

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

Mr. C. J. Dexter, Secretary
Grayburg Oil Company of New Mexico
Artesia, New Mexico

Dear Mr. Dexter:

Re: Petition of Grayburg Oil Company for an order
for transfer of allowable from input wells to
other wells of same basic leases in unit area
of Grayburg Cooperative and Unit Agreement.

The above-captioned case has been set for hearing at Santa
Fe, New Mexico on June 7, 1946 at 10:00 A. M.

Will you please acknowledge receipt of this notice?

Very truly yours,

Chief Clerk and Legal Adviser

msm

COPY

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

AIR MAIL - SPECIAL DELIVERY

The Current Argus
Carlsbad, New Mexico

Gentlemen:

Re: Notice of Publication - Case No. 81.

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,

Chief Clerk and Legal Adviser

MEM
Encl

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STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

The Santa Fe New Mexican
Santa Fe, New Mexico

Gentlemen:

Re: Notice of Publication - Case Nos. 76, 77,
78, 79, 80 and 81.

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,

Chief Clerk and Legal Adviser

mem
Encl

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

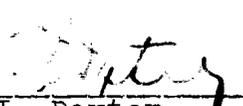
May 23, 1946

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

Dear Mr. Livingston:

Replying to your letter of May 20, wish to advise
that either I or our Superintendent, Mr. Heard
will be in Santa Fe on June 7 for the hearing.

Yours very truly,



C.J. Dexter

for
GRAYBURG OIL CO. OF NEW MEXICO

CJD:rl

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

June 3, 1946

*William J. Wright,
"Return"
Back to the
to 12-1-46
when petition corrections
were taken.*

Mr. Carl B. Livingston
Chief Clerk and Legal Advisor
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Livingston:

Enclosed is amended petition for transfer of allowables from in-put wells, which will replace the petition as originally filed on May 20, 1946.

The amended petition will be found to contain the corrections and additions as outlined in your conversation with Mr. Raymond Miller.

Grayburg Oil Company Of New Mexico



R. J. Heard, Vice President

mm
Encl:

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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October 16, 1946

Mr. R. J. Heard, Vice-President
Grayburg Oil Company of New Mexico
Box 416
Loco Hills, New Mexico

Re: Case 81 - Order 659 - Grayburg Cooperative and
Unit Agreement.

Dear Mr. Heard:

Enclosed please find two approved copies of C-102 for:

Western Production Company, Inc.-
Keely No. 12-S, SWNW, 25-17S-29E.

One approved copy is being transmitted to the Proration
Office at Hobbs.

Very truly yours,

Chief Clerk & Legal Adviser

CBL:MSH
cc Glenn Staley

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

October 11, 1946

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

Dear Sir:

Enclosed is a revised Form C-102 on our Western Production Company, Inc. Keely "C" Lease, showing the transfer of all allowable from input well to other wells on same basic lease. This form differs from our C-102 approved August 12, 1946, in that one well Keely 6-C, has been omitted from the list, and two new wells, Keely 14-C and Keely 15-C, have been added, both having been completed since August 12, 1946.]

Very truly yours,

Grayburg Oil Company of
New Mexico



R. J. Heard,
Vice President

RJH/nw

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer allowable from input well to other wells on same basic lease.	X

Loco Hills, New Mexico

October 11, 1946

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Western Production Company, Inc. Keely Well No. 12-C in SW/4NW/4
Company or Operator Lease
of Sec. 25, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,
Eddy County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable Well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 14-C SW/4NW/4 Sec. 26-T17S-R29E; Keely 15-C NW/4SW/4 Sec. 26-T17S-R29E; Keely 16-C NE/4SW/4 Sec. 26-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4 SE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 22-C SE/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 24-C SE/4 SW/4 Sec. 25-T17S-R29E.

Approved 10-16, 1946
~~approved 8-12-46~~ Differing from C-102 approved 8-12-46 by the omission of Keely 6-C and the addition of Keely 14-C and Keely 15-C.

