of the common source of supply, but if such a well is drilled below 2000 feet it shall be given the same allowable as hereinafter set out. Below 2000 feet the following table shall be used as a basis for computing discovery allowables.

BASIS OF

BASIS OF		BASIS OF	
DEPTH FEET	DISCOVERY ALLOWABLE BBLs. PER FT. OF DEPTH	DEPTH FEET	DISCOVERY ALLOWABLE BBLs. PER FT. OF DEPTH
2001 - 2500	2.75	8501 - 9000	6.0
2501 - 3000	3.0	9001 - 9500	6.25
3001 - 3500	3.25	9501 - 10000	6.5
3501 - 4000	3.5	10001 - 10500	6.75
4001 - 4500	3.75	10501 - 11000	7.0
4501 - 5000	4.0	11001 - 11500	7.25
5001 - 5500	4.25	11501 - 12000	7.5
5501 - 6000	4.5	12001 - 12500	7.75
6001 - 6500	4.75	12501 - 13000	8.0
6501 - 7000	5.0	13001 - 13500	8.25
7001 - 7500	5.25	13501 - 14000	8.5
7501 - 8000	5.5	14001 - 14500	8.75
8001 - 8500	5.75	14501 - 15000	9.0

The depth used for computing discovery allowables shall be the depth of the top of the producing formation or the top perforation when casing is set through the producing formation.

ILLUSTRATION: On a well 6800' deep to the source of supply, the discovery allowable will be 6800 x 5.0 bbls. per ft., or 34,000 bbls.

15. That the following pools, to-wit: Dill Northeast and Cumberland Oil Creek are newly discovered pools and should be restricted so as to prevent waste, and the same should be classified in the Unclassified Allocated Areas; that the Commission's records show a Norvin Pool but since the last order of the Commission the Nomenclature Committee of the Mid-Continent Oil & Gas Association has designated the Norvin Pool as the Brooksville South Pool, and that the records of the Commission should be changed accordingly.

16. That all of the requirements herein are necessary in order to prevent waste and to fully cooperate with the Petroleum Administrator for War, and in order to protect the correlative rights of the operators, producers, and owners, and to be fair and equitable as between the various pools in the State of Oklahoma, and that the August and September 1943 runs shall not exceed 358,000 barrels per day.

17. That the daily allocation for the month of August 1943 as herein-after set out in this order shall also apply to the month of September 1943 with the exception that the amount allocated to the Cumberland Pools and the Earlsboro Northwest Pool for the month of September appears in the order under September allowables, and in all cases where any new wells are brought into production during the months of August and September 1943 which are not contained in this order, the Conservation Officer should be authorized to grant such wells the same allowable that other wells are granted in the same common source of supply.

18. The Commission further finds that for sometime in the past there has been a demand on behalf of the operators, producers and others interested in the production of oil in the State of Oklahoma, for rules and regulations setting out a uniform method of granting to discovery wells an additional allowable which should be known as Discovery Allowables; that to grant discovery allowables to any well that is drilled into a new common source of supply would be an encouragement to wildcat drilling and to the discovery of new common sources of supply; that the discovery of new common sources of supply is most important to the State of Oklahoma and to the proper prosecution of the war effort, and to all operators, producers and royalty owners in this State and to the citizens as a whole; that the granting of such allowables would tend to increase the reserves of oil in this State which are so necessary in the program outlined by the Petroleum Administrator for War; that under the evidence presented at the hearing it appears that some eight or ten months ago there was appointed a committee consisting of outstanding oil operators in this State including an engineer in the Conservation Department, to make a study of the proper method of granting discovery allowables; that said committee has had numerous meetings and has made thorough and exhaustive investigations, and pursuant thereto made recommendations which have been furnished to all operators, producers and others interested in the production of oil, and which have been considered by general meetings of the operators, producers and purchasers on at least one or two occasions which meetings were called for that purpose by the Conservation Officer; that studies have been made of similar rules in other states and it appears from all of this research and investigation that the rules and regulations hereinafter set out in this order will be fair, equitable and just and will tend to encourage the drilling of new and wildcat wells, and will insure the discovery of additional oil reserves, all of which will be most beneficial to the producers, operators and others interested and to the citizens of the State of Oklahoma in general, and will tend to promote the war effort and result in a greater ultimate recovery of oil in the State of Oklahoma.

