

Case No.

16

Application, Transcript,
Small Exhibits, Etc.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 28, 1939

C
O
P
Y

Honorable Roy Yarbrough
State Oil & Gas Inspector
Oil Conservation Commission
Hobbs, New Mexico

Re: Shell Oil Co., Inc., Case No. 16, Order No. 206, allowing special spacing for well "to be known as Endura 'A' No. 3, at a location 330 feet from South line and 125 feet from West line of SW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 12-21E-34E., Lea County."

My dear Mr. Yarbrough:

In reply to your letter of September 25, enclosed please find copy of the Commission's order with reference to the special spacing of the well of Shell Oil Company, Inc., noted in the caption. On checking the Notice of Intention to Drill which you enclosed in triplicate, the location is the same although described somewhat differently, but it amounts to exactly the same thing.

Returned herewith is the Notice of Intention to Drill in triplicate for your action.

Very truly yours,

OIL CONSERVATION COMMISSION

By _____
Carl B. Livingston
Attorney

CBL:ik
Encls.

New Mexico
Oil Conservation Commission
Santa Fe, New Mexico

John E. Miles
GOVERNOR ~~JOHN J. HENNING~~ Chairman
ACTING STATE GEOLOGIST A. ANDREAS, Member
STATE LAND COMMISSIONER FRANK WORDEN, Sec'y



Hobbs, New Mexico
September 25, 1939

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

In re: Shell Oil Company, Incorporated
State "A" Well No. 3

Dear Mr. Livingston:

I am holding Notice of Intention to
Drill a well, by the Shell Oil Company, Incorporated,
on Section 12, Township 21S and Range 35E, Eunice Field.

Will you please advise me if the Oil
Conservation Commission, at the meeting held in September
granted permission to drill this well. The foot spacing
is 2310 feet south of the north lines and 2515 feet west
of the east line.

Thanking you for an early reply, I am,

Very truly yours,

Roy Yarbrough
Roy. Yarbrough
Oil and Gas Inspector
Oil Conservation Commission

ROY:dsg

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 16, 1939

C
O
P
Y

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

Re: Application of Snell Oil Company, Inc.,
for special spacing, Case No. 16.

Dear Judge Seth:

Enclosed please find two copies of the Commission's order in the above captioned matter.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:ik
Enc.

CASE NO. 16, SHELL OIL COMPANY, INC.

ORDER OF PROCEDURE TO CONSIDER THE
PETITION OF SHELL OIL COMPANY, INC.
FOR A SPECIAL SPACING OF ONE WELL
IN LEA COUNTY, NEW MEXICO.

- ✓ 1. GOVERNOR MILES OPENS MEETING AND MAKES SUCH REMARKS AS HE DEEMS APPROPRIATE.
- ✓ 2. COMMISSIONER WORDEN ORDERS READING OF NOTICE OF HEARING.
- ✓ 3. WHEN READING OF NOTICE IS FINISHED, COMMISSIONER WORDEN ANNOUNCES THAT THE COMMISSION IS READY TO PROCEED.
- ✓ 4. IF ANY WITNESSES ARE OFFERED, COMMISSIONER WORDEN SWEARS THEM IN.
- ✓ 5. IF DECISION IS REACHED, FORMAL ORDER OF COMMISSION'S DECISION IS IMMEDIATELY PREPARED AND SUBMITTED TO COMMISSION FOR EXECUTION.

LEGAL OFFICE

**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 its provisions of said Act, notice is hereby given that a public hearing will be held at the Capitol, Santa Fe, New Mexico, on the 18th day of September 1939, at ten o'clock A. M. for the purpose of considering the following:

Case No. 14:

The application of Shell Oil Company, Inc. formerly Shell Petroleum Corporation, for a special spacing to drill a well for the production of oil and gas, to be known as Endura "A" No. 3, at a location 330 feet from the South line and 125 feet from the West line of the SW 1-4, NE 1-4 of said Section 12, Township 21, South, Range 35 East; that said location is sought for the reason that this applicant desires to attempt to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance—that is to say 330 feet East from the unit line—would be outside of this zone of production," said location being in Lea County.

The resident attorney for the applicant is Honorable J. O. Seth, Santa Fe, New Mexico.

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

ARRIVES TO
Moses L. Anne

August 18, 1939

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:lk
Encls.

August 18, 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.

August 18, 1939

Honorable Roy Yarbrough
Oil Conservation Commission
Hobbs, New Mexico

Re: Application of Shell Oil Company
for special spacing to drill a well
known as Endura "A" No. 3, at a loca-
tion 330 ft. from S. Line and 125 Ft.
from W. Line of SW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 12-21S-35E.,
Lea County.

