

Case No.

314

Application, Transcript,
Small Exhibits, Etc.

Case 316

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Transcript of Hearing
October 25, 1951.

BEFORE THE
RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

E. E. GREESON
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BEFORE THE

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

In the matter of the Special Joint
Hearing of the Texas Railroad Com-
mission and the Oil Conservation
Commission of the State of New
Mexico, on October 25, 1951.

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) Case No. 316
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Public Notice of Joint Hearing of the New Mexico Oil Conservation Commission and the Texas Railroad Commission for the consideration of problems of proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, and for consideration of adoption of Rules and Regulations relating to the committization of small lots along the boundary common to both states into appropriate drilling units, proration in pools common to Texas and New Mexico, and other matters.

STATE OF NEW MEXICO TO:

All persons having any right, title,
interest or claim in the following
case, and notice to the public.

Public notice is hereby given that a joint meeting of the New Mexico Oil Conservation Commission and the Texas Railroad Commission will be held in Santa Fe, New Mexico, at Mabry Hall (new Capitol office building) at 10 o'clock a.m. on the 25th day of October, 1951, for the purpose of considering proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, committization of small lots, and all other matters within the purview of the two commissions leading to the prevention of waste and protection of correlative rights, and for the purpose of issuing such Orders, Rules and Regulations with respect thereto, within the respective jurisdiction of either Commission, as the evidence presented may justify.

GIVEN under the seal of the Oil Conservation Commission
of New Mexico at Santa Fe, New Mexico, on September 28, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER,
Secretary

SEAL

BEFORE: Hon. Ed Mechem, Governor
Hon. Guy Shepard, Land Commissioner
Hon. R. R. Spurrier, Secretary
Hon. Ernest O. Thompson, Commissioner

R E G I S T E R

George F. Singletary
Railroad Commission of Texas

Jack K. Baumel
Railroad Commission of Texas

R. L. Boss
Gulf Oil Corporation
Roswell, New Mexico

Jack M. Campbell
Atwood, Malone & Campbell
Roswell, New Mexico

E. S. Grear
Gulf Oil Corporation
Box 787
Roswell, New Mexico

M. H. Soyster
U. S. Geological Survey
Hobbs, New Mexico

Foster Morrell
U. S. Geological Survey
Roswell, New Mexico

George W. Selinger
Skelly Oil Company
Tulsa, Oklahoma

J. N. Dunleavy
Skelly Oil Company
Hobbs, New Mexico

J. D. Cooper
Skelly Oil Company
Tulsa, Oklahoma

W. F. Bailey
Skelly Oil Company
Tulsa, Oklahoma

Stanley W. Crosly
Independent
Roswell, New Mexico

B. M. Keohane
Independent
Box 522
Roswell, New Mexico

Glenn Staley
N. M. Oil & Gas Eng. Co.
Hobbs, New Mexico

Lewis H. Bond
Stanolind Oil and Gas Co.
Forth Worth, Texas

Oliver Seth
Seth and Montgomery
Santa Fe, New Mexico

W. A. Scott
Shell Oil Company
Hobbs, New Mexico

R. B. Kelly
The Pure Oil Company
Fort Worth, Texas

Raybourne Thompson
The Pure Oil Company
Fort Worth, Texas

M. H. L. Keener
The Pure Oil Company
Fort Worth, Texas

Jack T. Duree
The Pure Oil Company
Fort Worth, Texas

Paul N. Colliston
Continental Oil Company
Houston, Texas

W. E. Hubbard
Humble O and R Co.
Houston, Texas

R. S. Dewey
Humble O and R Co.
Midland, Texas

Harvin L. Landua
Ralph Lowe
Box 832
Midland, Texas

Joseph D. Kennedy
J. C. Maxwell, Inc.
Fort Worth, Texas

Wm. E. Bates
The Texas Company
P.O. Box 1270
Midland, Texas

George Hirschfeld
Nat. M. Oil and Gas Engr. Comm.
Hobbs, New Mexico

E. P. Keeler
Magnolia Pet. Company
Dallas, Texas

S. P. Hannifin
Magnolia Pet. Company
Roswell, New Mexico

Brantley Jackson
Magnolia Pet. Company
Roswell, New Mexico

Homer Dailey
Continental Oil Company
Midland, Texas

R. S. Blymn
O. C. C.
Hobbs, New Mexico

Ross Maddala
Aurora Gasoline Company Box 547
Roswell, New Mexico

G. D. Simon
Aurora Gasoline Company
Midland, Texas

Jack Shier
Aurora Gasoline Company
Midland, Texas

John M. Kelly
Independent
Roswell, New Mexico

Charles H. Corlett

Betty Wistrand
Oil Conservation Commission
Santa Fe, New Mexico

Eugene A. Chavez
Oil Conservation Commission
Santa Fe, New Mexico

Jason Kellahin
Oil Conservation Commission
Santa Fe, New Mexico
George Graham
Oil Conservation Commission
Santa Fe, New Mexico