ORDER

IT IS THEREFORE ORDERED by the Corporation Commission of the State of Oklahoma as follows:

1. The Corporation Commission, its Oil and Gas Conservation Department and the officers and employes thereof, the producers, operators, royalty owners, purchasers and takers of oil, and all interested persons recognize that in the national emergency full and complete cooperation must be given to the war effort and to the Petroleum Administrator for War.

2. From and after 7 o'clock, A.M., on the 1st day of August, 1943, and for the months of August and September or until otherwise ordered by the Commission, the production from each well and/or lease in each of the allocated common sources of supply in the State of Oklahoma which is not now overproduced, plus any permitted underproduction to its credit, or minus any overproduction charged to it as of the 1st day of July and August, 1943, is limited and restricted as follows:

<u>CLASSIFICATION</u>	<u>AUGUST DAILY ALLOCATION</u>	<u>PER CENT</u>	<u>PER WELL MINIMUM</u>
<u>STRIPPER WELLS</u>	191,098		
<u>CLASS "A" POOL</u>			
Oklahoma City - Wilcox Zone	47,000	98.0	25
<u>CLASS "B" POOLS</u>			
Billings - Wilcox	4,525	5.03	60
Frederick - Deep	500	2.43	25 Marginal
Hewitt, West	2,200	95.0	25
Jesse	1,600	24.0	70
Pauls Valley - Bromide	4,400	15.1	100 Marginal
Pauls Valley - Pennsylvanian	1,000	15.1	100 Marginal
	<u>14,225</u>		
<u>CLASS "C" POOLS</u>			
Fitts - Cromwell	500		
Fitts - Hunton	1,000		
Fitts - Upper Simpson	2,500		
Fitts - Wilcox	<u>2,400</u>		
	6,400		
<u>UNCLASSIFIED ALLOCATED AREAS</u>			
Adams	725		100
Anderson	250		125
Apache	7,000		
Big Ben of Osage	1,050		
Brooksville	800		160
Brooksville South	500		250
Burbank, South	7,100		
Byars, South	400		75
Caddo - Deep	400		400
Cement	5,800		
Cement, Southwest	1,261		300
Coyle	4,800		200
Cumberland - Bromide	3,500		
Cumberland - Oil Creek	500		
Cumberland - McLish	6,500		
Dill, Northeast	<u>331</u>		300
Earlsboro, North - Wilcox	2,800		125
Earlsboro, Northwest	600		200
Edmond, West	1,287		300
Guthrie	2,000		150
Guthrie Townsite	300		175
Horn's Corner	785		200
Liberty	400		400
Liberty, Northeast	350		350
Lucien, Northeast	500		300
McComb, South	300		160
Naval Reserve	2,300		
Navina, West	300		100
Oklahoma City -			
Lower Simpson	7,500		
Upper Simpson Dolomite	225		
North Upper Hoover	300		
Ramsey - Hunton	1,600		
Ramsey - Wilcox	<u>2,800</u>		
Rusk	1,700		225
Shawnee, North	1,100		200
Stella	278		200
Velma - Deep	560		400
Watchorn, East	<u>2,375</u>		125
	71,277		
<u>TOTAL ALLOCATED AREAS</u>	138,902		
<u>TOTAL CRUDE OIL</u>	330,000		
<u>TOTAL OTHER PETROLEUM LIQUIDS</u>	28,000		
<u>GRAND TOTAL</u>	358,000		

that the allowables for the month of August 1943, as hereinabove set out shall apply for the month of September except as follows:

UNCLASSIFIED ALLOCATED AREAS

Cumberland - Bromide Pool	3,700 Barrels
Cumberland - McLish Pool	7,800 Barrels
Earlsboro - Northwest Pool	900 Barrels

that any new well brought in to production during the months of August and September 1943 not considered in the above allocations the Conservation Officer is authorized to grant to such wells for the months of August and September the same allowable as granted other wells by this order in the same common source of supply.

