

CASE NO. 56.

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER of the petition of Operators' Committee under Maljamar Cooperative Repressuring Agreement for a change in method of allocation of oil production and gas control for the Maljamar Cooperative Repressuring Area consisting of Sections 14 to 23 inclusive and Section 26 to 35 inclusive in Township 17s, Range 32E, N.M.P.M., Lea County, New Mexico.

Pursuant to notice by the Commission, duly made and published, setting January 8, 1945, 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 of the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN J. DEMPSEY, Governor  
HON. JOHN E. MILES, 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>
Glenn Staley	Lea County Operators	Hobbs, N. M.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
J. N. Dunlavey	Skelly Oil Company	Hobbs, N. M.
D. R. McKeithan	Phillips Petroleum Company	Barterville, Okla.
C. A. Daniels	Phillips Petroleum Company	Oklahoma City, Okla.
N. R. Lamb	Continental Oil Company	Hobbs, N. M.
S. V. McCollum	Continental Oil Company	Midland, Texas
F. D. Baker	Kewanee Oil Company	Tulsa, Oklahoma
W. J. Wright	Maljamar Coop. Repressuring Agreement	Artesia, N. M.
Wilton E. Scott	Buffalo Oil Company	Artesia, N. M.
D. D. Bodie	Cities Service Oil Co.	Hobbs, N. M.
J. E. Regent	Sun Oil Company	Midland, Texas
J. W. House	Humble Oil Company	Midland, Texas
Ken Regan	McElvain-Regan	Midland, Texas
Earl Griffin	Phillips Petroleum Company	Amarillo, Texas
C. H. Gray	Repollo Oil Company	Midland, Texas
D. R. Dickson	Repollo Oil Company	Midland, Texas
Roy Yarbrough	Oil Conservation Commission	Hobbs, N. M.
Clarence Hinkle	Attorney	Roswell, N. M.
W. K. Davis	El Paso Natural Gas Co.	Jal, N. M.
L. F. Peterson	Stanolind Oil & Gas Co.	Ft. Worth, Texas
W. T. Hoy	Stanolind Oil & Gas Co. 8	Midland, Texas
W. M. Elias	Stanolind Oil & Gas Co.	Tulsa, Oklahoma
J. O. Seth (Att'y)	Stanolind Oil & Gas Co.	Santa Fe, N. M.
Ray McGlothlin	Petroleum Products Refining and Producing Company	Prewitt, N. M.
C. C. Cragin	El Paso Nat'l Gas Company	El Paso, Texas
J. E. Low	Amerada Petroleum Corp.	Midland, Texas
Chuck Aston	Consultant	Artesia, N. M.
Foster Morrell	U.S. Geological Survey	Roswell, N. M.
H. M. Dow	Hervey, Dow, Hill & Hinkle	Roswell, N. M.

"NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission as provided by law hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., January 8, 1945:

CASE NO. 56. In the matter of the petition of Operators' Committee under Maljamar Cooperative Repressuring Agreement for a change in method of allocation of oil production and gas control for the Maljamar Cooperative Repressuring Area consisting of Sections 14 to 23 inclusive and Sections 26 to 35 inclusive in Township 17S, Range 32E, N.M.P.M., Lea County, New Mexico.

Given under the seal of said Commission at Santa Fe, New Mexico, on December 26, 1944.

OIL CONSERVATION COMMISSION

By /s/ John M. Kelly  
Secretary

S E A L"

P R O C E E D I N G S

MR. F. D. BAKER: (Maljamar Cooperative Repressuring Agreement)  
It was hoped Mr. Emery Carper, the Chairman, would be present this morning to present this plan, but death of a relative prevented him from being here. He wanted me to express his regrets that he couldn't be here, but is enthused with the plan and would like to see it gain all the merits possible. The plan itself is complete in the conclusions drawn by the engineering committee of the Maljamar Cooperative Repressuring Agreement, and recommendations made along with the exhibit supporting it.

It has been approximately six or eight months ago that the operators of the Maljamar Cooperative Repressuring Agreement requested the engineering committee to work up an allocation plan for this area, this plan as submitted is the one recommended by the engineering committee and approved unanimously by the Maljamar Cooperative Repressuring Agreement.

GOVERNOR DEMPSEY: Isn't this plan you have submitted entirely different from the one submitted when you asked to have a hearing?

MR. BAKER: No, Governor.

GOVERNOR DEMPSEY: Between this hearing and the other, the thought of your operators was just to put in a ratio counter-control plan. It was my understanding with talks with Mr. Carper and the Buffalo Oil man they wanted a gas ratio plan and no change in allowable plan.

MR. BAKER: This was the one and only plan submitted to the operators upon which they agreed.

GOVERNOR DEMPSEY: This is the only one that has been submitted to us.

MR. BAKER: Yes sir - We have every reason to believe at this time that we will have a successful program, but we realize at the same time we must have further control or further cooperative control between the operators as to allowables of oil and gas from the individual, and it was on these grounds we submitted the petition.

GOVERNOR DEMPSEY: What type of control,

MR. BAKER: Volumetric control in the area, we are trying to maintain as near as possible the original bottom hole pressure of the field. We feel we will increase the term of the life of the wells, but it is not only important we have control of the gas but some control over the amount of gas and oil taken from the individual wells.

GOVERNOR DEMPSEY: The operators all in accord who operate in that field?

MR. BAKER: Yes sir, unanimously adopted by all the operators about six months ago.

MR. KELLY: The plan wasn't submitted to the Commission until about a month ago.