Dear Mr. Yarbrough:

Enclosed please find Notice of Hearing in the
above captioned matter set for September 18 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 con-
siderable 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:lk
Enc.

August 18, 1939

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

My dear Judge:

Re: Application of Shell Oil
Company for special spacing
to drill a well known as
Endura "A" No. 3, at a loca-
tion 330 ft. from S. Line
and 125 Ft. from W. line
of SW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 12-21S-35E.,
Lea County.

Enclosed please find Notice of Hearing in
the above captioned matter set for September 18
at Santa Fe.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CBL:ik
Enc.

John E. Miles

August 3, 1939

Honorable J. O. Seth
Santa Fe, New Mexico

Re: The application of Shell Oil
Company for permission to
drill a well at a location 330
feet from the South line and
125 feet from the West line of
SW 1/4, Sec. 12-21S-35E, Lea
County, New Mexico

Dear Mr. Seth:

This is to acknowledge the receipt of the
petition of the Shell Oil Company in the above
captioned matter submitted in your letter of
July 31. The petition is excellently drawn and
will be presented to the Commission for its ac-
tion the next time the Commission meets. The
middle of September will be too close for both
the action of the Commission and for publication
as required by law.

It will be suggested to the Commission that
September 18 be set as date of hearing.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:mc

J. O. SETH
A. K. MONTGOMERY

SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
III SAN FRANCISCO ST.
SANTA FE, NEW MEXICO
July 31, 1939.

Oil Conservation Commission,
Santa Fe, New Mexico.

Gentlemen:

Enclosed please find the formal application of Shell Oil Company for permission to drill a well at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East, Lea County, New Mexico. In this connection, reference is made to the company's letter to you, dated June 26th, and your reply of July 6th.

Very truly yours,



JOS:IG

CLASS OF SERVICE DESIRED	
DOMESTIC	CABLE
TELEGRAM <input checked="" type="checkbox"/>	FULL RATE <input type="checkbox"/>
DAY LETTER <input type="checkbox"/>	DEFERRED <input type="checkbox"/>
NIGHT MESSAGE <input type="checkbox"/>	NIGHT LETTER <input type="checkbox"/>
NIGHT LETTER <input type="checkbox"/>	SHIP RADIOGRAM <input type="checkbox"/>

Patrons should check class of service desired; otherwise message will be transmitted as a full-rate communication.

WESTERN UNION

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

1217-A

CHECK
ACCT'G INFMN.
TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, NEW MEXICO
JUNE 6, 1939

R D MONKRESS
SHELL OIL COMPANY, INC.
MIDLAND, TEXAS

MATTER REQUIRES HEARING. LETTER SETTING OUT DETAILS
IN MAIL

FRANK WORDEN, SECRETARY
OIL CONSERVATION COMMISSION

(Send Collect)

THE QUICKEST, SUREST AND SAFEST WAY TO SEND MONEY IS BY TELEGRAPH OR CABLE

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.

(36)

WESTERN UNION

1201

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

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
VE51 42/45 SER=MIDLAND TEX 6 1026A

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

1935 JUL 6 AM 10 43

NEW MEXICO CONSERVATION COMMISSION
REF-1-1 REFER TO OUR LETTER JUNE 26 AND ADVISE IF WE CAN SECURE
PERMIT TO DRILL ENDURA A-3 330 FROM SOUTH AND 125 FROM WEST
LINE OF SW/4 OF NE/4 SECTION 12, TWP. 21-SOUTH, RANGE 35-EAST.
ANSWER WESTERN UNION COLLECT=
SHELL OIL CO INCORPORATED R D MONKRESS.

REF-1-1 26 UMENDURA A-3 330 125 SW/4 NE/4 12 TWP 21-SOUTH 35-EAST

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

July 6, 1939

Shell Oil Company, Inc.
Box 1509
Midland, Texas

Re: Proposed location, Shell Oil Co., Inc., as follows: Endura "A" No. 3 at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East.

ATTENTION: Mr. W. C. Davis, Land Department,
Texas-Gulf Area.

Gentlemen:

In reply to your letter of June 26 regarding the above captioned matter, the location is contrary to existing orders of the Commission adopted by the Commission sitting in its quasi judicial capacity. Any location contrary to existing orders can only be authorized by a proceeding before the Commission sitting in its judicial capacity. You should therefore file your court application before the Commission. When the Commission considers your application, it may call a hearing upon same, naming the date, place and purpose of such hearing.

The waivers of which you speak will materially help the Commission in arriving at its decision. The waivers, however, should be introduced in evidence at the hearing. A copy of them, however, should be attached as exhibits to your court application.

The waivers will be held pending your instructions to return them to you; or, if you prefer, you may leave them in the files of this matter and introduce them into evidence at the time of the hearing. It is assumed that you have retained copies thereof in case you wish to attach them as exhibits in your court application.