3. All overage in the State of Oklahoma as of July 1, and August 1, 1943 shall be deducted from the August and September current allowable; and all underage as of July 1, and August 1, 1943 in excess of one day's allowable shall be canceled unless the operator presents to the Conservation Officer or the Commission evidence that same can be made up without waste, in which event said underage may be made up as directed by the Conservation Officer or the Commission.

4. The allowable in the Apache Pool, where two wells are located on forty acres, shall be 150 barrels per well per day, and where one well has been drilled on forty acres and another prohibited from being drilled by Order M-68 shall be 300 barrels per day; provided that, all royalty and working interests in a forty-acre unit must receive their proportionate part of the production in order for the 300 barrels allowable to be effective; and provided, if it appears to the Commission after notice and hearing that a unit of forty acres is not entirely productive of oil, the Commission will reduce its allowable accordingly; provided further, the August and September allowable of The Texas Company Mulkehay Well No. 3 will be 150 barrels and of its Mulkehay Well No. 5 225 barrels, as set out in Paragraph 13 of the Findings hereof.

5. All operators, producers, and purchasers in pools in which production is allocated by the Commission shall file the reports required by the rules and regulations of the Commission.

6. The orders, rules and regulations of the Commission heretofore promulgated, except as herein specifically modified or amended, shall continue in force and effect until otherwise ordered by the Commission, and this order shall in no manner be construed to release or relieve any operator from making up any and all overproduction of oil from any well or lease in excess of that allowed by the previous orders, rules, and regulations of the Commission.

7. In order to fully comply with the provisions hereof, the Conservation Department of the Corporation Commission and all operators, producers, purchasers, pipeline companies, refineries, royalty owners, and all persons interested in or having control, either privately or in all official capacity, over any department of the oil industry in the State of Oklahoma, are hereby specifically ordered and directed to make special effort to carry out and assist in carrying out every provision of this order; and any violation of any provision hereof, and any production in excess of the amount hereby ordered, is in violation of the certification made by the Petroleum Administrator for War.

8. Jurisdiction over this cause is hereby retained for the purpose of changing, modifying, or altering this order if at any further hearing in this cause or from any other evidence adduced before the Commission it appears that such modification should be made.

9. The several provisions of this order are separable, and the validity of any one is in no wise dependent upon the validity of any other. If any provision, section, paragraph, sentence, or clause hereof shall be held to be invalid or void for any reason, the same shall in no manner affect the validity of any other provision, section, paragraph, sentence, or clause of this order. It is further provided that in event for any reason the provisions of this order shall be held to be invalid or void, then the allowable oil production of all wells and leases in the various pools in the State shall be limited and restricted to the per cent of daily production as fixed and determined by the last valid order of the Commission.

DISCOVERY ALLOWABLES

1. A discovery allowable shall be granted to each separate and distinct source of supply not previously known or proven to be productive, and if more than one separate source of supply is proven by the discovery well, then only one discovery allowable shall be granted and this to the source of supply in which the well is completed and produced from initially, except that if any well which has been completed in a known source of supply is deepened and discovers a new, separate source of supply, a discovery allowable shall be granted to it equal to the difference between the discovery allowable computed for the new depth and the depth to the next higher known producing zone.

