

Case No.

15

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Application, Transcript,  
Small Exhibits, Etc.

October 31, 1939

Honorable J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

Re: Case No. 15, for the purpose of  
adopting certain rules and regu-  
lations, recessed on the 21st day  
of July, 1939, until the Committee  
on Rules is ready to report.

My dear Judge Seth:

In its executive meeting today, the Com-  
mission set December 6, 1939, at eleven o'clock  
A. M., as the date for receiving the Committee's  
report on rules in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:lk

November 15, 1939

Mr. J. W. Emison  
Texas-New Mexico Pipe Line Company  
P. O. Box 2332  
Houston, Texas

Re: Case No. 15: (a) Adoption of Rules for  
issuance of certificates as to legality of  
oil run, etc.; (b) Adoption of rules relating  
to the making up of shortage or back allowable.

Dear Mr. Emison:

In reply to your letter of November 13, on December 6 at eleven o'clock A. M., at Santa Fe, the Commission will receive the report of the Committee on Proposed Rules. The hearing on this case with evidence adduced was held July 21, 1939, at which time a Committee on Proposed Rules was designated and instructed to report to the Commission at the call of the Commission. All of those who entered their appearance at the hearing on July 21 were notified by personal letter. In the register of appearances for that hearing on that day, neither you nor the Texas-New Mexico Pipe Line Company are registered, which fact accounts for the reason of your not having a personal letter.

Inasmuch as the evidence had already been taken and the meeting at eleven o'clock A. M. on December 6 is merely for the purpose of the Commission receiving the report of the Committee on Rules, no re-publication of the Notice of Hearing was necessary as a matter of law. However, all interested parties are especially welcome and their attendance of this meeting will be appreciated by the Commission, for their suggestions may be of infinite value.

Very truly yours,

OIL CONSERVATION COMMISSION

By Frank Worden, Secretary

FW:k

TEXAS-NEW MEXICO PIPE LINE COMPANY

P. O. BOX 2332  
HOUSTON, TEXAS

November 13, 1939.

State of New Mexico,  
Oil Conservation Commission,  
Santa Fe, New Mexico.

Gentlemen:      Attention of Mr. Frank Worden,  
                         Commissioner of Public Lands

We have received notice of public hearing to be held at Santa Fe on December 6, 1939, for the purpose of considering the revising, modifying and amending the existing proration plan designated as Order No. 48, and Order No. 33, Lea County, New Mexico.

We had previously been advised by New Mexico Oil and Gas Association that Case No. 15, quoted below, would be considered for hearing.

"Case No. 15 - (a) The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.

(b) The adoption of rules, regulations and orders relating to the making up of shortage or back allowable."



State of New Mexico

- 2 -

11-13-39

We will appreciate your advising if it is the intention to consider Case No. 15, as outlined above, at the hearing to be held on December 6, 1939.

Yours very truly,

A handwritten signature in dark ink, appearing to read "J. H. Emerson". The signature is written in a cursive style with a large, looping initial "J".

JWE-CBA

June 29, 1939

Mr. George W. Selinger  
Skelly Oil Company  
Tulsa, Oklahoma

Dear Mr. Selinger:

As requested in your letter of June 27, enclosed please find copy of the notice of hearing upon Case No. 15 for July 21, which notice is self-explanatory.

The question was raised at the meeting of the Commission with the pipe line officials as to the legal character of oil run as back allowable or shortage in those meritorious cases where such runs were permitted.

There appears to be no express provision whatever in any rules or regulations, or in any proration order adopted by the Commission so far, regarding the running of shortage. To the end of removing any doubt as to the legal character of oil run as back allowable or shortage, the Commission at its meeting on the afternoon of June 22 called a hearing for the purposes named in said notice.

In order to cover the gap between the 1st of July and the effective date of any permanent order that the Commission may adopt pursuant to said hearing, the Commission on June 22 adopted Emergency Order No. 182 authorizing the running of shortage or back allowable, within the discretion of the Commission, in meritorious cases such as mechanical trouble and the like being because of failure to run the allowable in its proper period, and providing for the evidence of the legality of such runs by a letter covering a specific producing unit and period signed by the Commission or its authorized representative.

Emergency orders require no hearing and, as the name implies, are for emergencies. They endure for a fifteen-day period only, as provided by law. The intention is to renew this Emergency Order No. 182 upon the eve of its expiration, until the matter embraced in the call can be heard and a permanent order of some kind adopted.

Mr. George W. Selinger

-2-

6/29/39

The hearing on July 21 affects pipe lines and purchasers of oil and, in a measure, producers of oil, but principally I would say pipe lines and the purchasers of oil.

The Interstate Compact Meeting is to be held at Santa Fe on the 19th and 20th of July. Those in interest attending the Compact Meeting may find it convenient to attend the formal hearing of July 21.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston  
Attorney

CBL:ik  
Enc.

cc - Mr. A. Andreas  
State Geologist.



# SKELLY OIL COMPANY

TULSA, OKLAHOMA

PRODUCTION DEPARTMENT  
H. M. STALCUP, VICE PRESIDENT  
J. S. FREEMAN, ASSISTANT

June 27, 1939

RECEIVED  
STATE LAND OFFICE

JUN 29 8 23 AM '39

SANTA FE, N. M.

Mr. Frank Worden  
Land Commissioner  
Santa Fe, New Mexico

Dear Sir:

I notice that the Oil and Gas Conservation Commission have published a notice in the local Santa Fe paper of a hearing to be held on July 21, in Santa Fe, with reference to the matter of tenders as applied to pipe lines, and the question of back allowable.

Will you kindly advise whether or not this hearing concerns pipe lines and purchasers only, or whether the question of back allowable will involve the producers as well. If it involves producers, then I would appreciate a copy of this notice.

An early reply would be greatly appreciated.

Very truly yours

*George W. Selinger*  
George W. Selinger

GWS/mb  
cc - Mr. Dunlavey

(NOTE: This form is partially filled in, merely as an example.)

Hobbs, New Mexico

June 28, 1939

Humble Oil & Refining Company

Houston, Texas

Re: Cooper Field

## Company Lease

Well Unit Sec. Twp. Rge. Pipe Line

PHILLIPS-PURE

Woolworth

1

L

23

24

36

HOR

Gentlemen:

The above captioned unit having excusable shortage of:  
53 bbls. daily for the 1st  $\frac{1}{2}$  & 2nd  $\frac{1}{2}$  of May

which shortage was occasioned by reason of mechanical trouble

\_\_\_\_\_, the making up of such shortage, subject to agreement with pipe-line data as to the existence of such shortage as indicated, is hereby authorized not to exceed \_\_\_\_\_ bbls. daily until said shortage is absorbed.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

COPY

June 28, 1939

Mr. Ralph DeWoody  
Oil Conservation Commission  
Hobbs, New Mexico

Re: Authorization for the running of  
shortage.

Dear Mr. DeWoody:

Enclosed please find suggested form letter authorizing the running of shortage. I am not as familiar with fact matter regarding oil runs as I might be and you, no doubt, may be able to make valuable suggestions for improvement of such form letter.

In that there was some question as to the legality of the running of any shortage, the Commission met in the afternoon of June 22 and promulgated Emergency Order No. 182 authorizing the running of shortage in meritorious cases such as mechanical trouble and the like, within the discretion of the Commission, to endure for the first bimonthly period of July. The intention is to renew this emergency order until formal hearing can be held on July 21 to consider the adoption of a formal and permanent order establishing rules and regulations for the running of shortage and the providing for certificates of clearance.

Enclosed please find copy of such notice of hearing.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Carl B. Livingston  
Attorney

CB:Lik  
Encls.  
cc - Honorable A. Andreas  
State Geologist

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

COPY

June 28, 1939

Mr. W. E. Hubbard  
Humble Oil & Refining Co.  
Houston, Texas

Re: Authorization for the running of shortage.

Dear Mr. Hubbard:

Regarding the running of shortage in a meritorious case such as mechanical trouble and the like, enclosed please find a suggested form letter for authorization of running of such shortage. I shall be profoundly grateful to you for any suggestions you may have.

In order to remove doubt as to the legality of running such shortage, the Commission held a meeting on the afternoon of June 22 and promulgated Emergency Order No. 182 authorizing the running of shortage within the discretion of the Commission in certain meritorious cases, to endure for the first bimonthly period of July, with the intention of renewing said emergency order until formal hearing for the purpose of adopting a permanent order. By law, emergency orders can only endure fifteen days at a time.

At the same said meeting, the Commission ordered a hearing upon Case 15 for the purpose of adopting rules and regulations regarding the running of shortage and for the further purpose of providing for certificates of clearance in order to carry out the provisions of Sections 13 and 14, Chapter 72, Laws of 1935, our Conservation Law. A copy of notice of hearing is enclosed for your information.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Carl B. Livingston  
Attorney

CBL:ik  
Encls.

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

COPY

June 24, 1939

Mr. A. M. McCorkle  
Stanolind Oil Company  
Fort Worth, Texas

Dear Mr. McCorkle:

Enclosed please find the Commission's order for dismissal of case No. 13, and the Commission's order for recessing the hearing in case No. 14 until September 18.

Also enclosed is call for hearing to be held July 21.

Also enclosed is a list of those appearing at the hearing in Case No. 14 and a list of those appearing in Case No. 13.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:lk  
Encls.



NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

COPY

June 24, 1939

Colonel J. D. Atwood  
Roswell, New Mexico

Dear Colonel Atwood:

Enclosed please find the Commission's  
order for dismissal of Case No. 13, and the  
Commission's order for recessing the hearing  
in Case No. 14 until September 18.

Also enclosed is call for hearing to be  
held July 21.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Encls.

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

COPY

June 24, 1939

Honorable H. M. Dow  
Roswell, New Mexico

My dear Sir:

Enclosed please find the Commission's  
order for dismissal of case No. 13, and the  
Commission's order for recessing the hearing  
in case No. 14 until September 18.

Also enclosed is call for hearing to be  
held July 21.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Encls.

June 22, 1939

Honorable J. D. Atwood  
Attorney at Law  
Roswell, New Mexico

Dear Colonel Atwood:

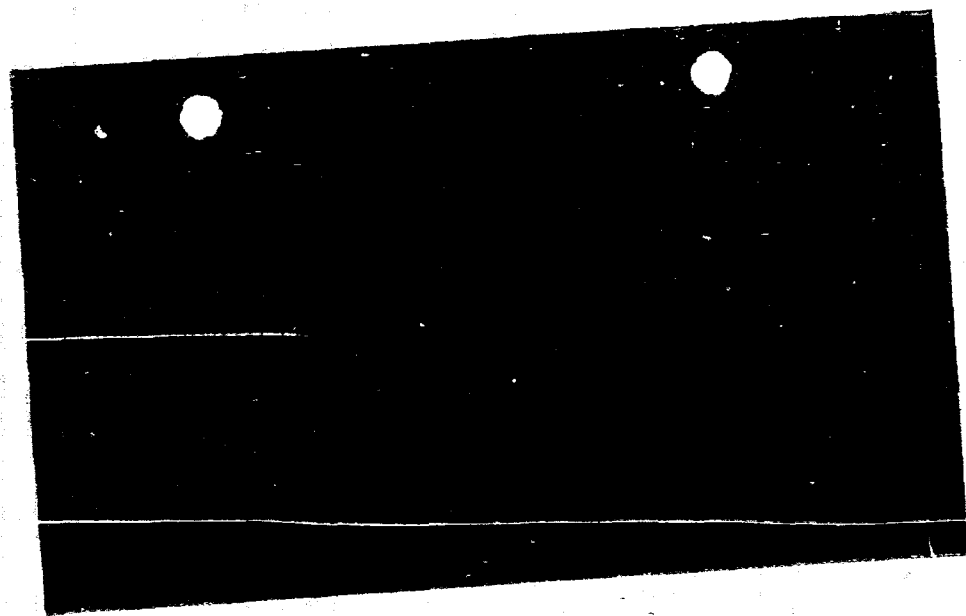
Enclosed please find copy of notice of  
hearing to be held at Santa Fe on July 21,  
which notice is self-explanatory.