Very truly yours,

OIL CONSERVATION COMMISSION

By Carl B. Livingston
Attorney

CBL:lk

(C.S.)
 SW NE (12) - 215 - 35 E
 (B-1399 all of ~~NE~~ NE
 shell Pet. exp - Prod.

a-1523 - shell - all
 SW. Prod.

B-1400 - shell - NW
 Prod.

Prod shell	Prod shell
Prod shell	

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

COPY

July 15, 1939

Stubbeman, McKee & Sealy
Attorneys at Law
Petroleum Building
Midland, Texas

Re: Proposed location, Shell Oil Company, Inc.,
as follows: Endura "A" No. 3 at a location
330 feet from the South line and 125 feet
from the West line of the SW/4 of the NE/4
of Section 12, Township 21 South, Range
35 East, Lea County, New Mexico.

ATTENTION: Hamilton E. McKee, Esq.

Gentlemen:

In response to your letter of July 13, you as Texas
counsel for your client are most welcome to present your
matter before the Commission for your client without
association with resident counsel, if you so prefer. This
question has been raised several times before, especially
in connection with a very large hearing involving all of
the operators in a given area to appear before the Com-
mission from all over the Southwest with their home counsel.

Your petition to the Commission is drawn somewhat
like a complaint. No particular form is required, other
than to state your case clearly and pray for the order you
seek. The petition should be sworn to.

When the Commission has considered your petition for
the purpose of ordering a hearing, a definite time and place
is specified in the order and the order published.

Under separate cover you are being sent Circular 1,
General Rules, which also contains the Conservation Law.
For hearings, your attention is drawn to Sections 5 and 15
of the Conservation Law therein contained.

COPY
Stubbegan, McRae & Sealy

-2-

7/15/39

You are also being sent under the same separate cover Circular 3, Rules applicable to Lea County, and also special spacing rules for fields in that county.

Very truly yours,

OIL CONSERVATION COMMISSION

By

Carl B. Livingston
Attorney

CB:lk

STUBBEMAN, MORA E & SEALY
ATTORNEYS AT LAW
PETROLEUM BUILDING
MIDLAND, TEXAS

FRANK STUBBEMAN
HAMILTON E. MORA E
TOM SEALY
BOYD LAUGHLIN

July 13, 1939

Re: Proposed location, Shell Oil Company, Inc., as follows: Endura "A" No. 3 at a location 330 feet from the South line and 125 feet from the West line of the SW/4 of the NE/4 of Section 12, Township 21-South, Range 35-East, Lea County, New Mexico.

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

Dear Mr. Livingston:

Mr. W. C. Davis of the Land Department of Shell Oil Company has referred to us the above matter for handling, and in the file we find your letter to Shell for the attention of Mr. Davis, dated July 6, 1939. There are a number of questions which we should like to ask you regarding this situation and there is certain material which we should like to secure.

In the first instance, we are familiar with the fact that the courts of your State do not permit non-resident attorneys to practice except in isolated cases and then, apparently, at the discretion of the particular court. Your reference to the Conservation Commission sitting as a court caused us to wonder about the policy of the Commission with reference to non-resident attorneys practicing before it. Shell will expect us to handle this matter before the Commission and we are wondering whether it will be necessary that we associate ourselves with a New Mexico attorney.

If the Conservation Commission issues copies of its rules and regulations and existing orders with reference to spacing, we would appreciate being furnished with a copy of such rules and regulations; if there is no publication of these matters we should like to have copies of the existing spacing order affecting the area where the above location is requested. We understand from your letter that the Commission will sit as a court upon this application, and we wonder if its procedure is exactly like that of one of your district courts since the statutes applicable to the Conservation Commission do not fully reveal to us everything we should like to know about the procedure before the Commission sitting in its judicial capacity.

If there is any charge in connection with securing the rules and regulations, or a copy of the spacing order, we shall be glad to remit promptly to you in this connection. Having had no experience with the Conservation Commission of your State, we have endeavored to ask all the pertinent questions, but if there is any information which you think we should have about this application and the hearing, we will appreciate very much your volunteering such information.

Thanking you very much for your attention in this regard, we are

Yours very truly,

STUBBEMAN, MCRAE & SEALY

By

Hamilton E. McRae
Hamilton E. McRae.