2. A 5,000 barrel discovery allowable shall be granted to any new source of supply encountered at a depth not exceeding 2000 feet, and only one discovery allowable shall be granted to any single well drilled not to exceed 2000 feet regardless of the number of the common source of supply, but if such a well is drilled below 2000 feet it shall be given the same allowable as hereinafter set out. Below 2000 feet the following table shall be used as a basis for computing discovery allowables.

BASIS OF		BASIS OF	
DEPTH FEET	DISCOVERY ALLOWABLE BBLs. PER FT. OF DEPTH	DEPTH FEET	DISCOVERY ALLOWABLE BBLs. PER FT. OF DEPTH
2001 - 2500	2.75	8501 - 9000	8.0
2501 - 3000	3.0	9001 - 9500	8.25
3001 - 3500	3.25	9501 - 10000	8.5
3501 - 4000	3.5	10001 - 10500	8.75
4001 - 4500	3.75	10501 - 11000	9.0
4501 - 5000	4.0	11001 - 11500	9.25
5001 - 5500	4.25	11501 - 12000	9.5
5501 - 6000	4.5	12001 - 12500	9.75
6001 - 6500	4.75	12501 - 13000	10.0
6501 - 7000	5.0	13001 - 13500	10.25
7001 - 7500	5.25	13501 - 14000	10.5
7501 - 8000	5.5	14001 - 14500	10.75
8001 - 8500	5.75	14501 - 15000	11.0

The depth used for computing discovery allowables shall be the depth of the top of the producing formation or the top perforation when casing is set through the producing formation.

ILLUSTRATION: On a well 6800' deep to the source of supply, the discovery allowable will be 6800 x 5.0 bbls. per ft., or 34,000 bbls.

3. The discovery allowable so determined shall be granted and produced on a daily ratable basis for a period of one year from the date of marketing the first oil from said discovery well unless such discovery allowable, in addition to the normal allowable rate of production, is found to cause waste, then upon application to the Commission the period of producing discovery allowable may be extended.

4. The discovery allowable shall be produced from the discovery well and subsequent wells on the same lease or unitized area on which a discovery well is located by dividing the remaining discovery allowable equally among said wells.

5. The discovery allowables shall be granted only upon application to the Commission, requesting the discovery allowable, said application to be made within 30 days after the date of final completion of the discovery well or at the next regular allocation hearing after such date, and the discovery allowable shall be granted only in the event applicant presents sufficient reservoir data and information to support the granting of the additional allowable as provided for in Section 3 above, provided that the Conservation Officer may grant temporary allowables under this order subject to the approval of the Corporation Commission.

DONE AND PERFORMED BY the Corporation Commission at its offices in the Capitol Office Building, Oklahoma City, Oklahoma, this 28th day of July, 1943.

CORPORATION COMMISSION OF THE STATE OF
OKLAHOMA

REFORD BOND Chairman

RAY O. WEEMS Vice-Chairman

Commissioner

ATTEST:

CARL B. MITCHELL
Secretary
(seal)

CASE NO. 55

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

In the matter of the application of Fred Turner, Jr., for an order authorizing a bonus allowable to be granted to any operator who makes a discovery of a new oil pool or a new producing horizon in an existing oil pool by drilling two miles or more from any commercially productive oil well. This case is set for 10:00 A.M., August 4, 1944.

Pursuant to notice by the Commission, duly made and published, setting August 4, 1944 at 10:00 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 of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. RAY ROGERS, State Land Commissioner, Member
HON. JOHN M. KELLY, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser.