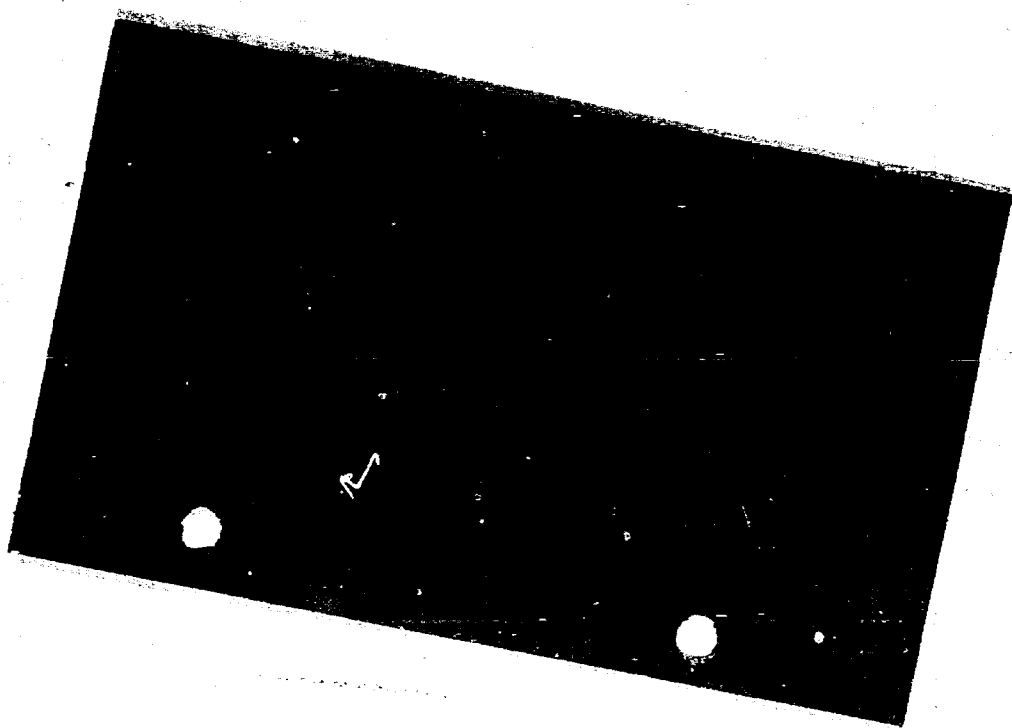
Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Enc.





June 22, 1939

**REGISTERED**  
Return Receipt Requested

**Astec Independent Review**  
**Astec, New Mexico**

Gentlemen:

There is enclosed herewith a Notice for Publication, which you are kindly requested to publish once immediately. You are also requested to furnish this Commission with a copy containing this publication.

Immediately upon completion of the publication, be sure to transmit to the Oil Conservation Commission your affidavit of publication.

Upon sending to the Commission your affidavit of publication, please send your statement in duplicate and enclosed purchase voucher, also in duplicate.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Encls.

June 22, 1939

New Mexico Examiner  
Santa Fe, New Mexico

Gentlemen:

There is enclosed herewith a Notice for Publication, which you are kindly requested to publish once immediately. You are also requested to furnish this Commission with a copy containing this publication.

Immediately upon completion of the publication, be sure to transmit to the Oil Conservation Commission your affidavit of publication.

Upon sending to the Commission your affidavit of publication, please send your statement in duplicate and enclosed purchase voucher, also in duplicate.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Encls.

June 22, 1939

Honorable Al Greer  
Aztec, New Mexico

My dear Mr. Greer:

Enclosed please find Notice of Hearing. A copy of this Notice has gone forward to the Aztec Independent Review for publication. I wish you would be good enough to call this matter to their attention in order that that paper will be certain to run the advertisement, and please remind the publisher to send to the Commission at Santa Fe immediately upon publication the publisher's affidavit, which is of an imperative nature for jurisdiction by the Commission sitting in its quasi judicial capacity.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston  
Attorney

CBL:ik  
Enc.



June 22, 1939

Honorable J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

Dear Mr. Seth:

Enclosed please find copy of notice of hearing  
to be held at Santa Fe on July 21, 1939, which  
notice is self-explanatory.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Enc.

June 23, 1939

Honorable Roy Yarbrough  
Oil Conservation Commission  
Hobbs, New Mexico

Dear Mr. Yarbrough:

Enclosed is a notice of hearing to be held at Santa Fe. Please call at the Hobbs Daily News-Sun to see that that paper publishes the notice which I am today sending it and to urge them to be sure to return their publisher's affidavit. I have had considerable difficulty in getting that paper to send the publisher's affidavit promptly. It is all important for jurisdiction of the Commission sitting in its quasi judicial capacity, so please keep an eye on this paper to see that publication is made and the publisher's affidavit made and forwarded to Santa Fe.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Enc.

June 22, 1939

Honorable Hiram M. Dow  
Roswell, New Mexico

Dear Sir:

Enclosed please find copy of notice of  
hearing to be held at Santa Fe on July 21,  
which notice is self-explanatory.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:lk  
Enc.

June 22, 1939

Honorable Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

Dear Mr. Staley:

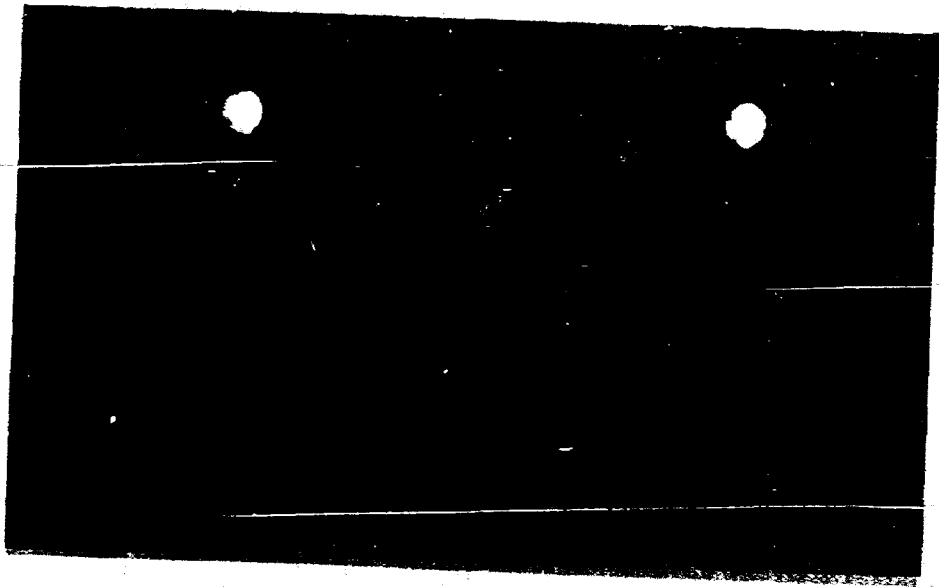
Enclosed please find copy of notice of  
hearing to be held at Santa Fe on July 21,  
1939, which notice is self-explanatory.

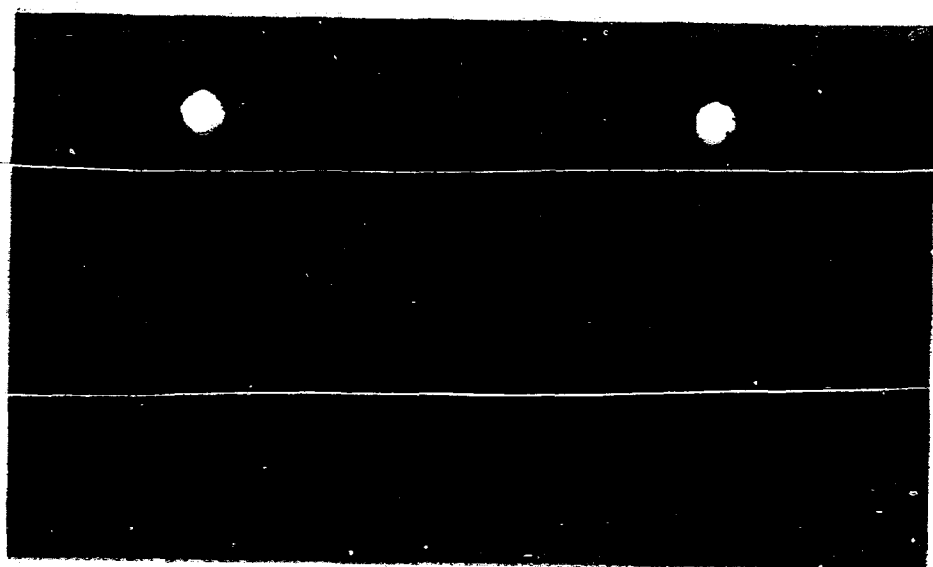
Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:ik  
Enc.





June 22, 1939

REGISTERED  
Return Receipt Requested

Hobbs Daily News-Sun  
Hobbs, New Mexico

Gentlemen:

There is enclosed herewith a Notice for Publication, which you are kindly requested to publish once immediately. You are also requested to furnish this Commission with a copy containing this publication.

Immediately upon completion of the publication, be sure to transmit to the Oil Conservation Commission your affidavit of publication.

Upon sending to the Commission your affidavit of publication, please send your statement in duplicate and enclosed purchase voucher, also in duplicate.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Carl B. Livingston  
Attorney

CBL:ik  
Encls.

State of New Mexico, }  
County of Lea }

1. Thomas Summers  
Publisher

period of \_\_\_\_\_

One issue weeks.

~~beginning~~ with the issue dated \_\_\_\_\_

June 27, 1939

~~and ending with the issue dated~~ \_\_\_\_\_

Thomas B. Summers, 193  
Publisher.

Sworn and subscribed to before me

this 27 day of \_\_\_\_\_

June, 1939.

Geo Maye Monte

My commission expires February

(Seal) 5, 1942

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fee for such publication has been made.

(June 27, 1980)  
NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION  
COMMISSION

Pursuant to Chapter 72, Section Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1935, at 9:00 A. M. for the purpose of considering the following:

Case No. 16.

(a) The adoption of rules, regulations and orders as may be necessary to make effective the provisions contained in Sections 15, (except 22, Laws of New Mexico, 1933, and for the instance of certification of clearances or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing or handling in any other way, involves illegal oil or illegal oil product.

(b) The adoption of rules, regulations and orders relating to the making up of shortage or sack allowable.

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

Given under the seal of said  
Commission at Santa Fe, New  
Mexico, on June 22, 1939.

**OIL CONSERVATION  
COMMISSION**

By (Sgd.) Frank Worden  
Commissioner of Public Lands  
(SEAL)

By (Sgd.) A. Andreas  
State Geologist.



## Affidavit of Publication

June 24, 1939

STATE OF NEW MEXICO  
COUNTY OF SANTA FE } ss.  
CITY OF SANTA FE

I, Larry Bynon, hereby swear  
and affirm that I am the Publisher  
of the New Mexico Examiner, a newspaper of general circulation  
in the City of Santa Fe, the County of Santa Fe, and the State of  
New Mexico, printed daily in the City of Santa Fe; that the at-  
tached is a true copy of Publication  
as it appeared in the New Mexico Examiner, issues of June 24, 1939  
in a full and complete  
edition of the paper.

This newspaper is duly qualified to publish legal notices or advertisements  
within the meaning of Sec. 3, Chapter 167, Laws of 1937.

Signed: Larry Bynon

STATE OF NEW MEXICO  
COUNTY OF SANTA FE } ss.  
CITY OF SANTA FE

Larry Bynon appeared before me this  
26 day of June, 1939, known to me  
to be the person above making affidavit, and after being duly  
sworn, deposes and says that the statements above made are true  
and accurate to the best of his knowledge.

Edna W. Roper  
Notary Public in and for Santa Fe  
County, State of New Mexico.

My Commission expires: Apr 24, 1943

# LEGAL NOTICE

## NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1939, at 9:00 A. M., for the purpose of considering the following:

Case No. 15  
The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.

Prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.

Any person having an interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, of June 22, 1939.

## OIL CONSERVATION COMMISSION,

(Signed) By FRANK WORDEN  
Commissioner of Public Lands.

(Signed) By A. ANDREAS  
State Geologist.

(SEAL)  
Published June 22, 1939.

## NOTICE FOR PUBLICATION STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1939, at 9:00 A. M., for the purpose of considering the following:

(a) The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.

(b) The adoption of rules, regulations and orders relating to the making up of shortage or back allowable. Any person having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on June 22, 1939.

By (Sgd.) FRANK WORDEN,  
Commissioner of Public Lands  
By (Sgd.) A. ANDREAS  
State Geologist

(SEAL)  
Pub. in Aztec Independent - Review issue of June 30th, 1939.

## PROOF OF PUBLICATION

STATE OF NEW MEXICO |  
County of San Juan |

I, Geo. B. Bowra, being first duly sworn, upon my oath depose and say: That during the time of the publication of this notice hereinafter mentioned, I was the

Editor of the Aztec Independent-Review, a weekly newspaper published at Aztec in said county of San Juan and State

of New Mexico, that the notice of

## Public Hearing

of which a printed copy taken from said newspaper is hereto annexed, was published correctly in the regular and entire issue of said newspaper proper, and not in supplement thereof, once a week for one

successive weeks; the first correct publication being on 30 day of June 19 39

and the last publication being on the 30 day of June 19 39

that said newspaper is published and of general circulation in said county, and is a legal newspaper qualified to publish any notice required by law to be published.

Subscribed and sworn to before me this 30 day of June 19 39

Mary K. Taylor  
Notary Public

My commission expires Oct. 21, 1939

Receipt is hereby acknowledged by the Publishers of payment in full of the above mentioned legal notice.