HEMCR:lw

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:

THE APPLICATION OF SHELL OIL COMPANY, INC.,
FORMERLY SHELL PETROLEUM CORPORATION, FOR A
SPECIAL SPACING "TO DRILL A WELL FOR THE PRO-
DUCTION OF OIL AND GAS, TO BE KNOWN AS ENDURA
'A' NO. 3, AT A LOCATION 330 FEET FROM THE
SOUTH LINE AND 125 FEET FROM THE WEST LINE OF
THE SW $\frac{1}{4}$ NE $\frac{1}{4}$ OF SAID SECTION 12, TOWNSHIP 21 SOUTH,
RANGE 35 EAST; THAT SAID LOCATION IS SOUGHT, FOR
THE REASON THAT THIS APPLICANT DESIRES TO ATTEMPT
TO SECURE PRODUCTION FROM A NARROW BELT ALONG THE
FLANK OF THE EUNICE STRUCTURE, AND A PROPOSED
LOCATION AT THE NORMAL DISTANCE -- THAT IS TO SAY
330 FEET EAST FROM THE UNIT LINE -- WOULD BE OUT-
SIDE OF THIS ZONE OF PRODUCTION," SAID LOCATION
BEING IN LEA COUNTY.

CASE NO. 16.

ORDER NO. 206.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A. M., on
the 18th day of September, 1939, at the State Capitol, Santa Fe,
New Mexico, upon the call of the Commission in the above desig-
nated matter.

NOW, on this 18th day of September, 1939, the Commission
having before it for consideration the evidence adduced at the
hearing in said case and being fully advised in the premises,
now therefore finds:

I.

That notice of the hearing herein was published in accord-
ance with the provisions of law, and affidavits from publishers
of said notice, both in Lea County and Santa Fe County, are in
the record of this case.

II.

That the well location which the applicant seeks is within
a narrow belt along the flank of the Eunice Structure and that

a location within the requirements of existing spacing rules for Lea County would be outside of this zone of production.

III.

That the interested lease-owners who would be affected by the special spacing sought by the applicant have waived any objection they may have to such location and that all other interested parties that there may be have been offered an opportunity at this public hearing to object and that no objection has been presented before the Commission.

IV.

That the location sought by the applicant is a practical location which will not create waste.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that Shell Oil Company, Inc., be allowed a special well location as follows: Endura "A" No. 3, at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East.

OIL CONSERVATION COMMISSION

By John E. Miles
Governor

By Frank Worden
Commissioner of Public Lands

By R. Anderson
State Geologist

Case No. 16.
 Shell Oil Co., Inc. - Petition for Special
 Spacing.

NAME	COMPANY	ADDRESS
3rd St.		
A. Anderson	Oil Co. Comm.	Santa Fe
J. J. ...	Shell	"
W. B. ...	ME ...	Midland ...
J. B. Sudduth	ME ...	Hills
C. A. Hull	Shell	Hills
W. B. ...	Ohio Oil	Hills
W. J. ...	Continental ...	Hills
W. J. ...	Trans. Power P. Co.	Central
W. J. ...	Production Co.	Hills
W. J. ...		

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

Held in the Office of the Governor,
State Capitol, Santa Fe, New Mexico,
at ten o'clock, A. M., September 18, 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, Shell Oil Co., Inc., Santa Fe, N. Mex.;
A. G. SCHUEHLE, Shell Oil Co., Inc., Midland, Texas;
T. B. SUDDERTH, Me-Tex Supply, Hobbs, New Mexico;
C. A. HULL, Shell Oil Co., Inc., Hobbs, New Mexico;
GLENN BISH, Ohio Oil Company, Hobbs, New Mexico;
H. L. JOHNSTON, Continental Oil Co., Hobbs, New Mexico;
R. F. WINDFOHR, Trans-Pecos Pipe Line Co., Artesia,
New Mexico;
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 18th day of September, 1939,
at ten o'clock A. M., for the purpose of considering the
following:

"Case No. 16.

The application of Shell Oil Company, Inc.,
formerly Shell Petroleum Corporation, for a
special spacing 'to drill a well for the pro-
duction of oil and gas, to be known as Endura
'A' No. 3, at a location 230 feet from the
south line and 125 feet from the west line of
the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 12, Township 21 South,
Range 35 East; that said location is sought, for
the reason that this applicant desires to attempt

to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance -- that is to say 330 feet East from the unit line -- would be outside of this zone of production,' said location being in Lea County.

"The resident attorney for the applicant is Honorable J. O. Seth, Santa Fe, New Mexico.

"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 August 16th, 1939.

OIL CONSERVATION COMMISSION

BY (Sgd.) FRANK WORDEN
Commissioner of Public Lands

BY (Sgd.) A. ANDREAS
State Geologist"

(SEAL)

BY MR. WORDEN: Gentlemen, we are now ready to proceed.

BY MR. SETH: I would like to put Mr. Schuehle on as a witness.

Thereupon, Mr. A. G. Schuehle was called and duly sworn by Mr. Worden. Mr. Schuehle testified as follows:

EXAMINATION BY MR. SETH.

Question: State your name, please.