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth	Stanolind Oil Company	Santa Fe, New Mexico
R. E. Nelson, Jr.	Stanolind Oil Company	Tulsa, Oklahoma
W. D. Henderson	Stanolind Oil Company	Midland, Texas
George W. Selinger	Skelly Oil Company	Tulsa, Oklahoma
D. W. Spence	Sinclair Prairie Oil Co.	Midland, Texas
H. B. Hurley	Continental Oil Company	Ft. Worth, Texas
R. Van A. Mills	Continental Oil Company	Ponca City, Okla.
J. W. Head	Head & Miller	Borger, Texas
K. H. Dally	Head & Miller	Borger, Texas
A. Knickerbocker	Fred Turner, Jr.	Midland, Texas
J. M. Zachary	Neville G. Penrose, Inc.	Ft. Worth, Texas
Hamilton McRae	Fred Turner, Jr.	Midland, Texas
Frank D. Gardner	Sinclair Prairie Oil Co.	Midland, Texas
G. L. Shoemaker	Shell Oil Company, Inc.	Midland, Texas
S. W. House	Humble Oil Company	Midland, Texas
V. C. Maley	Humble Oil Company & Refining	Midland, Texas
Hugh L. Sawyers	N. M. Oil & Gas Ass'n	Roswell, N. M.
Claude E. Wood	State Land Office	Santa Fe, N. M.
Jesse Hildreth	General Crude Oil Company	Wink, Texas
Leo E. Shultz	Oil & Gas Dept. - State Land Office	Santa Fe, N. M.
Jerry Curtis	Magnolia Petroleum Company	Roswell, New Mexico
S. P. Hamfin	Magnolia Petroleum Company	Midland, Texas
W. K. Davis	El Paso Natural Gas Company	Jal, New Mexico
R. L. Boss	Gulf Oil Corporation	Hobbs, New Mexico
E. J. Gallagher	Gulf Oil Corporation	Hobbs, New Mexico
A. E. Willig	The Texas Company	Ft. Worth, Texas
Glenn Staley	Lea County Operators	Hobbs, N. M.
Harvey Hardison	Standard of Texas	Houston, Texas
W. S. Patterson	Scouting Service	Santa Fe, N. M.
C. W. Faris	Shell Oil Company	Midland, Texas
John P. Healy	Colo Mex	Santa Fe, N. M.
Weldon Brigance	Rowan Drilling Company	Ft. Worth, Texas
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
E. H. Foster	Phillips Petroleum Company	Amarillo, Texas
Mrs. Nettie Ogle		Santa Fe, N. M.
Fred Turner, Jr.	Independent	Midland, Texas
D. R. McKeithan	Phillips Petroleum Company	Barterville, 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. 55.

In the matter of the application of Fred Turner, Jr., for an order authorizing a bonus allowable to be granted to any operator who makes a discovery of a new oil pool or a new producing horizon in an existing oil field or an extension of an existing oil pool by drilling two miles or more from any commercially productive oil well. This case is set for 10 A.M., August 4, 1944.

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

The foregoing notice of publication was made pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 13, 1944.

OIL CONSERVATION COMMISSION

/s/ John M. Kelly

BY: John M. Kelly
Secretary

(SEAL)*

P R O C E E D I N G S

Mr. Hamilton McRae, Attorney for Mr. Fred Turner Jr. - Midland, Texas
FIRST WITNESS - Mr. A. Knickerbocker.

After being duly sworn to tell the truth, the whole truth and nothing
but the truth, Mr. Knickerbocker testified as follows:

MR. McRAE: What is your name?

MR. KNICKERBOCKER: A. Knickerbocker.

MR. McRAE: What is your occupation?

MR. KNICKERBOCKER: Office manager for Fred Turner, Jr, at Midland,
Texas.

MR. McRAE: Mr. Knickerbocker, are you familiar with a well drilled
recently by Fred Turner, Jr., in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, Sec. 4/17S, 36E, Lea County
New Mexico?

MR. KNICKERBOCKER: I am.

MR. McRAE: That is known as the Turner 1-B State Well?

MR. KNICKERBOCKER: That is correct.

MR. McRAE: Has it been part of your duties to keep a record of actual
cost of that well?

MR. KNICKERBOCKER: Yes sir.

MR. McRAE: Have you made any investigation as matter of comparison of
that cost with the cost of a similar well three years ago?