Publication fee \$ 4.48

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1939, at 9:00 A. M., for the purpose of considering the following:

Case No. 15.

- (a) The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.
- (b) The adoption of rules, regulations and orders relating to the making up of shortage or back allowable.

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

Given under the seal of said Commission at Santa Fe, New Mexico, on June 22, 1939.

OIL CONSERVATION COMMISSION

By *Frank W. Worden*  
Commissioner of Public Lands

By *A. Andrus*  
State Geologist

For photo stat Case 15

- (a) Signed Order # 235 ✓  
(3 pp.)
- (b) ✓ Transcript of hearing of  
July 21, 1939 -  
(11 pp.)
- (c) Notice of publication  
from Hobbs paper

BEFORE THE OIL CONSERVATION  
COMMISSION OF THE STATE  
OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 15.

ORDER NO. 235.

- (a) THE ADOPTION OF RULES, REGULATIONS AND ORDERS AS MAY BE NECESSARY TO MAKE EFFECTIVE THE PROHIBITIONS CONTAINED IN SECTION 13, CHAPTER 72, LAWS OF NEW MEXICO 1935, AND FOR THE ISSUANCE OF CERTIFICATES OF CLEARANCE OR TENDERS, OR SOME OTHER METHOD, SO THAT ANY PERSON MAY HAVE AN OPPORTUNITY TO DETERMINE WHETHER ANY CONTEMPLATED TRANSACTION OF SALE OR PURCHASE OR ACQUISITION, OR OF TRANSPORTATION, REFINING, PROCESSING, OR HANDLING IN ANY OTHER WAY, INVOLVES ILLEGAL OIL OR ILLEGAL OIL PRODUCT.
- (b) THE ADOPTION OF RULES, REGULATIONS AND ORDERS RELATING TO THE MAKING UP OF SHORTAGE OR BACK ALLOWABLE.

✓  
ORDER OF THE COMMISSION PROMULGATING  
RULES AND REGULATIONS GOVERNING THE  
ISSUANCE OF THE MONTHLY PRORATION  
SCHEDULE AND SUPPLEMENT THERETO, THE  
CERTIFICATE OF THE COMMISSION AUTHORIZING  
THE PRODUCTION, PURCHASE AND TRANSPORTATION  
OF OIL PRODUCED UNDER SUCH SCHEDULES AND  
THE MAKING UP OF CERTAIN SHORTAGES.

BY THE COMMISSION:

This cause came on for hearing at nine o'clock A. M. on the 21st day of July, 1939, at Santa Fe, New Mexico.

NOW, on this 13th day of January, 1940, the Commission having before it for consideration the evidence adduced at the hearing in said case and being fully advised in the premises, the Commission adopted the order promulgating rules and regulations governing the issuance of the monthly proration schedule and supplement thereto, one certificate of the Commission authorizing the production, purchase and transportation of oil produced under such schedules and the making up of certain shortages, as follows:

1. The New Mexico Oil Conservation Commission will meet monthly, as soon as practicable after the announcement of the

Bureau of Mines of the market demand for New Mexico, and at such meeting will consider the announcement of the Bureau of Mines and other evidence of market demand, and will determine the amount of oil to be produced from all pools in the State of New Mexico during the following calendar month. The amount so determined will be allocated among the various pools in the State in accordance with existing regulations and among the various units in each pool, in accordance with the regulations governing each pool. The Commission will thereupon issue a proration schedule which will specify the amount of oil each unit in the State may produce each day during the following calendar month, including shortages which may be made up and lawful overages. Allowables for wells completed between the first and sixteenth of each month shall be included in a supplementary proration schedule to the current monthly proration schedule. This supplement shall be issued on the sixteenth of each month. Such monthly proration schedule and such supplementary proration schedule shall each constitute the certificate of the Commission authorizing thereunder:

- (1.) The production of oil from the various units in accordance with such respective schedules;
- (2.) The purchase of oil so produced by the purchasing companies; and,
- (3.) The transportation of oil so produced by the various pipe line companies.

2. The monthly schedule provided for in paragraph "1" hereinabove shall show accrued shortages for two succeeding months and such shortages shall be made up within the same period of time; or if overage occurs, which is unavoidable and lawful, then such overage should be compensated by reduced allowable within a like period of time. After two succeeding months, shortages shall be

eliminated from the schedule unless the operator furnishes a written statement to show that he could not sell, or the pipe line would not run the allowable, or that remedial work for the purpose of conserving reservoir energy had caused the shortage.

3. Shortage incurred prior to October 1, 1939, due to lack of pipe line connection or the inability to sell the allowable, shall be cumulative and allowed. Such shortages shall be shown in the cumulative column on the proration schedule and the amount of cumulative shortage authorized to be run shall be added to the current allowable and total shown as net allowable.

4. In no event should shortages when authorized, be produced in such manner or in such daily amounts as to constitute waste.

For the purpose of taking under further advisement, the Commission reserves herein for a supplemental order the matters in this case in so far as they relate to the transportation of oil and the products thereof by means other than by pipe line.

DONE at Santa Fe, New Mexico, this 13th day of January, 1940.

NEW MEXICO OIL CONSERVATION COMMISSION

By Frank Worden  
Commissioner of Public Lands

By A. Andrew  
State Geologist.

H E A R I N G  
BEFORE THE OIL CONSERVATION  
COMMISSION OF THE STATE  
OF NEW MEXICO.

Held in Room 130 at La Fonda  
Hotel, Santa Fe, New Mexico,  
at nine o'clock, A. M., July  
21, 1939.

PRESENT: GOVERNOR JOHN E. MILES, Chairman;  
FRANK WORDEN, State Land Commissioner, Secretary;  
A. ANDREAS, State Geologist;  
CARL B. LIVINGSTON, Attorney for Oil Conservation  
Commission;  
J. O. SETH, Santa Fe, New Mexico;  
A. M. McCORKLE of Stanolind Oil Co., Houston, Texas;  
T. R. FREEMAN of Atlantic Rfg. Co., Magnolia Bldg.,  
Dallas, Texas;  
EDGAR KRAUS of Atlantic Rfg. Co., Carlsbad, New Mexico;  
O. D. CRITES of Shell Oil Co., Houston, Texas;  
GUY L. TATE of Magnolia Petroleum Co., Dallas, Texas;  
W. E. HUBBARD of Humble Oil Co., Houston, Texas;  
R. S. DEWEY of Humble Oil Co., Midland, Texas;  
JAMES FITZGERALD, JR. of Skelly Oil Co., Midland,  
Texas;  
GEORGE W. SELINGER of Skelly Oil Co., Tulsa, Oklahoma;  
N. E. BARNETT of Tide Water Assoc. Oil Co., Tulsa,  
Oklahoma;  
P. H. BOHART of Gulf Oil Corp., Tulsa, Oklahoma;  
S. E. SANDERSON of Gulf Oil Corp., Tulsa, Oklahoma;  
LLOYD L. GRAY of Gulf Oil Corp., Tulsa, Oklahoma;  
R. B. F. HUMMER of Phillips Pet. Co., Bartlesville,  
Oklahoma;  
D. R. McKEITHAN of Phillips Pet. Co., Bartlesville,  
Oklahoma;  
D. D. BODIE of Cities Service Oil, Hobbs, New Mexico;  
ROY YARBROUGH of Oil Conservation Commission, Hobbs,  
New Mexico;  
RUSH GREENSLADE of Gulf Oil Corp., Tulsa, Oklahoma;  
HARRY LEONARD of Leonard Oil Co., Roswell, New Mexico;  
A. J. HOLLAND of The Texas Company, Hobbs, New Mexico;  
A. E. WILLIG of The Texas Co., Fort Worth, Texas;  
R. S. CHRISTIE of Amerada Petroleum Corp., Fort Worth,  
Texas;  
GLENN STALEY, Proration Umpire, Hobbs, New Mexico.

The hearing was opened by Governor Miles.

THEREUPON, at the request of Mr. Worden, the Notice for Publication for the hearing was read by Mr. Livingston, as follows:

"NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

"Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission



with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1939, at 9:00 A. M., for the purpose of considering the following:

- "Case No. 15.
- "(a) The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.
  - "(b) The adoption of rules, regulations and orders relating to the making up of shortage or back allowable.

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

"Given under the seal of said Commission at Santa Fe, New Mexico, on June 22, 1939.

OIL CONSERVATION COMMISSION

By (Sgd.) FRANK WORDEN  
Commissioner of Public Lands

(SEAL)

By (Sgd.) A. ANDREAS "  
State Geologist

BY MR. WORDEN: Gentlemen, we are now ready to proceed, and anybody wishing to express himself, either by his attorney or representative, may now do so.

BY MR. SETH: We would like to put Mr. Glenn Staley on the stand.

Thereupon, Mr. Glenn Staley was called and duly sworn by the Land Commissioner. Mr. Staley testified as follows:

EXAMINATION BY MR. SETH.

Question: State your name, please.

Answer: Glenn Staley.

Q. What position do you occupy in New Mexico, Mr. Staley?

A. Proration Umpire.

Q. In Lea County?

A. Yes, sir.

Q. And how long have you held that position?

A. For over nine years.

Q. Are you familiar with the present procedure in handling the current allowable, that is, what documents are given the operators, or to anyone else in interest?

A. I am.

Q. Will you please state the present practice.

A. The present procedure is that of having the company who has shortage - -

Q. I am not speaking about back allowable - just the current allowable.

A. The Oil Conservation Commission of the State of New Mexico issues an order at the beginning of each month, stating the amount of oil that shall be allocated to each field and the wells within the field, and this total amount is taken and divided according to the proration scheme used within each field by our office and which is approved by the Commission.

Q. And is anything issued to the producer or anyone after the proration schedule is made up?

A. Only the proration schedule, which is an order to the operators and the pipe lines (we have always considered it as such) that so much oil could be produced from each well.

Q. Do you issue a separate letter to anyone?

A. No.

Q. Just the proration schedule?

A. Yes.

Q. And is that furnished the purchaser, transporter and everyone interested?

A. Yes, sir.

Q. Now, has that proration schedule been accepted generally as the necessary authority to produce and transport the oil?

A. Yes, sir.

Q. Coming to the back allowable, how has this back allowable originated, or what are the reasons for it?

A. There are a number of reasons. One reason is, say a well is being worked over for the purpose of producing or operating the well more efficiently from the standpoint of gas/oil ratio, and the setting of packers to eliminate water and for various mechanical reasons, and while this work is being done the well naturally cannot produce its allowable. Another reason is wells that are off to one side in some of the fields and difficult to get a pipe line connection, that is, the pipe lines gathering excesses, extended to this new completion, sometimes it will take a while for the pipe lines to make this connection, or it may be that the battery for a well (a newly completed well) is so situated that pumping equipment will have to be installed; it is not convenient for the pipe line to set this pump or for the operator to set the pump, and it may go a week or two (as a rule, it doesn't set over that long a period), but causes a shortage for that connection. Another cause of shortage is what we call marginal wells, small wells that are erratic in their production; we will say a well that can output forty barrels a day and, say, that it will only produce thirty-six or thirty, consequently the connection will run short due to the inability of the well to produce the amount of oil allocated to it. Another reason is what we term as pipe line proration due to economic and mechanical conditions. The pipe line is unable to take the total amount allocated through all of its connections. That causes a shortage in all the connections.

Q. Then back allowable is due to the inability to get a connection, to mechanical difficulties, with pipe lines and due to the refusal of purchasing companies to buy?

A. At the present time.

Q. Are there any large back allowables in Lea County at this time?

A. There are.

Q. Will you please state one of them, the Shell, for instance?

A. The Shell, in April, 1938, had some refinery trouble in Texas regarding the market for the majority of the oil coming from Southeastern New Mexico and it became impossible for them to take their full allowable, so they prorated all of their takes twenty per cent.

Q. And about how much did that amount to?

A. Perhaps three-quarters of a million barrels.

Q. Are they making up that allowable?

A. Yes, they are.

Q. At what rate?

A. They first started making it up at the rate of five barrels a day and at the present time they are making it up at the rate of 10 barrels.

Q. Is there another large back allowable in the Vacuum Field?

A. There is.

Q. Will you state the approximate amount?

A. The amount is approximately one-half million barrels. The cause is the area is served by one pipe line, the Texas-New Mexico Pipe Line, and due to the size of the line serving this area and connected with the main trunk line, it is impossible for them to get out the full amount that is allocated to the Vacuum area. Therefore, they are taking approximately seventy-five per cent of the total amount.

Q. Are there some prospects of relief?

A. There are.

Q. Now, when these back allowables in large amounts are to be made up, should there be a limit on the rate at which they should be made up?

A. I think so, yes.

Q. What would you say the effect of making up the allowable without limiting it would be?

A. It would tend to upset the market conditions, as a general rule. The market is, say for a period of thirty days, distributed among all of the fields within an area and to suddenly throw upon the market, say, one-half million barrels, it would tend to upset the market for that area and for the nation as a whole.