MR. BAKER: That is right, but the plan was agreed on previously.

MR. KELLY: All operators in this field members of the Cooperative Agreement?

MR. BAKER: No, all with the exception of two operators, they were advised of the meeting at the time the plan was adopted, but did not attend the meeting, however, the plan was delivered to them before it was filed.

MR. KELLY: The plan was submitted to the Commission about a month ago. I talked with the operators and it was my understanding they were asking for a gas ratio plan. When the plan came in we studied it as well as we could, had no time to have any meetings. Find the plan is a complete change in the production rate set up by the State. The State law of 1935 states the field designation shall be on market demand and allowable shall fluctuate with market demand. That section is in violation with the 1935 Act. I feel the Commission should hear Mr. Baker completely, then give it more study.

GOVERNOR DEMPSEY: Under no circumstances will the Commission propose to pass on this today.

MR. BAKER: That paragraph could be deleted. That is the present allowable today, we had no intention of setting a fixed allowable or asking the Commission to approve the allowable.

MR. KELLY: You have no objection to that being deleted?

MR. BAKER: No sir.

MR. KELLY: You also state that "the individual well and lease allowable shall be computed by the Project Engineer of the Maljamar Cooperative Repressuring Agreement and submitted to the New Mexico Oil and Gas Commission on the 25th of each month to be entered on the following month's allowable distribution" Asking the Commission to delegate its authority to an individual.

GOVERNOR DEMPSEY: The Commission does not have the power to do that.

MR. BAKER: In the application of administering the plan, if the mechanics of it are "o.k.", the project engineer will work up these figures and submit them to the Commission.

MR. KELLY: He couldn't work them up, the Commission doesn't know what allowable will be given until the end of the month. He could not work up an allowable until we work it up.

MR. MODRALL: Do you not allocate to the unit a total volume of oil each month?

MR. KELLY: No sir, we make allocation for 40 acres and allow them to group it.

MR. MODRALL: That I think is the purpose of Mr. Baker. I think it is the same principal. Our purpose is merely to get an approval of an allocation plan. Whatever allowable is assigned by the Commission is to permit us to allocate it back to the wells.

MR. KELLY: The allowable is set monthly and not quarterly, we cannot go on a quarterly basis. We are limited by law to every 15 days.

MR. BAKER: In that respect we plan to make a determination of each three months period on the gas ratio and apply those figures for 90 days.

Two other gentlemen came, Mr. W. J. Wright, Project Engineer of this re-pressuring project and Mr. Wilton E. Scott of the Buffalo Oil Company, who are interested in the project also. If there is anything you wish to know regarding our operations in the field, either of these gentlemen will be glad to furnish them with the information. The whole purpose behind this is that we have the project and boundary approved by the Commission in order that we may carry on our program to get all the oil possible out of the area and we feel in order to accomplish this we are going to need an allocation plan such as we have recommended here. We, in no way, want to conflict with any of the laws of the State.

GOVERNOR DEMPSEY: I am sure the Commission will want to help you out in any way we can, but there are some technicalities to work out. We will have to look into the legal angle of this. We will take it under consideration and have a conference with the Maljamar Operators on the legal end of it.

MR. KELLY: Gentlemen, this is the first and I guess the last meeting of this Commission. I am sorry I did not introduce Governor Miles as the new member, as Land Commissioner he is a member of the Oil Commission. I believe everyone is acquainted with Governor Miles from previous meetings.

The reason I said the last meeting of this Commission, I believe most of you are acquainted with the fact I have asked for my release. At this time I want to express my appreciation for the cooperation I have received and the Commission has received in the past three years. I feel, speaking on the other side of the fence, we are going to carry on just exactly the way we have been. I want to thank you, Governor Dempsey, for your cooperation.

GOVERNOR DEMPSEY: We are all sorry to see John leave, but some of these boys get very ambitious at times and you cannot stop that.

MR. GLENN STALEY: I have one matter I would like to discuss. A matter which comes under Commission Order 545, adopted July 27, 1943. The Commission asked the operators to make suggestions from time to time in the matter of the procedure to be followed in taking gas-oil ratios in New Mexico, not in any way changing the order but to comply with the order, and due to the shortage of manpower on the part of the Commission and operators, the Commission has asked for suggestions for the handling of our problem in taking gas-oil ratios so the operators appointed a Committee, and this that I am presenting is the report of that Committee, which is merely suggestions to the Commission as to the taking of gas-oil ratios in the time in which the ratios from the various fields shall be in the hands of the Commission, and the manner in which they shall be reported to the Commission.

GOVERNOR DEMPSEY: I want you and all the men of the industry to know the Commission welcomes suggestions anytime of a constructive nature. Any operator or man connected with the industry - this Commission will welcome.

MR. GLENN STALEY: I want to take this opportunity on behalf of Lea County Operators to thank the present Commission, former Commission, (in which Governor Miles was member) and all members for the splendid cooperation we have always had. It is with deep regret that the Chairman of the Lea County Operators, Mr. N. C. McConnell has passed

away since the last meeting, but to take his place to a very very small extent, I want to thank you for the help and cooperation you have given me.

MR. KELLY: Mr. Bodie Superintendent of Cities Service, representative with the Eunice operators' filed a petition for a hearing and requested consideration be given as soon as possible. I wonder if Mr. Bodie wants to make a statement.

MR. BODIE: I do not care to make a statement at this time.

MR. KELLY: I suggest a meeting be held as soon as possible on this subject.