

LEA COUNTY OPERATORS COMMITTEE

Fort Worth, Texas  
June 30, 1948

File: GHC-807-310.17

Re: Proposed Amendment to New Mexico  
Oil Commission Order No. 712



Mr. J. W. House  
Humble Oil and Refining Company  
Midland, Texas

Mr. M. C. Brunner  
Shell Oil Company  
Midland, Texas

Mr. J. N. Dunlavey  
Skelly Oil Company  
Hobbs, New Mexico

Gentlemen:

Attached you will kindly find copy of the minutes of the June 24th meeting of the Engineering Advisory Committee, including their suggested amendment to the New Mexico Oil Conservation Commission Order No. 712. I wish that your committee would kindly consider this suggested amendment and have your recommendations ready to make to the Executive Committee. A meeting of the Executive Committee will be held in Fort Worth in the Stanolind Conference Room (14th Floor, Fair Building) at 10:00 A.M. on Monday, July 12. At this meeting the Executive Committee will also consider the committee's report on proposed pipe line transportation order and proposed tank cleaning order. I have today talked with Mr. Spurrier, and the Commission will set the hearing for Thursday, July 29.

In relation to Mr. Staley's comments on the Blinbry Pool, in the attached minutes, it is requested that he bring the necessary information on this pool to the Executive Committee meeting on July 12.

Yours very truly,

ORIGINAL SIGNED BY  
G. H. CARD

G. H. CARD

GHC:gp  
Attch.

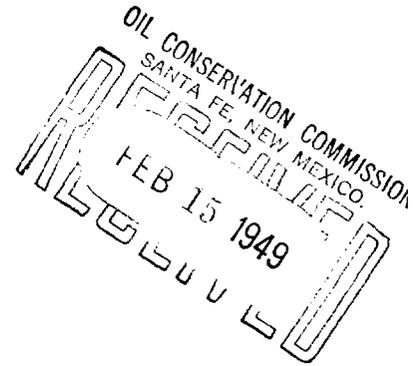
cc: H. B. Hurley  
W. E. Hubbard  
S. G. Sanderson  
D. A. Powell  
F. C. Wilson  
C. G. Staley  
J. O. Seth



CENTRAL SURETY  
AND INSURANCE  
CORPORATION

PAUL S. BROWN

208 No. TURNER STREET  
HOBBS, NEW MEXICO



February 12, 1949

Mr. R.R. Spurrier, Secretary and Director  
New Mexico Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

Re: Order No. 784, effective September 10, 1948  
amending Order 712, August 4, 1947

Dear Sir:

I wish to thank you for your letter of February 9th which calls attention to the fact that we have not filed a gas-oil ratio test. The reason is that we have been having considerable trouble with this well, and really have not been in very good position to give you a good gas-oil ratio test.

I believe our difficulties are behind us, and we will therefore, take immediate steps to furnish you with a gas-oil ratio test.

Yours very truly,

M.M. BROWN AND PAUL S. BROWN

By

Paul S. Brown/crl  
CC: Lea County Operators Committee

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MINUTES OF ENGINEERING ADVISORY COMMITTEE

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June 24, 1948

The meeting was called to order at 10:30 A.M. in the office of the Lea County Operators Committee, Hobbs, New Mexico. The following members were present:

Robert Schuehle	Texas-Pacific Coal and Oil Company
R. S. Dewey	Humble Oil and Refining Company
E. J. Gallagher	Gulf Oil Corporation
G. H. Gray	Repollo Oil Company
G. H. Harschfeld	Lea County Operators Committee
C. H. Danchertsen for R.S.Christie	Amerada Petroleum Corporation
H. F. Forbes for Homer Dailey	Continental Oil Company

The suggested amendment to Commission Order No. 712 submitted to Mr. Dunlavey and Mr. Brunner by Mr. J. W. House on May 7, 1948, was discussed and it was unanimously agreed that the following addition to Order No. 712 be recommended:

"Any well producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (deep pool adaptation) currently assigned to the pool, to be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission Order. This will place all producing wells, whether oil or gas, in these pools on the proration schedule."

It is further recommended that the Executive Committee advise the operators in the Blinebry Pool that a hearing may be in order to determine whether the Blinebry Pool is predominately oil, gas or condensate reservoir, or whether Blinebry Pool has the proper gas-oil ratio limit or should be deleted from Commission Order No. 712, as above amended.