Q. Wouldn't it tend to upset the production of oil in the pool, also?

A. Yes. I doubt very much whether the average operator would be in favor of producing a well in that manner.

Q. Would you say there should be a limit of, say, fifteen to twenty per cent of the regular allowable?

A. It would depend upon the number of wells within the area, because it would make a difference in the total amount.

Q. Are there any back allowables on the record?

A. Yes, on the records. And surveys are being made at the present time by our office and the office of the Commission to determine just where those shortages are.

Q. And what is the purpose of the survey?

A. The purpose of the survey is to drop from our records all shortages that in the opinion of the Commission are impossible to make up, as they just cloud the record.

Q. What is the practice of handling these back allowables in the matter of giving authority at the present time?

A. The producer is required to furnish a letter with enough additional copies to be furnished all parties concerned, setting out the cause of the shortage, the amount, the unit in which the shortage occurred, together with a request that the pipe line be given authority to produce this amount of shortage in excess of their current allowable. This is sent at the present time in five copies. One copy goes to the marketer or the purchaser of the oil, giving him authority to purchase this excess oil; one copy goes to the pipe line, giving authority to transport the excess; one copy goes to the producer, giving him authority to produce this excess oil. In this letter they must set out by the producing units the amount of shortage, the month in which it occurred, that is, set out the amount allocated to the unit, amount run and if over or short. The figures must correspond to the over and short figures of each month of the proration office and the Conservation Commission, and if the figures correspond to the figures as issued in the over and short statement, and in the opinion of the Proration Office and the Commission the shortage is legitimate, an order is given the pipe line - not an order, but permission - to purchase this amount of shortage.

Q. Does this letter state the reason for the shortage?

A. It does.

Q. And the order is approved by a representative of the Commission?

A. It is.

Q. And properly kept on file?

A. There is one copy in the files of the Proration Office, one copy in the files of the Commission office, besides a blue copy sent back to the operator himself and the purchaser and transporter.

Q. In the doing of corrective work, is there any limit at the present time on the amount of time that an operator may take in doing the work and still save the back allowable?

A. No, not at present.

Q. In your opinion, should there be a limit?

A. I think that it is a matter that should be left to the judgment of the men in the field who know all the conditions, because conditions would have a bearing on the length of time.

Q. But this should be given attention?

A. Yes, sir.

Q. Now, do you know any reason why any change should be made in the present procedure for handling these matters?

A. I, of course, am not familiar with any legal phase, but from the standpoint of a thorough check on the reasons for the shortage and the feasibility of making it up at the rate made up, I can't see any reason for any change.

Q. Couldn't the back allowable, if you may call it that, be combined in some way with the current allowable and all included in one document?

A. That procedure is being followed in some of the states, and the members of the Commission talked about a combination of that kind sometime ago and the matter is being considered now very seriously. I believe it can be done.

Q. Wouldn't it be more convenient for all concerned in one sheet?

A. It would make a much nicer record.

Q. Mr. Staley, there has been some delay in getting the final check on these shortages. Will you state just how the matter is handled and the reason for this delay? It has been for two months, at least, I believe.

A. Yes, it is about two months, and the reason for this delay is that at the end of each month the pipe lines make their corrections and furnish net pipe line figures to the operators as to the amount of oil being run in each connection. The operators in turn under the Laws of the State of New Mexico furnish to the Oil Conservation Commission what is known as Form 104-A, Monthly Report of Proration, and the amount of oil run from each forty-acre unit is set out. This is a sworn statement furnished the Commission and the figures from the pipe line do not reach the office of the company until between the 12th and 15th of the month following in which the oil was run by the pipe line. Then the operator in turn makes up Form 104-A and by the time it reaches the Commission and a copy reaches our office it is approximately two months. Then, of course, we cannot make up our reports until all these reports are in.

Q. In other words, if a man in the month of July should shut down for corrective work, you would not have the pipe lines' figures and report until the end of the month?

A. It would be included in the proration schedule issued as of September 1.

Q. In other words, in order that a proper check may be made, there must be a lag of from one and one-half to two months?

A. That is true.

BY GOVERNOR MILES: Being so unfamiliar with the procedure, now in the back allowable, is that amount not run during that month?

A. It is the amount, Governor, that has previously been allocated to a producing unit, but due to one or another cause it was not run, and then at a later date the operator makes application to have it included, that is, he wants the right to run it in addition to the current allowable.

Q. For current allowable, for that period is it that much less?

A. That much more than the current allowable.

Q. For that period if one does not run the amount allowed, does the total amount run during that period made up amount to more, or is it less?

A. Oh, I see what you mean. It is less. The total amount is less.

MR. SETH: In your judgment, Mr. Staley, is it advisable as a prevention of waste to encourage corrective measure in wells by allowing them to save this so-called back allowable?

A. I think it is, for the reason that it doesn't seem reasonable to require a man to so produce his well that he must set a packer or do corrective work knowing that while that well is shut down he will never be able to get that production. And I think that the operators should be encouraged from every standpoint to so produce their wells that the reserve energy, the gas energy, control of water, etc. be handled in the best manner possible. That has been the procedure in the past. In fact, that is the thing that caused the making up of back allowables in the beginning.

Q. In other words, you think they should be encouraged to do things that tend to increase ultimate production?

A. Yes, sir.

MR. WORDEN: Do any of you gentlemen present wish to ask any questions? Mr. Livingston?

MR. LIVINGSTON: I think Judge Seth covered the matter very thoroughly with the witness and I can't think of anything to be added to the interrogations.

MR. WILLIG OF THE TEXAS COMPANY: We think Form c-104-A is a very comprehensive form and we have had considerable experience in Texas with a maze of forms. There might be some additional information upon Form 104-A that would help the Commission in making up the back allowable. The form has a place on it to show whether or not a well was operated thirty days

or thirty-one days or all the days in the month, and I think the operator should also be required to show the reason why the well was not producing. That could be used as a prerequisite for operators making application to make up back allowable. In other words, when a well is off, it should be indicated on the form. If that were done, whenever a well is off, it must be shown on the form and that would give the Commission a check at the time the well was off. I am just making this suggestion in the event the Commission requires information, because I believe it could be furnished on the form now in use. We would like to see the form now in use remain without any further additions.

MR. WORDEN: Mr. Staley is excused from the witness stand.

UPON EXAMINATION BY MR. SETH, Mr. O. D. Crites testified as follows:

Q. State your name, please.

A. O. D. Crites.

Q. And what company are you connected with?

A. Shell Oil Company.

Q. Do you buy oil in Lea County?

A. Yes, sir.

Q. You heard the testimony of Mr. Staley?

A. Yes, sir.

Q. Do you think a system along the lines of this testimony if adopted would meet all the requirements of purchasers and transporters of oil?

A. I think it would.

Q. Do you think it would meet the requirements of other companies?

A. I think so.

MR. ANDREAS: I think your company has already successfully been making up their back allowable?

A. At the present time we are taking it at the rate of ten barrels per well per day.

Q. How many connections?

A. Off-hand I don't know, but we estimate that that will be about four thousand to five thousand barrels a day in wells that are making it.



Q. That would be at the rate of about 120,000 barrels a month?

A. Yes, sir.

Q. That would merely be sixteen per cent of all accumulated shortage to be absorbed in one month?

A. Yes.

Q. With the companies absorbing the back allowable, do you think they might be able to take it up in ninety days?

A. I can't speak for the other companies. The back allowable on our shortage will take about ninety days.

MR. WORDEN: The witness is excused.

MR. HUBBARD OF THE Humble Oil & Refg. Co.: Mr. Staley, you were asked the question of whether or not the back allowable could be included with the current allowable, and your answer was "yes", was it not?

MR. STALEY: I stated that the procedure was being followed by other states and they might be consolidated in the proration schedule which sets out the current allowable with the over and short statement for the previous month, that is, the over and short statement coming up at approximately the same time which has a lag of about two months, could be included on the same form setting out the amount of oil allocated to the connection for current allowable and the amount of oil that was run on the proration schedule two months prior and whether it was over or short - the shortage added to the amount of oil set out in the current allowable and the overage deducted. Now, a symbol could be used to indicate whether shortage was being allowed or not. Due to various reasons, the Commission might see fit not to allow it, and a symbol could be used to show anyone interested in the report whether the shortage was being allowed or not.

Q. You were also asked, were you not, if it would be convenient to submit this on one form which would make a better record, and you answered "yes"?

A. Yes.

Q. Would you include on the schedule the total amount of the previous shortage, or just previous shortage for certain months?

A. I think that we worked up a sample to see what it would look like, but we didn't include a column for accumulative shortage, but I think that should be done.

Q. I take it, Mr. Staley, that you would recommend that that change be made?

A. After a study. Yes, I think there are a number of angles to be considered and think after study by representatives of the operators and the Conservation Commission so that the Commission would have all the facts, that it enter

into whether we should make these changes.

MR. SETH: I would like to recommend that before a final order is drawn, a committee consisting of Mr. Crites, Mr. Hubbard, Mr. Staley and Mr. Livingston draw up a tentative order and submit it to the other purchasing pipe lines to be submitted to the Commission for action. It might expedite matters. Mr. Staley knows about getting up reports and Mr. Livingston, as Attorney for the Commission, is familiar with these matters.

MR. WORDEN: I think it is an excellent suggestion, Judge Seth.

MR. SETH: The committee can take this under advisement and can then go into it and every person and company should have a chance to see it before it is finally adopted.

GOVERNOR MILES: Unless there is some objection to this suggestion, I think it should be adopted.

MR. WORDEN: Mr. Kraus, I think you should be included on the committee.

MR. KRAUS: I am sure if it is followed, it would be satisfactory to the Atlantic.

MR. WORDEN: I think it will be agreeable with the Commission. We will at this time appoint these gentlemen as named by Judge Seth. I think perhaps it would be well to include Edgar Kraus on this committee. Does anyone else present have anything to offer or any suggestions to make? We will then ask the committee as named to get together and work out their plans. I think it would be a good suggestion for you gentlemen to get together and make all your plans as to just how you want to handle it and then report to the Commission. Apparently that covers everything that is before us at this time. I want to announce at this time that this meeting will be recessed and we will await the report from that committee at such time as they have apparently solved their problems. When they have notified the Conservation Commission, we in turn will notify you people and your companies, giving you an opportunity to meet and work out further problems that might arise.

There being no further business to come before the hearing, the hearing adjourned.

STATE OF NEW MEXICO )  
County of Santa Fe ) ss.

I, Irene Kershner, hereby certify that the above and foregoing ten and a fraction pages of typewritten matter constitute a true, correct and complete transcript of the shorthand notes taken by me at the hearing before the Oil Conservation Commission held in room 130 at La Fonda Hotel, Santa Fe, New Mexico, on Friday, July 21, 1939.

*Irene Kershner*

HOSE ATTENDING HEARING ON CASE NO. 15.

NAME	COMPANY	ADDRESS
J. J. Smith		Box 1. 7
A. M. McFarley	Stanolind	Houston
R. Freeman	Atlantic	Magnolia Bldg Dallas
Edgar Kaur.	"	Carlsbad. N. Mex
O. D. Crites	Shell Oil Co.	Houston Texas
Guy L. Tate	Magnolia Pet Co	Dallas Texas
W. E. Hubbard	Humble Oil Co.	Houston, Tex.
R. S. Flynn	"	Midland Tex
M. J. Thompson	Imperial Co	Midland Tex
J. W. Sullivan	Shelley Oil Co.	Tulsa Okla -
E. Barnett	Dick Water Assoc. Inc.	Tulsa, Okla.
Porter Bohart	Gulf Oil Corp.	Tulsa Oklahoma
D. J. Danner	-	-
Lloyd L. Gray	-	-
R. B. F. Hammer	Phillips Pet. Co.	Bartlesville, Okla.
D. R. McKeithan	-	-
D. D. Bodie	Cities Service Oil	Hobbs New Mex
Roy Garbrough	State	Nobles 91 711
Sh. Greenslade	Gulf Oil	Tulsa
W. J. Howard	Standard Oil Co.	Nowell

NAME	COMPANY	ADDRESS
A. J. Holland	The Texas Company	Hobbs, N.M.
A. E. Dilling	The Texas Co.	H. Worth, Tex.
A. Andrews	oil Co. Comm.	Santa Fe N. Mex.
John E. Miles	Idover	" " "
Frank Worden	Land Comm.	" " "
Carl B. Livingston	Atty. State Land Office	" " "
R. S. Christie	Amerasia Pet. Coys	H. Worth, Texas
A. A. Tennitz	Lamedan oil Co	Hobbs N. Mex.

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

Pursuant to Chapter 72, Session Laws of 1935, State of New Mexico, by which Act the Oil Conservation Commission of New Mexico was created, investing said Commission with the jurisdiction and authority over all matters relating to the conservation of oil and gas in this State and of the enforcement of all provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 21st day of July, 1939, at 9:00 A. M., for the purpose of considering the following:

Case No. 15.