MR. KNICKERBOCKER: I have.

MR. McRAE: How did the two costs compare?

MR. KNICKERBOCKER: Approximately double.

MR. McRAE: Have you investigated the matter of cost with drilling con-
tractors?

MR. KNICKERBOCKER: Yes sir.

MR. McRAE: Have you procured a statement as to the increased cost?

MR. KNICKERBOCKER: I have.

MR. McRAE: Any statements available?

MR. KNICKERBOCKER: Yes.

MR. McRAE: I wish to present statements of cost by Carl B. King
Drilling Company, Guy Mabee Drilling Company and C. T. McLaughlin
Drilling Company as Exhibits 1, 2, and 3.

Have you investigated the cost of rig building and hauling?

MR. KNICKERBOCKER: I Have.

MR. McRAE: How does it compare with three years ago?

MR. KNICKERBOCKER: Hauling cost about 40% greater.

MR. McRAE: The rig building cost?

MR. KNICKERBOCKER: About 150% higher.

MR. McRAE: In connection with this application, have you made any investigation of other oil producing states as to bonus allowable or discoveries?

MR. KNICKERBOCKER: I have.

MR. McRAE: Copies of letters from any states on that feature?

MR. KNICKERBOCKER: I have copies from Oklahoma and Texas.

MR. McRAE: I offer orders from states of Oklahoma and Texas as exhibits 4 and 5.

I believe that is all. - We would like to offer plats of the area showing relation-ship and location of this well, to adjoining areas.

NEXT WITNESS - FRANK GARDNER

MR. McRAE: What is your name?

MR. GARDNER: Frank Gardner.

MR. McRAE: What is your occupation?

MR. GARDNER: Purchasing Agent for Sinclair Prairie Oil Marketing Company, Midland, Texas.

MR. McRAE: Are you familiar with the location of the well we have referred to as the Turner No. 1 State Well?

MR. GARDNER: I am.

MR. McRAE: Does your Company have oil purchasing facilities in that area?

MR. GARDNER: Yes it does.

MR. McRAE: Are those facilities adequate to handle increased production from that well?

MR. GARDNER: Yes.

MR. McRAE: From what you know of the market, is there a need and demand for additional oil from that area?

MR. GARDNER: Urgent need.

MR. McRAE: Are you familiar with a letter written by the head of your Department to Mr. Turner on the subject?

MR. GARDNER: I have a copy of that letter.

MR. McRAE: I wish to present the letter addressed to Mr. Turner, from the Vice-President of the Sinclair Prairie Oil Marketing Company as Exhibit No. 8.

MR. KELLY: You are not purchasing from this well at present are you?

MR. GARDNER: We will be shortly - another week or two.

NEXT WITNESS - FRED TURNER, JR.

MR. McRAE: What is your name?

Mr. TURNER: Fred Turner, Jr.

MR. McRAE: You made this application being heard before the Commission?

MR. TURNER: Yes sir.

MR. McRAE: You drilled the Turner 1-B State?

MR. TURNER: That is right.

MR. McRAE: Have you ever drilled any other wells in that general area?

MR. TURNER: I drilled one about three miles east of there three years ago.

MR. McRAE: How did the cost of that well compare to the present one?

MR. TURNER: The same Contractor drilled both wells, \$2.55 against \$5.25 for this well - per foot.

MR. McRAE: Is that increase representative of increasing cost in other items?

MR. TURNER: Yes sir.

MR. McRAE: Mr. Turner, are you familiar with the fact that Bonus Allowables are in evidence in other producing states?

MR. TURNER: I am.

MR. McRAE: From your experience, is it your opinion that wildcatting and new developments are stimulating?

MR. TURNER: I think so.

MR. McRAE: Have you raised the question with any of the oil agencies as to their opinion?

MR. TURNER: Texas Railroad Commission.

MR. McRAE: Do you have a statement from them?

MR. TURNER: I have a letter from Mr. Jester.