Answer: A. G. Schuehle.

Q. What is your occupation?

A. Petroleum Engineer.

Q. By whom are you employed?

A. Shell Oil Company, Inc.

Q. Are you familiar with conditions in the Eunice Pool in New Mexico?

A. Yes, sir.

Q. The application in question here contemplates a spacing of a well in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East, at a distance of only 125 feet from the west line and 330 feet from the south line of this 40 acre tract. You are familiar with that application?

A. Yes, sir.

Q. Attached to the original application is a diagram. Was this diagram prepared by you?

A. Yes, I did most of the work on this.

Q. Is that based on the best geological information available?

A. Yes, sir.

Q. Is the proposed location which the Shell Oil Company seeks marked on this map as "proposed location"?

A. Yes, sir.

Q. If it were placed at the regular distance from the unit line, would it be outside of the zone of production?

A. Yes, it would.

Q. Does this diagram clearly show the ownership of royalties in this lease?

A. Yes, that is correct.

Q. It is state land?

A. Yes, all state land.

Q. And would the location of the well at the point known as "Proposed Location" in your opinion result in waste?

A. No, sir, it would result in conservation. Production would be obtained.

Q. In other words, unless drilled at substantially the proposed location, this oil could not be produced at all?

A. That's right.

Q. Is the Endura Oil Company interested in that lease?

A. Yes, sir.

Q. Is M. D. Bryant also interested in the state lease?

A. Yes, sir, he is.

Q. And the Drilling and Exploration Company also?

A. Yes, sir.

Q. And the Republic Production Company?

A. Yes, sir.

MR. SETH: Gentlemen, I have here the consent of the Drilling and Exploration Company, M. D. Bryant, Republic Production Company, and Endura Oil Company to allow the Shell Oil Company to drill this well at the proposed location and I offer these letters of consent in evidence that this irregular spacing may be made.

(Letters of consent introduced into evidence, marked Exhibits "1", "2", "3" and "4".)

MR. SETH: Is there anyone else interested in this area besides those already mentioned?

A. None others than those already mentioned.

MR. SETH: I believe that is all.

MR. WORDEN: Mr. Livingston, do you have any questions to ask?

MR. LIVINGSTON: No, I believe Judge Seth has covered the field very well in his interrogations. I might point out to the Governor that the acreage involved in this lease is all owned by the same institution.

MR. WORDEN: Does anyone have any objections to the granting of this special spacing order?

MR. H. L. JOHNSTON: May I ask the witness a question?

MR. WORDEN: Yes.

MR. JOHNSTON: Has this matter been discussed with anyone in our organization? The Continental Oil Company?

MR. SCHUEHLE: Not within the last month or two.

Q. But it has been discussed, though?

A. In just a general discussion.

Q. Would you mind if I see the map of that area?

A. No, I have one right here.

MR. WORDEN: Mr. Johnston, do you have any objections?

MR. JOHNSTON: No, sir.

MR. WORDEN: Does anyone else present have any objections?

MR. WORDEN: There being no objections to the granting of a special spacing for the well in question, the Commission will consider an order allowing such special spacing.

After consideration by the Oil Conservation Commission, an order was signed by the members of the Commission granting the proposed location sought by the Shell Oil Company, Incorporated.

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

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

I, Irene Kershner, hereby certify that the above and foregoing three 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 the office of the Governor, State Capitol, Santa Fe, New Mexico, on September 18, 1939.

Irene Kershner



SHELL OIL COMPANY
INCORPORATED
FORMERLY
SHELL PETROLEUM CORPORATION

SHELL BUILDING
HOUSTON, TEXAS-

EXHIBIT "1".

HEAD OFFICE
SHELL BUILDING
ST LOUIS MO
CABLE ADDRESS SHELPETCO ST LOUIS

Box 1509
Midland, Texas
August 23, 1939

RE: LEA COUNTY, NEW MEXICO
NM-890-STATE
SHELL STATE ENDURA "A" #3

Endura Oil Company
42 Broadway
New York City, New York

Gentlemen:

We are desirous of drilling our Shell State Endura "A" #3 well at a location 330 feet from the South line and 125 feet from the West line of the SW/4 of NE/4 of Section 12, T-21-S, R-35-E, Lea County, New Mexico, and have made application to the New Mexico Oil Conservation Commission accordingly. Inasmuch as you are the owner of an overriding royalty in this lease, it is necessary that we secure your approval to this location.

Please indicate that such location is satisfactory to you by executing this letter in the space provided below, returning it to us at your earliest convenience.

Very truly yours,

SHELL OIL COMPANY, Incorporated
W. C. DAVIS - Land Agent

By *W. C. Davis*
Land Department
Texas-Gulf Area

WCC-eme

WE AGREE TO THE ABOVE THIS 5th day of September 1939.