- (a) The adoption of rules, regulations and orders as may be necessary to make effective the prohibitions contained in Section 13, Chapter 72, Laws of New Mexico 1935, and for the issuance of certificates of clearance or tenders, or some other method, so that any person may have an opportunity to determine whether any contemplated transaction of sale or purchase or acquisition, or of transportation, refining, processing, or handling in any other way, involves illegal oil or illegal oil product.
- (b) The adoption of rules, regulations and orders relating to the making up of shortage or back allowable.
- Any person having any interest in the subject of the said hearing shall be entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on June 22, 1939.

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Commissioner of Public Lands

By A. R. Anderson  
State Geologist

Case No.

15 File #2

Application, Transcript,  
Small Exhibits, Etc.

# STUTTLISHING CORPORATION

WEDNESDAY, NOVEMBER 14, 1967  
P.O. BOX 1000

NOV 14 1967  
P.O. BOX 1000

DATE: 11/14/67  
TIME: 10:00 AM

DEPT. 1000

GROSS

PER CENT EMERGENCY SCHOOL TAX

TOTAL

1000

ORIGINAL

# PURCHASE VOUCHER

FOR PURCHASES, AND SERVICES OTHER THAN PERSONAL

Voucher No. 306

STATE OF NEW MEXICO, OIL CONSERVATION COMMISSION, DR

To *Gen Publishing Corporation* *June 27*, 1939  
 Address *P.O. Box 1547 - Hobbs New Mexico*

Date of  
Delivery  
or Service

Quantity

ARTICLES OR SERVICES

Unit  
Price

AMOUNT

Dollars Cents

*June 27* *Legal publication in News - Sun*  
*"Notice of Hearing on July 21"*  
*57 lines*

4.56

*Notary fee* 25

Total 4.81

Payee  
Signature

I certify that the above bill is correct and just and that payment  
 therefor has not been received.

Per

*Thomas E. Summers*  
*Manager*

Payee *Gen Publishing Corporation* Title

## ACCOUNTING CLASSIFICATION

Travel Expense

Travel - Paid Representative

Auto Maintenance

Stationery and Printing

Postage

Miscellaneous Office Supplies

Telephone and Telegraph

Repairs and Renewals

New Equipment

Folio &amp; Maps

Leads

Light, Fuel &amp; Water

Capital Construction

Miscellaneous

Publication

4.81

TOTAL

4.81

To be paid from Oil Conservation

Fund

CHECKED BY

I, or We, certify that the above articles were received in good condition after due  
 inspection thereof, or the services rendered as stated; that they were necessary  
 and proper and that the amounts claimed are just and reasonable and that no  
 part thereof has been paid.

APPROVED

OIL CONSERVATION COMMISSION

*W. W. Workman*  
 Title Secretary

To be signed below by the District or  
 Department Head if away from the seat  
 of Government, otherwise sign to the  
 right

Title

Title

DISBURSING OFFICE

Paid

19

Warrant No.

Check No.

STATE AUDITOR'S OFFICE

J. O. GARCIA,

Auditor.

Per



Purchase Voucher No. 1306

OIL CONSERVATION COMMISSION

1927 Fiscal Year

STATE OF NEW MEXICO

*Sun Publishing Corporation*  
(Payee)

14 81 5

Standard Form

Approved by

STATE AUDITOR AND STATE COMPTROLLER

July 1, 1927

B 66978

I, the undersigned, swear (or affirm) that the within  
and before mentioned account is true and cor-  
rect and that the services have been rendered  
(or have been furnished) as stated and  
that no part thereof has been paid.

*Frank W. Woodman*

Sworn and subscribed to before me, this

7th day of July, 1927

*S. J. Fred*

Notary Public for the State of New Mexico

COPY

37916377 I

LEGAL NOTICE

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION  
COMMISSION

Maximum West 4th St. N. M.

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May 27 1919  
NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION  
COMMISSION

100

Each of the above is a violation of the provisions of the Securities Exchange Act of 1934, and each may be prosecuted under the provisions of the Securities Exchange Act of 1934. The Commission is authorized to seek a civil penalty of up to \$100,000 for each violation and to seek an injunction to prevent further violations. The Commission is also authorized to seek a civil penalty of up to \$100,000 for each violation and to seek an injunction to prevent further violations. The Commission is also authorized to seek a civil penalty of up to \$100,000 for each violation and to seek an injunction to prevent further violations.

These results suggest that the results regarding the impact of the program on the number of children in the household are not driven by the fact that the program is implemented in the poorest households.

At the time of the hearing, the intervenor was not represented by counsel. The court found that the intervenor was not a party to the proceedings and that the court was not bound by the findings of fact made by the arbitrator. The court also found that the intervenor was not a party to the proceedings and that the court was not bound by the findings of fact made by the arbitrator.

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CONSERVATION  
MUSEUM

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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State Geologist

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ORIGINAL

Voucher No. 1321

# **PURCHASE VOUCHER** FOR PURCHASES, AND SERVICES OTHER THAN PERSONAL

STATE OF NEW MEXICO, OIL CONSERVATION COMMISSION, DR.

June 30, 1939

To Aztec Publishing Co., Inc.

Payee

Address Aztec, New Mexico

Date of Delivery or Service	Quantity	ARTICLES OR SERVICES	Unit Price	AMOUNT	
				Dollars	Cents
June 30	56 lines	Publication of Notice of Public Hearing	.08	4	48

Payee's Name

I hereby certify that the above articles were received in good condition after due inspection thereof, and that payment is due therefor.

Aztec Publishing Co., Inc.

Per  
Title

*John H. Boufford*  
Treasurer

Signature of Payee must be in ink and indelible pencil

Check No. \_\_\_\_\_  
Warrant No. \_\_\_\_\_  
Paid \_\_\_\_\_  
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Warrant No. \_\_\_\_\_  
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Paid \_\_\_\_\_

TOTAL 4.48

I hereby certify that the above articles were received in good condition after due inspection thereof, and that payment is due therefor.

APPROVED

OIL CONSERVATION COMMISSION

*John H. Boufford*  
Title Secretary

Title

Title

DISBURSING OFFICE

STATE AUDITOR'S OFFICE  
J. O. GARCIA,  
Auditor.

Paid

Warrant No.

Check No.

Per

37916377I

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Purchase Voucher No. 1321

OIL CONSERVATION COMMISSION

27<sup>th</sup> Fiscal Year

STATE OF NEW MEXICO

*Carter Publishing Company*  
(Payee)

\$4.48

Standard Form

Approved by

STATE AUDITOR AND STATE COMPTROLLER

July 1, 1927

668993

*Standard Form*

Stamp and authorized to before use, this  
1st day of July 1927  
*W. H. H. H. H.*  
General Public Relations

Commenced 1843

November 13, 1939

Honorable J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

Re: Case No. 15, for the purpose of adopting  
certain rules and regulations, recessed on  
the 21st day of July, 1939, until the  
Committee on Rules is ready to report.

My dear Judge Seth:

Enclosed please find letter dated November 9 from Glenn Staley to some of the members of the Committee on Rules with regard to the above captioned matter. Mr. Staley has set December 5, 7:30 P. M., at La Fonda, as the date for the Committee to convene, to get into final draft the Committee's report to be presented before the Commission the following day at 11:00 A. M.

It is to be noted in the proposed draft, Rule 4, that the Commission is not to go back and permit the runs of shortage any further than October 1, 1939. It would please me much if you would give this some thought and give your views to the Commission. The Commission has heretofore hoped to be able to get the pipe line companies to run a material part of the vast accumulated shortage. This opportunity appears to be on the verge of presenting itself, in that there are now inquiries for and requests for more oil than the Bureau of Mines is recommending, the demand being increased because of the European War conditions and the repeal of the Embargo. Apparently, the only way the Commission legally could allow the running of more oil, in the absence of further increase by the Bureau of Mines, would be to turn to the large accumulated back allowable. The date of October 1, 1939, which Mr. Staley suggests in proposed Rule 4, would eliminate fully ninety-nine per cent of all back allowable.

The suggested draft as represented in Mr. Staley's letter is still lacking in one essential particular - which is to say, to provide for a rule as to certification by the Commission in the introductory portion of the monthly proration schedule that

Honorable J. O. Seth

-2-

11/13/39

the production of oil represented in the schedule, both current and back allowables, is authorized. This is for the sake of simplicity. This very thing is being done in the current proration schedule under temporary rules, but, of course, we must have some authorization in the permanent rules to be established. In this respect, the introductory portion of the monthly proration schedule for the current month, among other things, provides:

"This is to certify as to authorization of the production of oil both for current allowable and back allowable in the proration schedule attached hereto and made a part hereof.

"Allowables for wells completed during the first bimonthly period are not shown in the proration schedule attached hereto and made a part hereof, but are shown in a supplemental proration schedule for the second bimonthly period; and when said supplemental proration schedule is identified as a supplement to the proration schedule attached hereto and signed by the Commission as hereinbelow, said supplemental proration schedule shall have the same legal effect as to authorization of production as though originally a part of the proration schedule attached hereto and made a part hereof."

Very truly yours,

Carl B. Livingston  
Attorney

CBL:ik



November 9-1939

Mr. W.E. Hubbard  
Humble Oil & Refg. Co.  
Houston, Texas

Mr. Don Crites  
Shell Pet. Corp.  
Houston, Texas

Mr. Edgar Kraus  
Atlantic Refg. Co.  
Carlsbad, N.M.

Gentlemen:

Mr. Carl Livingston, attorney for the Oil Conservation Commission of the State of New Mexico has suggested that your committee meet with him at 7:30 P.M. December 5 at the La Fonda, Santa Fe, New Mexico to discuss rules governing the running of oil shortage from fields in Southeastern New Mexico. A rough draft of suggested rules is as follows:

- out* 1. That the Proration Schedule <sup>sheet</sup> be issued on the first of each month for the full month instead of bi-monthly as in the past. Over and Short Statement to be combined with the monthly Proration Schedule.
- allowable for* 2. Wells completed between the first and sixteenth of each month <sup>shall</sup> be included in a supplemental <sup>current</sup> report to the monthly schedule. <sup>proration</sup> This supplemental <sup>shall</sup> be issued on the sixteenth of each month.
- Proration is schedule* 2 3. The combined schedule suggested in paragraph "1" above shall show accrued shortages for two succeeding months and such shortages shall be made up within the same period of time; or if overage occurs, which is unavoidable and lawful, then such overage should be compensated by reduced allowable within a like period of time. After two succeeding months' shortages shall be eliminated from the schedule unless the operator furnishes a written statement to show that he could not sell, or the pipe line would not run the allowable, or that remedial work for the purpose of conserving reservoir energy had caused the shortage.
- monthly*
- preceding*

Page 2

- 3 4. Shortage incurred prior to October 1, 1939 due to lack of pipe line connection or the inability to sell the allowable, shall be cumulative and allowed. Such shortages shall be shown in the cumulative column on the Proration Schedule and the amount of cumulative shortage authorized to be run shall be added to the current allowable and total shown as net allowable.
- 4 5. In no event should shortages when authorized, be produced in such manner or in such daily amounts as to constitute waste.

Yours very truly,

---

Glenn Staley,  
Chairman

cc: J. Miles,  
Governor State of N.M.  
Santa Fe, N.M.

A.M. McCorkle  
Chairman Lea County Operators Committee  
Ft. Worth, Texas

✓ Carl B. Livingston  
Attorney Oil Conservation Commission  
Santa Fe, N.M.

# PHILLIPS PETROLEUM COMPANY

## LEGAL DEPARTMENT

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GENERAL ATTORNEY

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BARTLESVILLE, OKLAHOMA

November 4, 1939

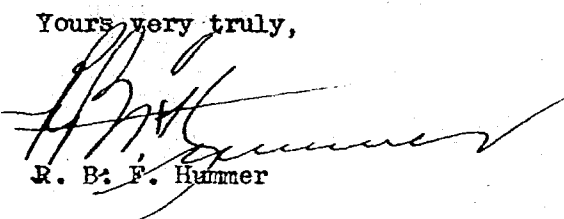
Mr. Carl B. Livingston, Attorney,  
Oil Conservation Commission,  
State of New Mexico,  
Santa Fe, New Mexico.

In Re: Case No. 15, for the purpose of  
adopting certain rules and regu-  
lations, recessed on the 21st day  
of July, 1939, until the Committee  
on Rules is ready to report.

Dear Mr. Livingston:

I sincerely thank you for your letter of October  
31st, advising me that in an executive meeting held on  
that date, the Commission set December 6, 1939, at eleven  
o'clock A. M., as the date for receiving the Committee's  
Report on Rules in the above matter.