OIL CONSERVATION COMMISSION,
By Carl B. Livingston
Title Chief Clerk & Legal Adviser

Grayburg Oil Company of New Mexico
Company or Operator
By R. J. Heard
R. J. Heard
Position Vice President
Send communications regarding well to
Name Grayburg Oil Company of New Mexico
Address Box 416 Loco Hills, New Mexico
Please return two (2) copies to the above address.

L CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

August 12, 1946

Mr. R. J. Heard
Vice President
Grayburg Oil Company
Artesia, New Mexico

Re: Case 81, Order 659 - Grayburg Cooperative and
Unit Agreement.

Dear Mr. Heard:

Enclosed please find two approved copies of C-102 for each of
the following leases:

Western Keely C
Grayburg Keely B

One approved copy for each lease is being transmitted to the
Proration Office.

Very truly yours,

Chief Clerk & Legal Adviser

CEL:MSH
cc Glenn Staley

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**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

August 7, 1946

Mr. Carl E. Livingston
Chief Clerk & Legal Advisor
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Livingston:

Enclosed are Forms O-102 Notices of Intention to transfer allowable from Input Wells to other wells on the same basic leases. The above forms are to replace the ones approved by you on June 23, 1946.

On eastern Keely C lease we have added two wells, namely Keely 16-C and 22-C from which we will produce a portion of the allowable for Keely 12-C. On Grayburg Keely B lease we have deleted Keely 2-B for the reason that this well, although a top allowable well, was being produced in excess of the maximum efficiency rate.

Your earliest consideration of these enclosures will be appreciated.

Very truly yours,

Grayburg Oil Company of
New Mexico

By: 
R. J. Heard,
Vice President

RJH/nw
Encl.

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

August 7, 1946

Mr. Carl B. Livingston
Chief Clerk & Legal Advisor
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Livingston:

Enclosed are Forms C-102 Notices of Intention to transfer allowable from Input Wells to other wells on the same basic leases. The above forms are to replace the ones approved by you on June 26, 1946.

On Western Keely C lease we have added two wells, namely Keely 16-C and 22-C from which we will produce a portion of the allowable for Keely 12-C. On Grayburg Keely B lease we have deleted Keely 2-B for the reason that this well, although a top allowable well, was being produced in excess of the maximum efficiency rate.

Your earliest consideration of these enclosures will be appreciated.

Very truly yours,

Grayburg Oil Company of
New Mexico

By: 
R. J. Heard,
Vice President

RJH/nw
Encl.

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

Indicate nature of notice by checking below:

NOTICE OF INTENTION TO TEST CASING SHUT-OFF		NOTICE OF INTENTION TO SHOOT OR CHEMICALLY TREAT WELL	
NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer allowable from Input Well to other wells on same basic lease.	X

Looco Hills, New Mexico

Place

August 7, 1946

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the

Western Production Company, Inc. Keely Well No. 12-C in SW/4NE/4
Company or Operator Lease
of Sec. 25, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,
County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; 6-C NE/4NW/4 Sec. 26-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SE/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 16-C NE/4SW/4 Sec. 26-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 22-C SE/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 24-C SE/4SW/4 Sec. 25-T17S-R29E.

Approved 8-12-, 1946
~~approved~~ Differing from C-102 approved 6-26-46 by the addition of Keely 16-C and Keely 22-C in the above list.

OIL CONSERVATION COMMISSION,
By Carl B. Livingston
Title Chief Clerk & Legal Adviser

Grayburg Oil Company of New Mexico
Company or Operator
By R. G. Heard
Position Vice President
Send communications regarding well to
Name Grayburg Oil Company of New Mexico
Address Box 416 Looco Hills, New Mexico
Please return two (2) copies of this report to the above address.