Endura Oil Company Inc.
W. C. Davis, Secretary

SHELL OIL COMPANY,
INCORPORATED
FORMERLY

EXHIBIT "2".



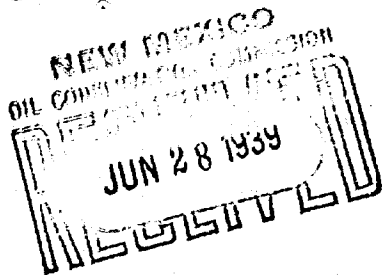
SHELL PETROLEUM CORPORATION

SHELL BUILDING

HOUSTON, TEXAS

HEAD OFFICE
SHELL BUILDING
ST. LOUIS, MO.

CABLE ADDRESS SHELPETCO ST. LOUIS



Box 1509
Midland, Texas
June 10, 1939

RE: LEA COUNTY, NEW MEXICO
NM-890-STATE
SHELL STATE ENDURA "A" NO. 3

Mr. M. D. Bryant
San Angelo, Texas

Dear Sir:

You appear to be the owner of a mineral interest under the Southeast 1/4 of Section 12, T-21-S, R-35-E, Lea County, New Mexico, and we desire to drill our Shell State Endura "A" No. 3, 330 feet from the South line and 125 feet from the West line of the SW/4 of the NE/4 of Section 12, T-21-S, R-35-E, Lea County, New Mexico.

Please indicate your willingness that such location is satisfactory to you by executing this letter in the space provided and return it to us at your earliest convenience.

Yours very truly,

SHELL OIL COMPANY, INC.
W. C. DAVIS - Land Agent

W. C. Davis
By
Land Department
Texas-Gulf Area

PVH-eme

I AGREE TO THE
ABOVE, this 12 day of June, 1939.

M. D. Bryant

SHELL OIL COMPANY
INCORPORATED
FORMERLY

EXHIBIT "3".



SHELL PETROLEUM CORPORATION

PETROLEUM BUILDING

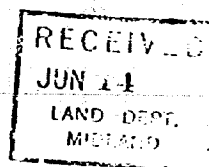
MIDLAND, TEXAS

CABLE ADDRESS SHELPETCO ST. LOUIS

June 10, 1939

RE: LEA COUNTY, NEW MEXICO
NM-890 - STATE
SHELL-STATE, ENDURA "A" No. 3

Drilling and Exploration Company
408 Continental Building
Dallas, Texas



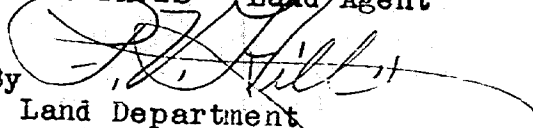
Gentlemen:

You appear to be the owner of a mineral interest under the Southeast 1/4 of Section 12, Township 21-South, Range 35-East, Lea County, New Mexico, and we desire to drill our Shell-State, Endura "A" No. 3, 330 feet from the South line and 125 feet from the West line of the Southwest 1/4 of the Northeast 1/4 of Section 12, Township 21-South, Range 35-East, Lea County, New Mexico.

Please indicate your willingness that such location is satisfactory to you by executing this letter in the space provided and return it to us at your earliest convenience.

Yours very truly,

SHELL OIL COMPANY, INC.
W. C. DAVIS - Land Agent

By 
Land Department
Texas-Gulf Area

PVH/eme

WE AGREE TO THE ABOVE,
this 12th day of June, 1939.

DRILLING AND EXPLORATION CO.

BY Chas. R. Liden

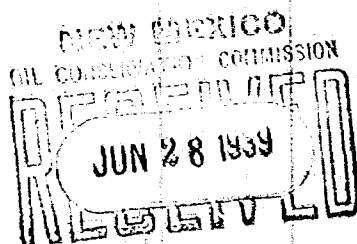
EXHIBIT "4".

REPUBLIC PRODUCTION COMPANY

708 SAN ANGELO NAT'L BANK BLDG.

SAN ANGELO, TEXAS

June 19, 1939



Re: Lea County, New Mexico
NM-890-State
Shell State Endura "A" No. 3

Shell Oil Company, Inc.,
Box 1509,
Midland, Texas.

Gentlemen:

Attention Mr. W. C. Davis, Land Agent

Your letter of June 10th, regarding the above.

In this you ask that Republic indicate its willingness for you to drill your Shell State Endura "A" No. 3 - 330 ft. from the south line and 125 ft. from the west line of the SW/4 of the NE/4 of Section 12, T-21-S, R-35-E, Lea County, New Mexico. You are asking this consent of Republic Production Company in view of the fact that it owns a mineral interest under the SE/4 of said Section 12.