MR. McRAE: We offer this letter as Exhibit No. 9.

MR. KELLY: We would like to have that letter read.

- The following letter was read by Mr. McRae -

RAILROAD COMMISSION OF TEXAS
Austin
Beauford H. Jester (11)
Chairman

July 29, 1944

Mr. Fred Turner, Jr.
Midland, Texas

Dear Fred:

On receipt of your letter of July 24, I asked our Oil and Gas Division to give you the information you requested.

During the absence of our Director of Production, Jack Baumel, who was trying to solve our problem in the Baumel Field, Clark Lloyd, our Chief Enforcement Officer, worked up the enclosed memorandum, which should be of help to you.

Since we do not have a tabulation of all the wells that have been allowed new discovery allowables for the reasons assigned in this memorandum, the Commission can certainly make a statement as/correct statement of fact that our policy of allowing new discovery allowables for one-half mile extension of fields has stimulated drilling and production.

If the statement in this letter to this effect is not sufficient, let me know, and I can give you a statement to that effect signed by all three Commissioners. I would do so today but am the only Commissioner in the office today.

It is a pleasure to be of any help I can be to you, and it is a pleasure to send you this memorandum, as well as the orders of the Commission relating to this subject.

With all good wishes, I am

Yours most sincerely,

/s/ Beauford H. Jester"

MR. McRAE: From your experience, under the law of averages, does increased wildcatting result in additional reserves?

MR. TURNER: Yes sir.

MR. McRAE: Do additional reserves add to the benefit of the people of the State and the State itself?

MR. TURNER: It does.

MR. McRAE: How many wells are located in the immediate vicinity of 1-B?

MR. TURNER: When this application was filed there was one.

MR. McRAE: Any other producers in the area yet?

MR. TURNER: No sir.

MR. KELLY: How many location wells drilling right now in this area?

MR. TURNER: Four.

MR. McRAE: That is all.

NEXT WITNESS - GEORGE SELINGER

MR. McRAE: Mr. Selinger wishes to ask some questions, not a witness.

Mr. SELENGER (Skelly Oil Company) - Mr. Turner how would your bonus allowable plan work?

MR. TURNER: The one I filed probably wouldn't work with the Commission, they would have to work that out for themselves.

MR. SELENGER: Is it going to be on flat allowable, or depth - what is the basis?

MR. TURNER: Be on depth.

MR. SELENGER: In accordance with the regulations of Oklahoma or Texas?

MR. TURNER: Either one - practically the same scale.

MR. SELENGER: Allowable to be on the basis of depth?

MR. TURNER: That is right.

MR. A. E. WILLIG - The Texas Company.

I would like to make a statement. What I am about to say I do not wish to be understood as a protest. I am not familiar with the Oklahoma plan, but have some familiarity with the Texas bonus allowable for discovery wells. We have experienced some trouble with the present revised plan - has been revised three or four times. Now it contains what we believe to be an objectionable feature, the bonus allowable for wells drilled has $\frac{1}{2}$ mile extensions to formerly approved group or pools. We see no objection to the plan, as those drilled fairly soon after discovery - it is not hard to see what inequities will result after a group is discovered and produced for a period of two or three years. Later if those drilled are given a new pool allowable, after the original discovery wells are reduced to the regular allowable of the wells of that type. We would suggest some limitation be placed on the time extension to known pools. By not having a limit on it creates an unbalanced condition and inequities that are obvious. We would further recommend the Commission grant new pool allowables only subject to waste prevention, I believe that important for high allowables - that waste does not take place.

MR. KELLY: Commission is charged by law to carry out that provision.

MR. WILLIG: It is.

MR. KELLY: Mr. Willig, you have read the call - the Texas plan is $\frac{1}{2}$ mile extension, in the call for this hearing it is a two mile extension.

MR. WILLIG: I don't believe the distance would make a lot of distinction.