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

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NOTICE OF INTENTION TO CHANGE PLANS		NOTICE OF INTENTION TO PULL OR OTHERWISE ALTER CASING	
NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of intention to transfer allowable from Input well to other Wells on same basic lease	X

Loco Hills, New Mexico

Place

August 7, 1946

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the _____
Grayburg Oil Company of New Mex. Keely Well No. 9-B in NW/4SE/4
Company or Operator Lease
of Sec. 26, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,
Eddy County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable Well on Lease No. LC ⁰²⁸⁷⁸⁴ ₀₂₈₇₉₃ -B. in the Grayburg Cooperative & Unit Area of Eddy County, New Mexico to the following Top Allowable Wells on this same lease: Keely 5-B NW/4NW/4 Sec. 25-T17S-R29E; Keely 6-B NE/4NW/4 Sec. 25-T17S-R29E; Keely 7-B SW/4NE/4 Sec. 26-T17S-R29E; Keely 8-B SE/4 NE/4 Sec. 26-T17S-R29E; Keely 10-B NE/4SE/4 Sec. 26-T17S-R29E; Keely 11-B SW/4SE/4 Sec. 26-T17S-R29E; Keely 12-B SE/4SE/4 Sec. 26-T17S-R29E.

Approved 8-12- 1946
except as follows: deferring from
C-102 approved 6-26-46 by
dropping Keely 2 B from the
above list

Grayburg Oil Company of New Mexico
Company or Operator
By R. J. Heard
Position Vice President
Send communications regarding well to

OIL CONSERVATION COMMISSION,
By Curt B. Livingston
Title Chief Clerk & Legal Advisor

Name Grayburg Oil Company of New Mexico
Address Box 416 Loco Hills, New Mexico
Please return two (2) copies of this report to the above address.

IL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

June 26, 1946

Mr. R. J. Heard, Vice-President
Grayburg Oil Company of New Mexico
Box 416
Loco Hills, New Mexico

Re: Case 81 - Order 659

Dear Mr. Heard:

Enclosed please find executed original and one copy of the above captioned order. Also enclosed and attached to said order are two approved C-102s for each of your two in-put wells.

Also enclosed is a carbon copy of letter written on this date to Mr. Glenn Staley of the Proration Office at Hobbs.

Very truly yours,

Chief Clerk & Legal Adviser

CEB:MSH

C
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P
Y

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NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

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NOTICE OF INTENTION TO REPAIR WELL		NOTICE OF INTENTION TO PLUG WELL	
NOTICE OF INTENTION TO DEEPEN WELL		Notice of Intention to transfer Allowable from Input Well to other wells on same basic lease.	X

Loco Hills, New Mexico

June 20, 1946

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the _____
Western Production Company, Inc. Keely Well No. 1-C in SW/4NE/4
Company or Operator Lease
of Sec. 25, T. 17-S, R. 29E, N. M. P. M., Grayburg-Jackson Field,
Eddy County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784-C, in Grayburg Cooperative & Unit Area of Eddy County, New Mexico, to the following Top Allowable wells on this same lease: Keely 4-C SE/4SE/4 Sec. 24-T17S-R29E; Keely 5-C SW/4SE/4 Sec. 24-T17S-R29E; 6-C NE/4NW/4 Sec. 26-T17S-R29E; Keely 7-C NW/4NE/4 Sec. 25-T17S-R29E; Keely 8-C NE/4NE/4 Sec. 25-T17S-R29E; Keely 10-C SW/4NW/4 Sec. 25-T17S-R29E; Keely 11-C SE/4NW/4 Sec. 25-T17S-R29E; Keely 13-C SE/4NE/4 Sec. 25-T17S-R29E; Keely 17-C NW/4SW/4 Sec. 25-T17S-R29E; Keely 18-C NE/4SW/4 Sec. 25-T17S-R29E; Keely 19-C NW/4SE/4 Sec. 25-T17S-R29E; Keely 21-C SW/4SW/4 Sec. 26-T17S-R29E; Keely 23-C SW/4SW/4 Sec. 25-T17S-R29E; Keely 24-C SE/4SW/4 Sec. 25-T17S-R29E.