As indicated by your letter, you are familiar with the fact that Republic Production Company has assigned this lease, retaining a royalty. Any permission that Republic gives you will have to be subject to approval by M. D. Bryant of San Angelo, Texas, or his assigns, as owner of the lease. Accordingly, if and when you get the consent of M. D. Bryant and the present owner of the lease for the location as requested, such will be agreeable to Republic Production Company.

Yours very truly,

REPUBLIC PRODUCTION COMPANY

BY

A handwritten signature in cursive script, appearing to read "J. W. Shumaker".

JC CB

AFFIDAVIT OF PUBLICATION

State of New Mexico, }
County of Lea

Thomas G. Summers
publisher

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once ~~a week~~ in the regular and entire issue of said paper, and not in a supplement thereof for a

period of

One issue weeks.

in beginning with the issue dated

August 21, 1939

and ending with the issue dated

Thomas G. Summers, 1939.
Publisher.

Sworn and subscribed to before me

this *21* day of

August, 1939.

Ala. Marie Montgomery
Notary Public

My commission expires *Feb*

5, 19*42*
(Seal)

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 fees for said publication has been made.

(Run Aug 16) 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 18th day of September, 1939, at ten o'clock A. M., for the purpose of considering the following:

Case No. 16:

The application of Shell Oil Company, Inc., formerly Shell Petroleum Corporation, for a special spacing to drill a well for the production of oil and gas, to be known as "Endura" No. 3, at a location 380 feet from the South line and 125 feet from the West line of the SW 1-4, NE 1-4 of said Section 12, Township 21, South, Range 35 East, that said location is sought for the reason that this applicant desires to attempt to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance—that is to say 330 feet East from the unit line—would be outside of this zone of production," said location being in Lea County.

The resident attorney for the applicant is Honorable J. O. Seth, Santa Fe, New Mexico.

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 August 16th, 1939.

Oil Conservation Commission,
By Frank Worden, Commissioner of Public Lands.
By A. Andreas, State Geologist.
(SEAL)

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 18th day of September, 1939, at ten o'clock A. M., for the purpose of considering the following:

Case No. 16.

The application of Shell Oil Company, Inc., formerly Shell Petroleum Corporation, for a special spacing "to drill a well for the production of oil and gas, to be known as Endura "A" No. 3, at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 12, Township 21 South, Range 35 East; that said location is sought, for the reason that this applicant desires to attempt to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance -- that is to say 330 feet East from the unit line -- would be outside of this zone of production," said location being in Lea County.

The resident attorney for the applicant is Honorable J. O. Seth, Santa Fe, New Mexico.

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 August 16th, 1939.

OIL CONSERVATION COMMISSION

By Frank Worden
Commissioner of Public Lands

By A. Andeap
State Geologist

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

In re: The application of Shell Oil Company for permission to drill a well at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East, Lea County, New Mexico.

Comes now Shell Oil Company, Inc., formerly Shell Petroleum Corporation, and states:

1. That it is the holder of leases issued by the State of New Mexico, covering the NE $\frac{1}{4}$, NW $\frac{1}{4}$ and the SW $\frac{1}{4}$ of Section 12, Township 21 South, Range 35 East, Lea County, New Mexico; that the lease covering the SE $\frac{1}{4}$ of said Section 12 is held by one M. D. Bryant and interests therein are held by the Republic Production Company and the Drilling and Exploration Company.
2. That all the minerals in all of said Section 12 are owned by the State of New Mexico, and the entire section is held for the benefit of the common schools of said state, and there is, therefore, no differing royalty interests involved in any of said section.
3. That applicant herein requests permission to drill a well for the production of oil and gas, to be known as Endura "A" No. 3, at a location 330 feet from the South line and 125 feet from the West line of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 12, Township 21 South, Range 35 East; that said location is sought, for the reason that this applicant desires to attempt to secure production from a narrow belt along the flank of the Eunice structure, and a proposed location at the normal distance -- that is to say 330 feet East from the unit line -- would be outside of this zone of production, according to the best available geological evidence; that attached hereto is a plat showing the structure and surface ownership of the area in question.

4. That there have heretofore been filed with the Commission, the written consent of the Republic Production Company, of M. D. Bryant and of Drilling and Exploration Company, who, with the State of New Mexico, hold the entire interest in the SE $\frac{1}{4}$ of said Section 12.

5. That said well, if drilled, will not result in waste, and if oil and gas are found therein, will permit the production of oil and gas that otherwise would not be produced.

WHEREFORE, applicant prays that the matter of this application be set down for hearing at a date to be fixed by this Commission; that due notice be given thereof, as required by law and the regulations of the Commission; that evidence be heard and that this Commission authorize this applicant to drill on the location above specified; and that it have such other relief as may be appropriate.