Yours very truly,

  
R. B. F. Hummer

RBFH:LR

cc- Mr. C. P. Dimit

November 13, 1939

Honorable Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

My dear Glenn:

With reference to the two-page heading of the November Proration Schedule just received, your attention is directed to the last line of the heading, which reads:

"DONE at Santa Fe, New Mexico, this 31st day of August, 1939."

Under our revised schedule and heading, that date line should carry the date the Commission met and ordered the allowable, which date is always the date on the telegram sent you, and should have therefore read:

"DONE at Santa Fe, New Mexico, this 27th day of October, 1939."

The reason the heading should take a new date each time is because in its revised form and under emergency rules the heading, among other things, is not only an allowable for a specific amount of oil for specific half-monthly periods, but also the Commission's certificate of legal authorization. Therefore, the matter of change of date line at the bottom of the heading each month is of paramount importance.

At the very top of the heading, the last order listed, "Order No. 219A", should have read, "Order No. 219."

I wish to thank you heartily for putting me on the mailing list to receive the monthly proration schedule. It is most convenient to me for its immediate informative matter.

With kindest personal regards,

Cordially yours,

Carl B. Livingston  
Attorney

CBL:ik  
cc - Honorable J. O. Seth.

**THE ATLANTIC REFINING COMPANY**

**PETROLEUM PRODUCTS**

P. O. Box 808  
Carlsbad, New Mexico

DOMESTIC PRODUCING DEPT

IN REPLY REFER TO FILE

November 10, 1939

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

Dear Carl:

By telephone call Wednesday and copy of letter sent to the members of the committee which should reach you by this time you will have been advised of the plan whereby the committee including yourself can discuss and eventually crystallize rules and regulations which can be recommended to the Commission. By meeting on the evening of December 5, we will have an opportunity to exchange views. Up to now, only written discussions have been exchanged.

Looking forward to seeing you at that time if not sooner, and trusting that the present very evident political difficulties do not interfere with the usual efficient and business-like operations of the land office, I am

Yours very truly,

  
Edgar Kraus

EK:T

OIL CONSERVATION COMMISSION

November 6, 1939

Honorable Edgar Kraus  
Atlantic Refining Company  
P. O. Box 806  
Carlsbad, New Mexico

Re: Case No. 15, for the purpose of adopting certain  
rules and regulations, recessed on the 21st day  
of July, 1939, until the Committee on Rules is  
ready to report.

Re: Committee on Rules.

My dear Edgar:

In response to your letter of November 5, I concur with  
you in your view that the Committee should meet for a session  
prior to the actual hearing in the above case, in order to have  
something in the way of rules definitely crystallized into pro-  
posed rules to report to the Commission.

I hope we can meet sometime before around the period  
for hearing, for this reason: Around the period of important  
hearings (and there are three hearings set for December 6), there  
are always several people in town, many of whom at the same time  
bring their business to the State Land Office. Among this busi-  
ness are always a lot of legal matters which take up virtually  
all of my time except when I am actually sitting in a hearing.  
If the Committee could simply convene for a session in peace and  
quiet, we could work effectively in a comparatively short time.  
I shall be happy to adjust my time with the meeting of the  
Committee at whatever time or place the Chairman may name. The  
foregoing matter is merely a suggestion.

In setting the meeting for hearing on December 6, it  
was assumed that the Committee would be ready by that time. If,  
of course, the Committee is not ready at that time, no doubt the  
Commission would grant further time, but it would seem to me  
that the Committee by December 6 would have ample time.

Very truly yours,

OIL CONSERVATION COMMISSION

CBL:ik

cc - Honorable Glenn Stealey  
cc - Honorable H. D. Crites  
cc - Honorable W. E. Hubbard

By

Carl B. Livingston  
Attorney

**THE ATLANTIC REFINING COMPANY**

**PETROLEUM PRODUCTS**

P. O. Box 808  
Carlsbad, New Mexico

DOMESTIC PRODUCING DEPT.

IN REPLY REFER TO FILE

November 3, 1939

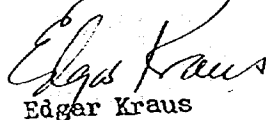
Hon. Carl B. Livingston  
Attorney for Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

Your letter with its notification of a hearing on December 6, at which time the report of the committee on rules and regulations concerning overages and shortages will be heard, is before me.

With special reference to the appended note, I think it might be advisable to call the committee for a short session prior to the actual hearing, since we have had no opportunity to meet together, our only contact being by correspondence with Mr. Staley. I would suggest that he call a meeting of the committee at such a time as is convenient to you so that we can all discuss the matter prior to a formal report.

Yours very truly,

  
Edgar Kraus

EK:T

CC: Mr. C. G. Staley

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

1201

SYMBOLS

DL - Day Letter  
NL - Night Letter  
LC - Deferred Cable  
NLT - Cable Night Letter  
Ship Radiogram

R. B. WHITE  
PRESIDENT

NEWCOMB CARLTON  
CHAIRMAN OF THE BOARD

J. C. WILLEVER  
FIRST VICE-PRESIDENT

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

Received at

VE2 16 XC=HOBBS NMEX 27 758A

SEP 27 AM 8 26

CARL LIVINGSTON=

STATE LAND OFFICE

BE IN SANTAFE TONIGHT TO GO OVER MATTERS DISCUSSED TOMORROW

JUDGE SETH WILL BE IN TOWN=

GLENN STALEY.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE



MEETING OF THE OIL CONSERVATION  
COMMISSION HELD IN THE OFFICE OF  
THE OIL CONSERVATION COMMISSION  
ON THURSDAY, JUNE 22, 1939.

The matter of temporary authorization of the running of shortage was considered and the Commission thereupon ordered through Emergency Order No. 182, effective from July 1st to July 15th, that shortage in a meritorious case, such as for mechanical difficulties, lack of market or pipe line facilities in the discretion of the Commission may be authorized and such authorization may be evidenced to the purchaser, pipe line company or other party in interest by a letter from the Commission, signed by the Commission, or an authorized agent.

OIL CONSERVATION COMMISSION  
GENERAL STATE PRORATION ORDER  
FOR THE MONTH OF \_\_\_\_\_ SANTA FE, N. M.

ORDER NO. 198, Domestic, First Bimonthly Period, No. of Barrels\_\_\_\_\_.  
ORDER NO. 199, Domestic, Second Bimonthly Period, No. of Barrels\_\_\_\_\_.  
ORDER NO. 200, Export Purposes Only, First Bimonthly Period, No. of  
barrels\_\_\_\_\_.  
ORDER NO. 200-A, Export Purposes Only, Second Bimonthly Period,  
No. of Barrels\_\_\_\_\_.

WHEREAS, on the 31st day of August, 1939, the Oil Conservation Commission ordered there shall be produced not more than the numbers of barrels of oil daily in bimonthly periods as noted in the caption from the various fields of the State until changed by order of the Commission. Periods begin at 7:00 o'clock A. M. on the first and sixteenth of each month.

WHEREAS, by various orders heretofore made, after notice and hearing, methods of allocating the production in the various fields of the State and among the wells in such fields has been fixed by the Commission;

NOW, THEREFORE, pursuant to said orders, the production daily in the various fields and from various wells in such fields in bimonthly periods and until further ordered shall be as noted in the caption.

The term "unit" as used herein shall mean 40 acres on which there is at least one producing well, and the term "marginal unit" is a unit which will not produce the top unit allowable for the field.

This is to certify as to authorization of the production of oil both for current allowable and back allowable in the proration schedule attached hereto and made a part hereof.

Allowables for wells completed during the first bimonthly period are not shown in the proration schedule attached hereto and made a part hereof, but are shown in a supplemental proration schedule for the second bimonthly period; and when said supplemental

proration schedule is identified as a supplement to the proration schedule attached hereto and signed by the Commission as hereinbelow, said supplemental proration schedule shall have the same legal effect as to authorization of production as though originally a part of the proration schedule attached hereto and made a part hereof.

ALLOCATION

DONE at Santa Fe, New Mexico, this 31st day of August, 1939.

OIL CONSERVATION COMMISSION

By Frank Worden, Secretary.

October 11, 1939

Honorable J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

My dear Judge Seth:

Referring to your telephone call regarding the October prororation schedule, enclosed please find a carbon copy of letter which I have just written to Mr. Glenn Staley regarding some suggested changes necessary each month.

Very truly yours,

Carl B. Livingston  
Attorney

CBL:ik  
Enc.

October 11, 1939

Honorable Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

My dear Glenn:

In further answer to your letter of October 9, regarding the proration heading which is for the month of October, the order numbers in the first paragraph should be changed each month to correspond with the orders of the Commission. Therefore, at the top of this proration order:

Instead of Order No. 198 it should be Order No. 208;  
Instead of Order No. 199 it should be Order No. 209;  
Instead of Order No. 200, it should be Order No. 210;  
Instead of Order No. 200-A, it should be Order No. 211.

Now, in the second paragraph, first line instead of "Whereas, on the 31st day of August, 1939", the date should be changed to "Whereas, on the 25th day of September, 1929."

Also, on the last line, second page, the date there likewise should be changed to correspond with the date the Commission issued the four orders for October, which date was September 25 instead of August 31.

In other words, the numbers of the orders and the date in which such orders were promulgated by the Commission change each month. Obviously, the errors in the heading for the October proration schedule were oversights and are natural things to occur in getting a revision of the heading and proration schedule into smooth working order.

I am returning the proration schedule heading which you enclosed to me, with the suggested corrections.

Very truly yours,

Carl B. Livingston  
Attorney

CBL:lk  
Enc.

October 11, 1939

Honorable Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

My dear Glenn:

Thank you for your letter of October 9,  
enclosing mimeographed form of heading for the  
monthly proration schedule, with the amendment  
suggested by the addition to the first paragraph  
of the phrase: "periods begin at 7 o'clock A. M.  
on the 1st and 16th of each month." Your sugges-  
tion is well taken.

With kindest personal regards,

Very truly yours,

Carl B. Livingston  
Attorney

CBL:lk

A. M. McCORKLE, CHAIRMAN  
OPERATORS COMMITTEE

GLENN STALEY, CHAIRMAN  
ENGINEERING COMMITTEE

## LEA COUNTY OPERATORS COMMITTEE

HOBBS, NEW MEXICO

October 9, 1939

Mr. Carl Livingston  
Attorney at Law,  
Santa Fe, N.M.

Dear Carl:

In making up the heading for the monthly Proration Schedule we neglected to include the time in which the Proration Schedule would be effective, so I took the liberty of adding to the first paragraph this sentence: "periods begin at 7 o'clock A.M. on the 1st. and 16th. of each month."

Our mutual friend, Charlie Cochran, was in the office a few days ago inquiring as to when you expected to be in this part of the country. I informed him that I was writing you and would ask you to let him know when you expected to be down. He stated that you would know what he wished to see you about.

With best personal regards, I am,

Yours very truly,

GS:M

*Glenn Staley*  
Glenn Staley

September 7, 1939

Honorable Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

Re: Case No. 15, Committee on Rules, for the purposes of working out suggested rules to be presented to the Commission relating to:  
(a) Certification of legality of production of oil; (b) back allowables.

My dear Glenn:

Pursuant to the conference held Sunday in your office with regard to the proration schedule of the Commission, herewith please find a suggested revision of the first two pages of the monthly proration schedule in the form of a preface, signed as the Oil Conservation Commission by the Secretary, the Honorable Frank Worden, setting forth the substance of orders of the Commission for bimonthly allowables and making reference to other orders which have been passed by the Commission and still other orders promulgating rules or similar rules that will be necessary to adopt, for which purpose Case 15 was initiated and the hearing thereupon recessed pending a report to the Commission by the Committee on suggested rules.

The revision of those first two pages assumes as follows: That instead of issuing a new schedule for each bimonthly period, one schedule will be issued for both bimonthly periods for the purposes of simplification, and further assumes for its legal basis the adoption by order of the Commission under Case 15 in recess of pertinent rules referred to hereinbelow. Allowables for wells completed during the second bimonthly period are included in a separate proration sheet.

Heretofore the allowable for export purposes only for the Artesia-Grayburg-Jackson-Maljamar area has been by one order for the whole month. This is really not in strict conformity with General State Proration Order No. 1, which provides:

"At the end of each half month period thereafter, the distribution in each field shall be changed in order to take into account all new wells which have been completed and were not in the schedule during the previous half month period."



Honorable Glenn Staley

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Sept. 7, 1939

Therefore, I have suggested the breaking up of the Artesia-Grayburg-Jackson-Maljamar export order, if and when used, into bimonthly periods.

All that goes in the preface to the monthly proration schedule must have for sound legality the basis of an order legally adopted by the Commission, as, for instance, paragraph 1 on the third page of the suggested revised preface is authorized by General State Proration Order No. 1, in this:

"In these provisions, the term 'Unit' shall mean forty acres upon which there is at least one producing well, and the term 'Marginal Unit' is a Unit that will not produce the top unit allowable for the field."