Approved 6-26, 1946
except as follows:

Grayburg Oil Company of New Mexico
Operator

By R. J. Heard
Position Vice President

Send communications regarding well to

Name Grayburg Oil Company of New Mexico

Address Box 416 Loco Hills, New Mexico
Please return two(2) copies of this report to the above address.

OIL CONSERVATION COMMISSION,

By _____
Title _____

54

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

MISCELLANEOUS NOTICES

Submit this notice in triplicate to the Oil Conservation Commission or its proper agent before the work specified is to begin. A copy will be returned to the sender on which will be given the approval, with any modifications considered advisable, or the rejection by the Commission or agent, of the plan submitted. The plan as approved should be followed, and work should not begin until approval is obtained. See additional instructions in the Rules and Regulations of the Commission.

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NOTICE OF INTENTION TO DEEPEN WELL		Notice of intention to transfer Allowable from Input Well to other Wells on same basic lease	<input checked="" type="checkbox"/>

Loco Hills, New Mexico

June 20, 1946

Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico.

Gentlemen:

Following is a notice of intention to do certain work as described below at the _____
Grayburg Oil Company of New Mex. Keely Well No. 9-B in NW/4SE/4
Company or Operator Lease
of Sec. 26, T. 17-S, R. 29-E, N. M. P. M., Grayburg-Jackson Field,
Eddy County.

FULL DETAILS OF PROPOSED PLAN OF WORK

FOLLOW INSTRUCTIONS IN THE RULES AND REGULATIONS OF THE COMMISSION

In accordance with Oil Conservation Commission Order No. 659, we request permission to transfer the allowable from the above Top Allowable well on Lease No. LC 028784)-B, in 028793) the Grayburg Cooperative & Unit Area of Eddy County, New Mexico to the following Top Allowable wells on this same lease: Keely 2-B SE/4SW/4 Sec. 24-T17S-R29E; Keely 5-B NW/4NW/4 Sec. 25-T17S-R29E; Keely 6-B NE/4NW/4 Sec. 25-T17S-R29E; Keely 7-B SW/4NE/4 Sec. 26-T17S-R29E; Keely 8-B SE/4NE/4 Sec. 26-T17S-R29E; Keely 10-B NE/4SE/4 Sec. 26-T17S-R29E; Keely 11-B SW/4SE/4 Sec. 26-T17S-R29E; Keely 12-B SE/4SE/4 Sec. 26-T17S-R29E.

Approved _____, 19____
except as follows:

Grayburg Oil Co. of New Mexico
Operator
By R. J. Heard
Position Vice President

Send communications regarding well to

OIL CONSERVATION COMMISSION,

Name Grayburg Oil Company of New Mexico

By _____
Title _____

Address Box 416 Loco Hills, New Mexico
Please return two (2) copies of this report to the above address.

**NEW MEXICO
OIL CONSERVATION COMMISSION**

**GOVERNOR JOHN J. DEMPSEY
CHAIRMAN**

**LAND COMMISSIONER H. R. RODGERS
MEMBER**

**STATE GEOLOGIST JOHN M. KELLY
SECRETARY**



**DIRECTOR
JOHN M. KELLY**

**ADDRESS ALL COMMUNICATIONS
TO THE DIRECTOR**

Santa Fe, New Mexico

November 29, 1943

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

Dear Mr. Kelly:

Reference is made to the "Grayburg Cooperative and Unit Agreement, Eddy County, New Mexico", dated June 3, 1943--and all United States Government land project with no State or privately owned land committed to said agreement. In relation to this Commission Section 22 is lacking in clarity. That section reads:

"All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute; provided, that the Secretary of the Interior is vested with authority, pursuant to the amendatory acts of March 4, 1931, and of August 21, 1935, to alter or modify from time to time in his discretion, the rate of prospecting and development and the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest served thereby to be stated in the order of alteration or modification."