SHELL OIL COMPANY, INC.,
FORMERLY SHELL PETROLEUM
CORPORATION,

By H. J. Kemler

Its Gen. Mgr. for
West Texas & New Mex.

Deek & Montgomery
Attorneys for Shell Oil Company,
Santa Fe, New Mexico.

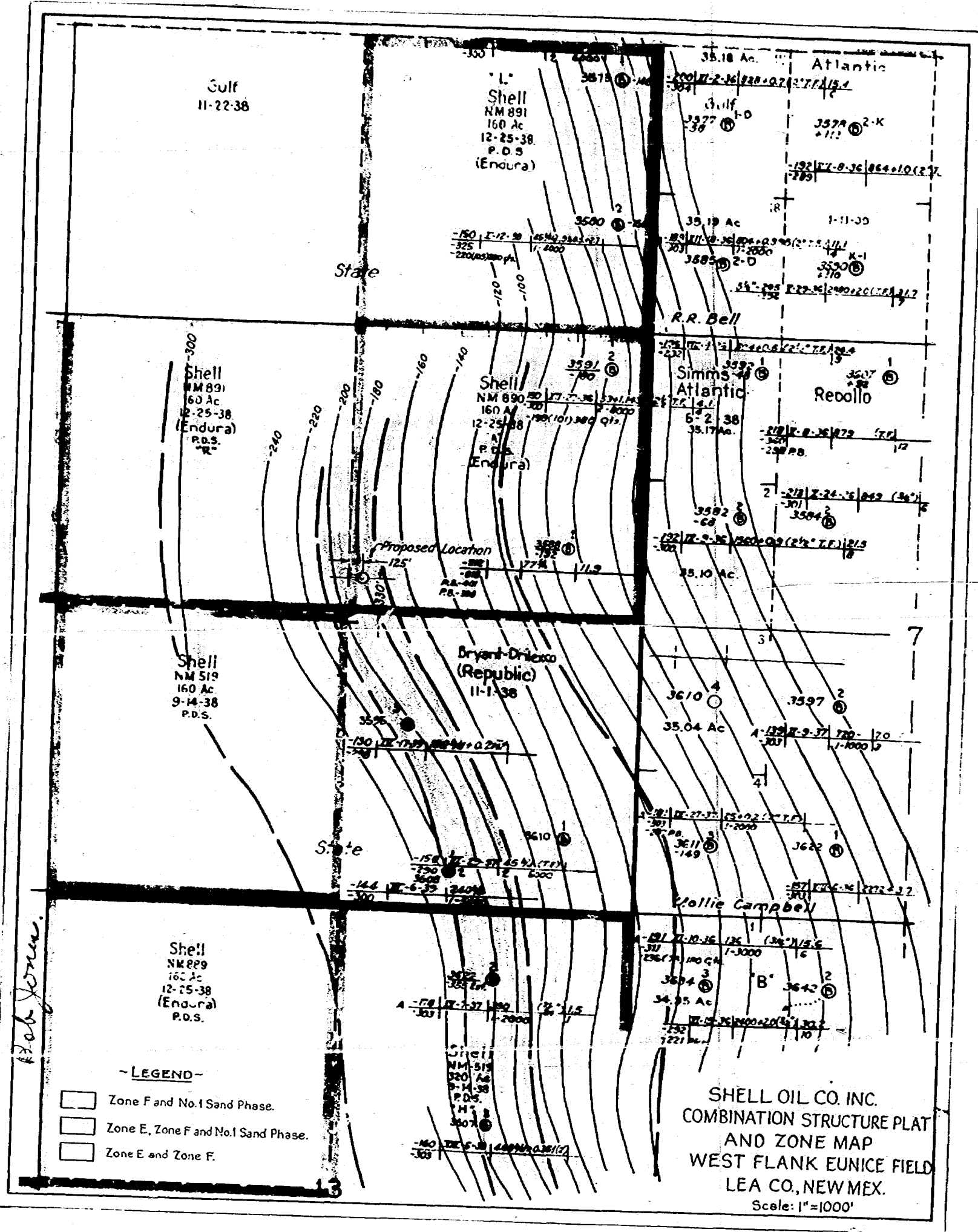
STATE OF TEXAS,)
County of Midland) ss.

H. J. Kemler, being first duly sworn, deposes and says that he is the Gen. Mgr. for West Texas & New Mexico Division of Shell Oil Company, Inc.; that he has read the foregoing petition, knows the contents thereof and the matters and things therein stated are true of his own knowledge, except as to those matters stated on information and belief, and as to those, he believes them to be true.

Subscribed and sworn to before me this 26th day of July, 1939.

My Commission Expires: June 1, 1941

Harry Page
Notary Public.



Block 1000.