Paragraph No. 2 on the third page of the suggested revised preface to the monthly proration schedule must have as a basis a rule adopted by an order of the Commission under Case 15 in recess. The recessed hearing of Case No. 15, Division (a) thereof, authorizes the adoption of the rule wherein the Commission may certify as to the authorization of production. The adoption by the Commission of the bimonthly proration schedule as the authorization of production therein shown greatly simplifies the matter and should be established by order as a rule of the Commission.

The amount of back allowables to be run during the two current bimonthly periods should be shown in a separate column in the monthly proration schedule, which likewise should be adopted as a rule of the Commission. In other words, a column is to be provided for current allowables and a separate column for back allowables for use when back allowables are permitted. That brings us down to the matter of legally authorizing back allowables in the rules which the Committee on such rules is in the process of devising as suggestions to the Commission when it resumes its hearing from the recessed hearing in Case 15, Division (b) thereof, pertaining to the adoption of rules relating to the making up of back allowables.

Inasmuch as the plan of a combined monthly proration schedule, embracing both the first and second bimonthly periods, is being worked on for purposes of simplification, obviously the allowables for those wells completed during the first bimonthly period cannot be shown in the current monthly proration schedule. As discussed with you in the recent conference at Hobbs, the allowables for such wells can be shown in a supplemental proration schedule. Therefore, paragraph 3 on the third page of the suggested revised preface to the monthly

Honorable Glenn Staley

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Sept. 7, 1939

proration schedule becomes necessary and should be authorized by a rule adopted by order of the Commission in recessed Case No. 15.

In logical sequence, there should be a suitable preface, signed by the Commission, to accompany the supplemental proration schedule in question, a suggested form of which is also enclosed.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston  
Attorney

CBL:ik  
Encls.

September 8, 1939

Honorable J. O. Seth  
Santa Fe, New Mexico

Re: Case No. 15, Committee on Rules, for the  
purposes of working out suggested rules to  
be presented to the Commission relating to:  
(a) Certification of legality of production  
of oil; (b) back allowables.

My dear Judge Seth:

Regarding rules being worked upon by the Committee on Rules in the above captioned matter, enclosed please find carbon copy of the letter of even date to Mr. Glenn Staley, Proration Umpire, at Hobbs, together with a copy of suggested revised preface to the bimonthly proration schedule. The preface presumes the adoption of certain rules by order of the Commission as a legal basis for the preface. These matters are more fully explained in the carbon copy of the letter to Mr. Staley.

It was desired by Mr. Staley to have the suggested revised preface to accompany the set of rules which he is to draft and submit to the various members of the committee for study. Fearing that some of the fundamental points might possibly be overlooked, I have therefore taken the liberty to point out some of these to Mr. Staley in the letter to him.

The preface as suggested may need further revision. Your suggestions will be infinitely valuable and profoundly appreciated.

As soon as Mr. Staley sends me a copy of his draft of the rules, they will be submitted to you for your suggestions.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston  
Attorney

CBL:ik  
Encls.

August 14, 1939

Mr. Glenn Staley  
Proration Umpire  
Hobbs, New Mexico

My dear Glenn:

Mr. A. Andreas, State Geologist, showed me your letter of August 5 to him, enclosing rough draft of back allowable rules and sample proration schedule sheet.

This matter will require some discussion. When Mr. Andreas returns from the Interstate Oil Compact meeting, he will take the matter up with you for the purpose of discussion.

With best good wishes,

Cordially yours,

Carl B. Livingston  
Attorney

CBL:ik

A. M. McCORKLE, CHAIRMAN  
OPERATORS COMMITTEE

GLENN STALEY, CHAIRMAN  
ENGINEERING COMMITTEE

LEA COUNTY OPERATORS COMMITTEE  
HOBBS, NEW MEXICO

August 5, 1939

Mr. A.A. Andreas,  
State Geologist,  
% State Land Office,  
Santa Fe, N.M.

Dear Andy:

Enclosed herewith you will find suggestions pertaining to the making up of back allowable production or shortage. I will appreciate it very much if you will make such changes as you see fit; also take the matter up with Carl Livingston and get his views in the matter, and return the enclosed suggestions as soon as possible so that I can submit them to the committee appointed in Santa Fe on July 21.

You will note that the accumulative over and short is not added or subtracted to or from the current allowable on the sample combination over and short-proration schedule. My reason for not doing this is that it would be quite a task to know in months following, whether overage was due to making up back allowable or whether the well was being produced in excess of the current allowable for other reasons. Your suggestions will be greatly appreciated.

Yours very truly,

Glenn Staley

GS:M

The following is a suggested procedure for use by the Conservation Commission of New Mexico in dealing with the matter of making up oil previously allocated to producing 40 acre units. Shortage, or back allowable should be allowed, where an operator has not had an opportunity to produce the total number of barrels allocated to a producing unit in any given proration period, for the following reasons:

1. When a pipe line, for mechanical or other reasons, does not purchase the total number of barrels allocated to a producing unit for the current proration period.
2. Lack of pipe line connection. When for mechanical or other reasons a producing unit does not receive a pipe line connection during the proration period following the completion of a well.
3. Remedial work. Production lost during that period in which a well is shut in while setting packer or doing other remedial work that tends to conserve reservoir energy and prevent waste.

Shortage caused by inability of a well to produce the amount allocated should be cancelled. All shortage incurred prior to <sup>?</sup> \_\_\_ date and the cause of such shortage being in accordance with the reasons set out above, the producer, the producer be required to write a letter in the form of an affidavit, together with a tabulation, showing the name of the company, lease, well number and unit letter, setting out by months the amount allocated, amount produced and the shortage up to \_\_\_ date as indicated above. This letter and tabulation should be submitted to the Hobbs Proration Office in quintuplicate. These figures should conform to the figures shown on monthly over and short statements issued by the Proration Office. They should then be checked by the Proration Office and the Oil Conservation Commission and if found to be correct the following form of authorization be issued to all parties:

Re: Company \_\_\_\_\_  
Lease \_\_\_\_\_  
Well No. \_\_\_\_\_  
S.T. & R. \_\_\_\_\_

Hobbs, New Mexico  
Date \_\_\_\_\_

AUTHORIZATION TO PRODUCING COMPANY

\_\_\_\_\_ Oil Company

This letter is your authority to produce \_\_\_\_\_ barrels of crude oil in excess of the current allowable from the above designated unit. This excess production is accumulated shortage of allowable oil as indicated in the attached letter.

AUTHORIZATION TO PURCHASING COMPANY

\_\_\_\_\_ Crude Oil Purchasing Co.

This letter is your authority to purchase \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as indicated by the attached letter.

AUTHORIZATION TO TRANSPORTING COMPANY

\_\_\_\_\_ Pipe Line Company

This letter is your authority to transport \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as shown by the attached letter.

OIL CONSERVATION COMMISSION

LEA COUNTY OPERATORS COMMITTEE

By: Roy Yarbrough  
Oil & Gas Inspector

By: Glenn Staley, Representat.

It is also suggested that subsequent to \_\_\_\_\_ date the proration schedule for the various fields and the monthly over and short statement be combined so that the current allowable and the over and short figures can be shown on the same tabulation. The schedule attached hereto (with minor alterations) is suggested as a guide.



PRODUCTION SCHEDULE

July, 1939

COOPER FIELD

LEASE COMPANY		WELL UNIT		S.T.R.		OVER-SHORT MAY 1939		COOPER FIELD		CUMULATIVE		JULY	
AFRADA PET. CORP.						ALLOW. RIMS OVER SHORT OVER				SHORT		ALLOWABLE	
Overett	1	C	35-24-36	1674	1768	94				137	52		
"	2	N	26-24-36	1674	1583		91			483	52		
"	3	I	34-24-36	1674	1387		287		100		52		
Isbell	1	H	15-24-36	1674	1360		314			520	52		
"	2	A	"	1674	2300	626			30		52		
"	3	G	"	1674	1350		324			1000	52		

1674

PIPE LINE

April 12, 1939

Honorable J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

My dear Judge Seth:

Your letter of March 21 addressed to Mr. Carl Livingston, enclosing carbon copy of letter by you to Mr. Glenn Staley dated March 21 proposing certain modifications in the semi-monthly proration schedule based upon the Commission's semi-monthly orders for allocation of oil to be produced, has come to my attention.

In so far as I can see, the suggested changes in the heading of the proration schedule are well taken.

Very truly yours,

Frank Worden, Secretary

FW:k

Gov. John E. Miles, Chairman  
State Geologist A. Andreas,  
Member

XXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXX

March 23, 1939

Hon. J. O. Seth  
Attorney at Law  
Santa Fe, New Mexico

My dear Judge Seth:

This is to acknowledge receipt of your letter of March 21, enclosing copy of letter written to Mr. Glenn Staley. This will be brought to the attention of Mr. Worden upon his return.

You are correct in your suggestion of leaving out reference to the Hobbs Pool Agreement, for in the allocation order form as it stands up to now, in next to the last paragraph, specific reference is made to the ratification by the Commissioner of the Hobbs Operators Agreement dated January 1, 1938. That was true at one time. The ratification of the Hobbs Operators Agreement therein referred to was in General Proration Order No. 1, adopted June 29, 1935, pursuant to public hearing on June 28, 1935. However, Order No. 48, Proration Plan for Hobbs Field, adopted December 29, 1936, pursuant to hearing of December 11, 1936, takes the place of the Hobbs Proration Plan ratified in Order No. 1. Section 22, Order No. 48, provides: "This order supersedes any provision of Order No. 1 with which it is in conflict."

Since there are now a number of operators' agreements in effect, adopted by the Commission upon hearing as orders of the Commission, there would be no more use to refer to one than the other. Originally, of course, there was only the Hobbs Proration Agreement, and I presume reference to the Hobbs Agreement in the monthly orders was merely carried over from usage of those days.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston  
Attorney

CBL:1k

J. O. SETH  
A. K. MONTGOMERY

SETH AND MONTGOMERY  
ATTORNEYS AND COUNSELORS AT LAW  
111 SAN FRANCISCO ST.  
SANTA FE, NEW MEXICO

March 21, 1939.

Honorable Carl Livingston,  
State Land Office,  
Santa Fe, New Mexico.

Dear Carl:

I enclose a copy of a letter I  
have just written Glenn Staley at the  
request of him and Mr. McCorkle, which  
I believe should receive your consider-  
ation.

Very truly yours,



JOS:IG  
Encl.

J. O. SETH  
ATTORNEY AND COUNSELOR AT LAW  
SANTA FE, NEW MEXICO

March 21, 1939.

Mr. Glenn Staley,  
Umpire,  
Lea County Operators Committee,  
Hobbs, New Mexico.

Dear Glenn:

I have your letter of the 18th and a copy of proration schedule order No. 164.

In my judgment, the whole form of the order appearing on the first two pages of the proration schedule is erroneous and has been erroneous for a long time, though I have never given the matter any thought until I received your letter.

Each of the orders appearing on the first two pages bears the original date of June 23, 1935, although order No. 164, for instance, covers distributions for the period March 16th to 31st, 1939.

This, of course, is an awkward arrangement and does not clearly express what is intended.

While any change should of course receive the approval of the commission, my suggestion is that the first two pages read something like the following:

" WHEREAS, on the \_\_\_\_ day of February, 1939, the oil Conservation Commission ordered that beginning at seven o'clock A. M., March 1, 1939, and until changed by order of the commission, not more than 109,700 barrels of oil daily shall be produced in the various fields of the State; and,

WHEREAS, by various orders heretofore made, after notice and hearing, methods of allocating the production in the various fields of the State and among the wells in such fields has been fixed by the commission;

NOW, THEREFORE, pursuant to said orders, the production in the various fields and from wells in such fields for the period beginning at seven o'clock A. M., March 16th, 1939, and continuing until seven o'clock A. M., April 1, 1939, and until further ordered, shall be as follows:

Then you should follow with the allocation shown on pages 1 and 2 of the order. I would omit all references in these monthly allocations to the Hobbs Pool Agreement, and then follow with

Mr. Glenn Staley.

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3/21/39

the last paragraph appearing on page 2 of order 164 and with the following sentence:

"The term 'unit' as used herein shall mean 40 acres on which there is at least one producing well, and the term 'marginal unit' is a unit which will not produce the top unit allowable for the field."

And then follow with:

"Done at Santa Fe this \_\_\_\_\_ day of March, 1939.

Oil Conservation Commission  
Frank Worden, Secretary."

As above stated, I believe this should be submitted to the Oil Conservation Commission and to Mr. Livingston, and I am taking the liberty of sending Mr. Livingston a copy of this letter, as Mr. Worden is out of town for a week or ten days. I believe you are correct in omitting the last paragraph appearing on page 2 of the former orders with reference to yourself. The matter I think should be put out under the name of the Secretary of the Commission.

Very truly yours,

JOS:IG

cc Mr. A. M. McCorkle,  
Stanolind Oil and Gas Company,  
Houston, Texas.

cc Honorable Carl Livingston,  
State Land Office,  
Santa Fe, New Mexico.