The Advisory Committee, in making a study of the data compiled as a result of cooperative gas-oil ratio tests in the Eunice-Monument Pool, recommends the following:

1. That a tabulation of comparisons be made between gas volumes obtained in the gas-oil ratio tests and the gas volumes submitted on Commission Form C-114, showing sub-totals for each company.
2. That a tabulation of dry gas production from the area showing comparative data be made up.
3. That a tabulation be made of producing zones for all dry gas wells within the area.
4. That a history be made of gasoline plant operations over a four-year period to be taken from the Lea County Operators Committee Annual Report.

Respectfully submitted,

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO

/s/ Glenn Staley

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Glenn Staley

June 25, 1948

COPY

HUMBLE OIL & REFINING COMPANY  
HOUSTON 1, TEXAS

712  
May 7, 1948

Mr. Jim Dunlavy  
Skelly Oil Company  
Hobbs, New Mexico

Mr. Mike Bruner  
Shell Oil Company  
Midland, Texas

Dear Sir:

In line with the Committee's assignment with reference to the displacement factor in New Mexico oil and gas conservation rules, I would like to suggest the following amendment:

"Any well producing from a reservoir which contains both oil and gas shall be permitted to produce only that volume of gas equivalent to the applicable limiting gas-oil ratio multiplied by the top unit oil allowable (with deep pool adaptation) currently assigned to the pool."

This amendment will apply to Commission Order 712 and would be effective in all pools in New Mexico where the gas-oil ratio is limited by Commission order. This would in effect place all producing wells, whether oil or gas, in these pools on a proration schedule.

We have reviewed the present practice of reporting and taking gas-oil ratios as now set up by the Lea County Operators, and it is our belief that the present Form A-116 and the schedules worked out for the various fields would be adequate for the intended purpose. We have also asked our attorneys to review the New Mexico statutes and advise us whether they felt that additional legislation would be necessary to enable the Commission to promulgate gas conservation regulations and they cite the following in this connection:

1. 69-210 "The Commission is hereby empowered, and it is its duty, to prevent the waste prohibited by this act. To that end, the Commission is empowered to make and enforce rules, regulations and orders, and to do whatever may be reasonably necessary to carry out the purposes of this act, whether or not indicated or specified in any section hereof."
2. 69-211 "Included in the power given to the Commission is the authority to.....limit and prorate production of crude petroleum oil and natural gas."
3. 69-203 defines "waste" as including "the locating, spacing, drilling, equipping, operating or producing, of any well or wells in a manner to reduce or tend to reduce the total quantity of crude petroleum oil or natural gas ultimately recoverable from any pool."

COPY

HUMBLE OIL & REFINING COMPANY  
HOUSTON 1, TEXAS

Mr. Jim Dunlavy  
Mr. Mike Bruner

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May 7, 1948

4. 69-202 "The production or handling of crude petroleum or natural gas, or the handling of products thereof, in such a manner or under such conditions or in such amounts as to constitute or result in waste is each hereby prohibited."

In their opinion, sufficient statutes are already in effect to give the Commission an adequate basis for the issuance of the proper regulations. Under a plan such as has been initiated by this Committee, it would be a relatively simple thing to establish whether or not a reservoir was primarily oil and gas or gas alone. In this case, the suggested amendment would apply to that gas which is normally called associated gas. It will then be necessary for the Commission to adopt other rules with reference to reservoirs containing nonassociated gas.

For the purpose of this committee, I am offering these suggestions and would appreciate your immediate opinions as to the workability of this plan. I have been advised that a joint meeting of the Texas Railroad Commission and the New Mexico Conservation Commission is planned for May 28. If we could arrive at a joint recommendation in time to request a hearing of the Commission the day after the above date, it would be convenient for all concerned.

As soon as you have had time to review this proposal and forward your comments, I will contact you by telephone in reference to a date for a Committee hearing for additional discussion.

Very truly yours,

J. W. House

JWH:aws

cc: Mr. Glenn Staley ✓  
Lea County Operators Committee  
Hobbs, New Mexico

Mr. George Card  
Stanolind Oil & Gas Company  
Fort Worth, Texas

Mr. W. E. Hubbard