The proviso in the latter portion of the Section just quoted can mean that the Secretary of the Interior, as such, can set the rate of production at any figure within his discretion regardless of the allowable that may be set by the Commission. Should the Secretary set the allowable above the rate prescribed by the Commission, the provisions of the Connally Act are at once offended when such excess oil is placed into interstate transportation. In this respect the Connally Act provides:

Section 2 (1). "The term "contraband oil" means petroleum which, or any constituent part of which, was produced, transported, or withdrawn from storage in excess of the amounts permitted to be produced, transported, or withdrawn from storage under the laws of a state or under any regulation or order prescribed thereunder by any board, commission, officer, or other duty authorized agency of such state, or any of the products of such petroleum." *****

Section 3. "The shipment or transportation in interstate commerce from any state of contraband oil produced in such state is hereby prohibited. For the purposes of this section contraband oil shall not be deemed to have been produced in a state if none of the petroleum constituting such contraband oil, or from which it was produced or derived, was produced, transported, or withdrawn from storage in excess of the amounts permitted to be produced, transported, or withdrawn from storage under the laws of such state or under any regulation or order prescribed thereunder by any board, commission, officer, or other duly authorized agency of such state."

On the other hand, Section 22 of the agreement could receive the administrative interpretation by the Secretary, in substance - the Secretary may prescribe the rate of production within the limits of the allowable set by the State Regulatory Board. That interpretation is supported by the following:

Section 11 of the Agreement, after providing that the Federal Oil and Gas Leasing Act, as amended, together with the regulations made thereunder, shall be accepted as operating regulations as part of the Agreement, then makes the following qualification:

"Provided, that no such regulations hereby accepted shall be inconsistent with the specific terms of the leases or of this agreement, particularly in the matter of rates of royalty and rental, or in conflict with the laws of the State in which the unit area is situated."

Section 17 of the Agreement in part provides:

"Operations shall be conducted so as to provide for the most economical and efficient recovery of unitized substances to the end that maximum ultimate yield may be obtained without waste. For the purpose of more properly conserving the natural resources of the lands embraced within this agreement, the production of unitized substances shall at all times be without waste as defined by State or Federal law;*****"

In this connection the question arises, what State Laws would be specifically pertinent? The State Oil Conservation Act, as amended, provides:

"Section 2. *****"(c) The production of crude petroleum oil in this state in excess of the reasonable market demand for such crude petroleum oil. Such excess production causes or results in waste which is prohibited by this Act. The words "reasonable market demand," as used herein, shall be construed to mean the demand for such crude petroleum oil for reasonable current requirements for current consumption and use within or outside the state, together with the demand for such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves of crude petroleum oil or the products thereof, or both such crude petroleum oil and products."*****"

Section 12 of the State Oil Conservation Act, as amended, empowers the Commission to set and prorate the allowable for any field or pool in the State. The same section in the last paragraph provides:

"Crude petroleum oil produced within the allowable as fixed by the Commission shall therein be referred to as "legal oil", and crude petroleum oil produced in excess of such allowable shall be "illegal oil!"

With the foregoing sections of the Oil Conservation Act read in connection with the provisions of the Connally Act, above referred to, and sections 22, 1 and 17 of the Agreement, said section 22 would be better revised to read in substance as hereinafter indicated: "The Secretary may prescribe the rate of production within the limits of the allowable set by the State Regulatory Board".

Should it become necessary for a unit of proration to produce more oil than the State allowable or to produce the allowable for another unit of proration, permission so to do should be received through this Commission upon petition and hearing as provided by the State Law in order to come within the provisions of the State Law and of the Connally Act.

The Agreement contemplates operations from two zones, the Grayburg and the Sub-Grayburg. In this respect the Agreement anticipates production from two separate zones or pools.

Under Section 24 of the Oil Conservation Act, as amended, there can be two pools, one above the other where they are completely separated. If an allowable is to be produced from both pools through wells upon the same proration unit a petition should be presented to the Commission as provided by law for a fact determination of complete separation of the two pools and for an order for allowable from each. This in order to conform to State Law and the Connally Act already referred to.