Hobbs, New Mexico

Date \_\_\_\_\_

Re: Company \_\_\_\_\_  
Lease \_\_\_\_\_  
Well No. \_\_\_\_\_  
Unit Letter \_\_\_\_\_  
S, B & R. \_\_\_\_\_

AUTHORIZATION TO PRODUCING COMPANY

\_\_\_\_\_  
Oil Company

This letter is your authority to produce \_\_\_\_\_ barrels of crude oil in excess of the current allowable from the above designated unit. This excess production is accumulated shortage of allowable oil as indicated in the attached letter.

AUTHORIZATION TO PURCHASING COMPANY

\_\_\_\_\_  
Crude Oil Purchasing Co.

This letter is your authority to purchase \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as indicated by the attached letter.

AUTHORIZATION TO TRANSPORTING COMPANY

\_\_\_\_\_  
Pipe Line Company

This letter is your authority to transport \_\_\_\_\_ barrels of crude oil from the above designated unit. This oil is in excess of the current daily allowable but is accumulated shortage of allowable oil as shown by the attached letter.

OIL CONSERVATION COMMISSION

LEA COUNTY OPERATORS COMMITTEE

By: Roy Yarbrough  
Oil & Gas Inspector

By: Glenn Staley, Representative

New Mexico  
Oil Conservation Commission  
Santa Fe, New Mexico

GOVERNOR JOHN E. MILES, Chairman  
STATE GEOLOGIST A. ANDREAS, Member  
STATE LAND COMMISSIONER FRANK WORDEN, Sec'y



Re: Nominations for oil to be taken during the  
following month.

Gentlemen:

Request is hereby made of all pipe line companies and  
purchasers of oil that each of them please make each month  
their nominations for the oil which they expect to take for  
the following month. Such nominations will serve to aid the  
Commission in issuing its orders of allowable for the month  
in which the oil is to be run.

You may send your nominations to the Santa Fe office  
of the Commission and as early as possible in order that the  
Commission will be sure to have all this information before  
it in issuing the monthly orders for allowable.

Your cooperation will be profoundly appreciated.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_



June 28, 1939

Mr. Ralph DeWoody  
Oil Conservation Commission  
Hobbs, New Mexico

Re: Authorization for the running of  
shortage.

Dear Mr. DeWoody:

Enclosed please find suggested form letter authorizing the running of shortage. I am not as familiar with fact matter regarding oil runs as I might be and you, no doubt, may be able to make valuable suggestions for improvement of such form letter.

In that there was some question as to the legality of the running of any shortage, the Commission met in the afternoon of June 22 and promulgated Emergency Order No. 182 authorizing the running of shortage in meritorious cases such as mechanical trouble and the like, within the discretion of the Commission, to endure for the first bimonthly period of July. The intention is to renew this emergency order until formal hearing can be held on July 21 to consider the adoption of a formal and permanent order establishing rules and regulations for the running of shortage and the providing for certificates of clearance.

Enclosed please find copy of such notice of hearing.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Carl B. Livingston  
Attorney

CBL:ik  
cc Honorable A. Andreas  
State Geologist

(NOTE: This form is partially filled in, merely as an example.)

Hobbs, New Mexico

June 28, 1939

Humble Oil & Refining Company

Houston, Texas

Re: Cooper Field

Company  
Lease

Well Unit Sec. Twp. Rge. Pipe Line

PHILLIPS-PURE

Woolworth

1

4

23

24

36

NOR

Gentlemen:

The above captioned unit having excusable shortage of:

53 bbls. daily for the 1st & 2nd of May,

which shortage was occasioned by reason of mechanical trouble

\_\_\_\_\_, the making up of such shortage, subject to agreement with pipe-line data as to the existence of such shortage as indicated, is hereby authorized not to exceed \_\_\_\_\_ bbls. daily until said shortage is absorbed.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

June 28, 1939

Mr. W. E. Hubbard  
Humble Oil & Refining Co.  
Houston, Texas

Re: Authorization for the running of shortage.

Dear Mr. Hubbard:

Regarding the running of shortage in a meritorious case such as mechanical trouble and the like, enclosed please find a suggested form letter for authorization of running of such shortage. I shall be profoundly grateful to you for any suggestions you may have.

In order to remove doubt as to the legality of running such shortage, the Commission held a meeting on the afternoon of June 22 and promulgated Emergency Order No. 182 authorizing the running of shortage within the discretion of the Commission in certain meritorious cases, to endure for the first bimonthly period of July, with the intention of renewing said emergency order until formal hearing for the purpose of adopting a permanent order. By law, emergency orders can only endure fifteen days at a time.

At the same said meeting, the Commission ordered a hearing upon Case 15 for the purpose of adopting rules and regulations regarding the running of shortage and for the further purpose of providing for certificates of clearance in order to carry out the provisions of Sections 13 and 14, Chapter 72, Laws of 1935, our Conservation Law. A copy of notice of hearing is enclosed for your information.

Very truly yours,

OIL CONSERVATION COMMISSION

By \_\_\_\_\_  
Carl B. Livingston  
Attorney

CBL:ik  
Encls.

TO ALL OPERATORS:

Beginning October 1, 1939, the proration schedule and the monthly over-and-short statement will be combined and issued as one report. The State Oil Conservation Commission is requesting that all companies submit their monthly report of operations (Form C-104A) on or before the 20th of the month following the month in which the oil was run to the pipe line. This report must be submitted in quadruplicate and distributed as follows:

- 1 copy to the Proration Office, Hobbs, New Mexico;
- 2 copies to the Oil Conservation Commission, Hobbs, New Mexico;
- 1 copy to the pipe line purchasing the oil.

It is necessary that the monthly run to the pipe line be shown by individual wells and not by leases. Failure to comply with this order may result in the well being left off the proration schedule and being assigned no allowable.

This letter applies to both Eddy and Lea County operators.

OIL CONSERVATION COMMISSION

By \_\_\_\_\_

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

ORDER NO. 198, Domestic, First Bimonthly Period.  
ORDER NO. 199, Domestic, Second Bimonthly Period.  
ORDER NO. 200, Export Purposes Only, First Bimonthly Period.  
ORDER NO. 200-A, Export Purposes Only, Second Bimonthly Period.

WHEREAS, on the 31st day of August, 1939, the Oil Conservation Commission ordered there shall be produced not more than the following numbers of barrels of oil daily in bimonthly periods from the various fields of the State until changed by order of the Commission, as follows:

Order No. 198, 97,000 barrels for domestic markets for the first bimonthly period beginning at seven o'clock A. M., September 1, 1939, and ending at seven o'clock A. M., September 16, 1939.

Order No. 199, 97,000 barrels for domestic markets for the second bimonthly period beginning at seven o'clock A. M., September 16, 1939, and ending at seven o'clock A. M., October 1, 1939.

Order No. 200, 3,000 barrels for export purposes only for the first bimonthly period beginning at seven o'clock A. M., September 1, 1939, and ending at seven o'clock A. M., September 16, 1939.

Order No. 200-A, 3,000 barrels for export purposes only for the second bimonthly period beginning at seven o'clock A. M., September 16, 1939, and ending at seven o'clock A. M., October 1, 1939.

WHEREAS, by various orders heretofore made, after notice and hearing, methods of allocating the production in the various fields of the State and among the wells in such fields has been fixed by the Commission;

NOW, THEREFORE, pursuant to said orders, the production daily in the various fields and from various wells in such fields in bimonthly periods and until further ordered shall be as follows:

Order No. 198, 97,000 barrels for domestic markets for the first bimonthly period beginning at seven o'clock A. M., September 1, 1939, and ending at seven o'clock A. M., September 16, 1939.

Order No. 199, 97,000 barrels for domestic markets for the second bimonthly period beginning at seven o'clock A. M., September 16, 1939, and ending at seven o'clock A. M., October 1, 1939.

Order No. 200, 3,000 barrels for export purposes only for the first bimonthly period beginning at seven o'clock A. M., September 1, 1939, and ending at seven o'clock A. M., September 16, 1939.

Order No. 200-A, 3,000 barrels for export purposes only for the second bimonthly period beginning at seven o'clock A. M., September 16, 1939, and ending at seven o'clock A. M., October 1, 1939.

#### ALLOCATION

Allocation by State Oil Conservation Commission		97,000 bbls. for domestic markets
"	to Artesia Area	6783 / 3,000 bbls. for export purposes only
"	to Hogback	200
"	to Getty	100
"	to Rattlesnake	750
"	to Table Mesa	85
"	to Astec-Bloomfield	10
TOTAL ALLOCATION OUTSIDE LEA COUNTY		7928
ALLOCATION TO LEA COUNTY		89072

#### ALLOCATION TO MARGINAL UNITS

Field	Units	Allocation	Field	Units	Allocation
Cooper	21	512	Mattix	25	495
Eaves	4	85	Monument	24	466
Eunice	57	1166	N. Lynch	2	29
Hardy	45	1042	Penrose	84	2108
Hobbs	4	65	Rhodes	6	126
Jal	18	341	Skaggs	3	92
Langlie	19	279	Skelly	30	617
Lynch	1	8	S. Eunice	13	290
Lynn	9	152	Vacuum	2	43
			West Eunice	2	62

TOTAL ALLOCATION 371 marginal units = 7,978  
 Allocation to 1916 non-marginal wells = 89,072 - 7,978 = 81,094  
 Allowance per top allowable well =  $\frac{81,094}{1,916} = 42.32$

Top allowance per well = 42 bbls.

	Non-marg. units	Unit allow.	Non-marg. Allowable	Marg. Allow.	Field alloc.
Cooper	75	X 42	= 3150	/ 512	= 3662
Eaves	16	X 42	= 672	/ 85	= 757
West Eunice				/ 62	= 62
Eunice	431	X 42	= 18102	/ 1166	= 19268
Hardy	55	X 42	= 2310	/ 1042	= 13352
Hobbs	248	X 42	= 11038	/ 65	= 11103
Jal	5	X 42	= 210	/ 341	= 551
Langlie	103	X 42	= 4326	/ 279	= 4605
Lynch	10	X 42	= 420	/ 8	= 428
Lynn	16	X 42	= 672	/ 152	= 824
Mattix	92	X 42	= 3864	/ 495	= 4359
Monument	467	X 42	= 19614	/ 466	= 20080
N. Lynch				/ 29	= 29
Penrose	61	X 42	= 2562	/ 2108	= 4670

	Non-marg. units	Unit allow.	Non-marg. Allowable	Marg. Allow.	Field Alloc.
Rhodes				126	= 126
Skaggs				92	= 92
Skelly	23	X 42	= 966	/ 617	= 1583
S. Bunice	78	X 42	= 3276	/ 290	= 3566
S. Lovington	13	X 42	= 546	/ 43	= 546
Vacuum	223	X 42	= 9366		= 9409
TOTAL ALLOCATION TO LEA COUNTY	1916				89072
TOTAL ALLOCATION OUTSIDE LEA COUNTY					7928
TOTAL ALLOCATION TO STATE OF NEW MEXICO					97000 / 3000 export

1. The term "unit" as used herein shall mean 40 acres on which there is at least one producing well, and the term "marginal unit" is a unit which will not produce the top unit allowable for the field.
2. This is to certify as to authorization of the production of oil both for current allowable and back allowable in the proration schedule attached hereto and made a part hereof.
3. Allowables for wells completed during the first bimonthly period are not shown in the proration schedule attached hereto and made a part hereof, but are shown in a supplemental proration schedule for the second bimonthly period; and when said supplemental proration schedule is identified as a supplement to the proration schedule attached hereto and signed by the Commission as hereinbelow, said supplemental proration schedule shall have the same legal effect as to authorization of production as though originally a part of the proration schedule attached hereto and made a part hereof.

DONE at Santa Fe, New Mexico, this 31st day of August, 1939.

OIL CONSERVATION COMMISSION

By Frank Worden, Secretary.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

SUPPLEMENTAL PRORATION SCHEDULE OF ALLOWABLES FOR  
WELLS COMPLETED DURING THE SECOND BIMONTHLY PERIOD  
AND NOT SHOWN IN THE PRORATION SCHEDULE FOR THE  
CORRESPONDING MONTH.

ORDER NO. 199, Domestic, Second Bimonthly Period.  
ORDER NO. 200-A, Export Purposes Only, Second Bimonthly Period.

The attached supplemental proration schedule embraces allowables for wells completed during the second bimonthly period and not shown in the proration schedule for the corresponding month and is made a part of the said monthly proration schedule as much as though originally a part thereof. For identification of the attached supplemental proration as a part of the corresponding monthly proration schedule, the attached supplemental proration schedule is within the authority of the above captioned orders for allowables promulgated by the Oil Conservation Commission on the 31st day of August, 1939.

OIL CONSERVATION COMMISSION

By Frank Worden, Secretary.