MR. KELLY: In your opinion has bonus allowables in Texas, on the whole, stimulated discovery of any reserves?

MR. WILLIG: In my personal opinion, it has not greatly done so. Since the plan has been in effect there has been federal restrictions on drilling.

MR. McRAE: We would like for the Commission to consider as part of this record, the discovery of wells over the past seven or eight years, and the history of your files generally. Your scale and breadth of your production and certifications to the State of New Mexico as to whatever governs, make them as to demand.

The first question that occurs to the Commission is "Can We do this?" We feel your broad powers and discretions given this body by the State of New Mexico through your conservation act, that you do have the power, because there is a provision you shall make fair and equitable allowances. The market demand which exists, and the stimulations to new discoveries are matters which you can take into account in determining what is fair and equitable, which has a big stake in the oil business upon state lands upon which oil has been, and can be discovered. We think the need for additional reserves warrant the character of grant for which we have asked. We do not come to this Commission with any hard and fast rule, because this Commission is necessarily going to consider one on waste. What we do is come to you asking for a bonus allowable, probably 55,000 barrels - is what we would like to see. We believe it should be scaled as to depth - how that order is framed rests with the judgment of this Commission. We do urgently ask that bonus allowable be granted, and that it apply to this 1-B Turner well.

MR. R. VAN A. MILLS - CONTINENTAL OIL COMPANY

MR. MILLS: On behalf of my Company, I would like to say we favor the request for discovery of allowables, that is being presented here today.

We would recommend the Commission follow the plan which is depth, and the schedule that has been and is still being used in Texas. We have no particular recommendation for the system in Texas, there has been some difficulties, as Mr. Willig brought forth in his statement. We heartily support the plan for bonus allowables.

MR. KELLY: Do you feel the bonus allowable will stimulate discovery in the state?

MR. MILLS: To some extent we think it will.

MR. MCRAE: By virtue of some discrepancies, and some difficult risk in applying the Texas rule, the Applicant prefers the Oklahoma.

MR. SELENGER: We agree with Mr. Willig with regards to the extension field, that granting the discovery allowable to extension wells will get the Commission into quite a considerable amount of trouble. The Commission should do so only within the limits - with certain rules and regulations. We are inclined to allow the present method to go along, but realize the necessity of increased oil from the state, particularly in reserves. We are willing to go along with any theory to stimulate such additional reserves. We feel the Commission should rule against any extension of any existing pools. With the statement of gains from Mr. Turner and his statement to the effect there are four additional wells being drilled now offsetting the discovery well, there is some question in our mind as to the equitableness as bonus allowable to the one present producing well and allow four wells to produce only 46 barrels per day allowable whereas the present producing wells are entitled to much greater allowables, might run into some difficulty.

MR. KELLY: Difficulty in what way?

MR. SELENGER: Allowing the present well 46 barrels per day.

MR. KELLY: Any discovery well will have wells offsetting.

MR. SELENGER: It is the plan to permit the present well and four surrounding wells to participate - In Oklahoma we ran into a considerable amount of difficulty. The first plan was 14,000 barrels to be produced at anytime the operator desired when the offset well was drilled, so the Commission modified as it was in Texas, to permit the discovery bonus allowable only until the second well was brought in. That ran into trouble because as soon as an offset operator found him producing, he immediately set down an offset well. The present plan in Oklahoma was put into effect based on depth. Still a considerable amount of trouble in normal and discovery allowable standard, over a period of months at a daily rate of 25 or 30 barrels a day in addition to their normal allowable. The trouble in bonus discovery allowables, as we see it is mostly in extensions. In purely wildcatting areas some sort of stimulation should be had.

MR. MCRAE: We would like to remind the Commission on the matter of the two mile extension, and when a man presents a two mile extension he is wildcatting, unless you allow some on that distance, then anything on earth could happen. We think a two mile extension in all practical purposes is for wildcatting.