Very truly yours,

Carl B. Livingston
Carl B. Livingston
Chief Clerk & Legal Advisor

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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April 19, 1944

Mr. C. J. Dexter, Vice-Pres.
Grayburg Oil Company
Artesia, New Mexico

Dear Mr. Dexter:

I am returning two copies of "Plan of Operation for the Grayburg Zone Under Grayburg Cooperative and Unit Agreement".

The Commission has gone over this plan of operation and feels that it adequately protects the interests of the State of New Mexico. Thank you very much for bringing this instrument to our attention and assuring you of our cooperation to make this plan a success.

Very truly yours,

John M. Kelly
Director.

JMK:MS

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

April 8, 1944

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

Dear Mr. Kelly:

We are enclosing herewith, for your approval, three copies of "Plan of Operation for the Grayburg Zone Under Grayburg Cooperative and Unit Agreement", also a letter from Mr. L. G. Snow, Supervisor, Oil and Gas Operations, U. S. Geological Survey, Roswell, New Mexico, which explains the reason for the two changes made by the Government.

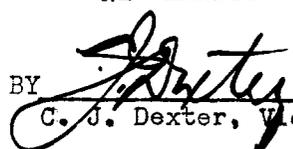
We hope you will find this instrument in order for your approval and we will appreciate you returning two approved copies to our company.

Thanking you for your continued cooperation.

Yours very truly,

GRAYBURG OIL COMPANY OF
NEW MEXICO

BY


C. J. Dexter, Vice-Pres.

CJD:BK
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OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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December 16, 1943

Mr. C. J. Dexter
Grayburg Oil Company of N. M.
Artesia, New Mexico

Dear Mr. Dexter:

At the present time the Commission is not contemplating a meeting until possibly the latter part of January. Therefore, if you will submit your plan not later than January 10th I believe it can be properly advertised and published in order that we may take the matter under advisement at our January meeting.

However, until the Commission issues an approval of the plan, the present well allowable as stated on the Proration Schedule for any current month must be followed. No adjustments of this allowable between wells under the plan can be allowed until the full plan is submitted to this Commission.

With kindest personal regards and best wishes for a Happy Holiday Season, I am

Very truly yours,

John M. Kelly
Director.

JMK:MS

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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February 24, 1944

Mr. C. J. Dexter
Artesia, New Mexico

Re: Plan of operation for the Grayburg Zone under
Grayburg Cooperative & Unit Agreement, Eddy
County, New Mexico.

Dear Mr. Dexter:

The above captioned matter concerning which you mentioned by phone when I was in Carlsbad on February 21 will be brought to the immediate attention of Mr. Kelly on his return from Washington.

The plan in question is in connection with the Unit Agreement for the same project which has heretofore been filed for the consideration of the Commission.

Very truly yours,

John M. Kelly, Director

By

Chief Clerk & Legal Adviser

CEL:MS

**GRAYBURG OIL COMPANY
OF NEW MEXICO**

ARTESIA, NEW MEXICO

December 13, 1943

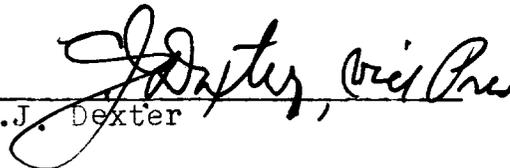
Mr. John M. Kelly, Secretary
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Kelly:

With reference to our plan of operations in connection with our repressuring plant, wish to state that it looks like at this time it may not be possible to submit this plan to you before the end of December, and as we will be ready to commence operations not later than January 15, I am wondering if plan was submitted a few days after the first of January you would be able to take care of this matter during your January meeting.

Thanking you for your interest in this matter and wishing you a pleasant Christmas and a prosperous New Year, I am

Yours sincerely,


C.J. Dexter

CJD:rb