NOTICE OF HEARING
PERTAINING TO OVERLAPPING FIELDS
BETWEEN THE STATES OF NEWMEXICO AND TEXAS

NOTICE IS hereby given to the public and all interested persons that a joint Hearing will be held at ten a.m., OCTOBER 25, 1951, in Mabry Hall, Capitol Building, Santa Fe, New Mexico, between the New Mexico Oil Conservation Commission and the Railroad Commission of Texas for the purpose of hearing evidence and determining what rules and regulations should be adopted by Texas and New Mexico for those fields that overlap from New Mexico into Texas and from Texas into New Mexico.

PURSUANT To said Hearing, the Railroad Commission of Texas will adopt such rules, regulations, and orders as in its judgment the evidence submitted may justify.

RAILROAD COMMISSION OF TEXAS
Olin Culberson, Chairman
Ernest O. Thompson, Commissioner
W. J. Murray, Jr., Commissioner

(SEAL)

MR. SPURRIER: The meeting will come to order, please. As you all know, this is a joint meeting of the Texas Railroad Commission and the New Mexico Oil Conservation Commission. The advertisement has stated what we are to consider here, and in the interest of time, I won't go into those details. And at this time, I would like to turn the meeting over to General Thompson.

GEN. THOMPSON: Thank you. It is a great pleasure, Governor, to come out here, gentlemen of the Commission, and sit with you co-operatively, in this joint enterprise. As everyone knows, but to be stated for the record, the Dollar-Hyde Field and the East Hobbs Field, and the Scarborough, and the P. S. L., are all presently extending over the line of both of the States of New Mexico and Texas, or approaching the point where they will extend across the line. So, in order that we may have uniform rules and regulations governing the recovery and the conservation of oil and gas in each separate state, the Governor of New Mexico has invited the Texas Railroad Commission to join with the Conservation Commission of New Mexico in this joint effort. This effort is authorized by law in the **Enabling Act** passed by the Congress approving the Interstate Oil Compact, which is a treaty between the oil producing states whereby each of them agrees to pass proper conservation laws as their legislatures see fit and keep those laws in effect in order to prevent waste in the production of oil and gas in any form. This Compact states specifically that the states may use jointly their police powers

in order to prevent physical waste in the production of oil and gas to the end that the greatest possible amount of oil and of gas shall be produced over the life of each respective field.

This meeting we are having here in this beautiful room today as guests of the State of New Mexico, and its Conservation Commission and its Governor, is an example of this co-operative effort that was contemplated when the Interstate Oil Compact was formed and approved by the Congress some 15 years ago.

In order that everyone may understand what we are doing here today, we are simply getting acquainted and meeting to contemplate an actual hearing on these fields that are across the state lines, or about to cross state lines, and there will come out of this conference here today a formal order ordering a hearing at a date and place made certain in the Notice of Hearing given timely, certainly ten days or more before the hearing, an order will be issued setting a hearing for these respective fields, probably all at the same time and place so that testimony can be adduced and presented on each field to the end that proper rates of flow and proper spacing patterns can be prescribed if they are not presently prescribed and satisfactory.

So, we contemplate that from this hearing a notice will go out specifically covering these various fields. The notice of this hearing today, you have a copy gentlemen of that, so that we could put the notice of the New Mexico Conservation

Commission and the Texas Commission both in the record at this point with your permission, so that the record will show how this effort has started and that it is the will of the two Commissions and the operators concerned that we have a further hearing. I am sure that will be agreeable.

We have the Federal Government represented here by Mr. Morrell, and I have asked him if he will be kind enough, and the Conservation Commission of New Mexico asks the same, to give us some observations. If you will be kind enough to do that we will appreciate it.

MR. MORRELL: Thank you, General.

GEN. THOMPSON: Just have a seat there in the place where your picture was taken.

MR. MORRELL: General Thompson and Governor Mechem and Members of the New Mexico Oil Conservation Commission and the Texas Railroad Commission:

As a representative of the Geological Survey, we feel that a joint meeting such as you are having at the present time to consider matters involving two states should be very advantageous to the operators and for the benefit and protection of interest of the respective states. To that end I think you should be congratulated.

GEN. THOMPSON: Thank you very much.

MR. MORRELL: As a matter of interest to the operators and to the respective Commissions, as to the position taken by the

Geological Survey, as represented through our Roswell office, we would like to introduce into the record and read for the benefit of the operators' representatives present at this hearing, a letter addressed by myself to the New Mexico Oil Conservation Commission and to the Texas Railroad Commission, dated August 31, 1951.

GEN. THOMPSON: We would love to have that in the record. Will you read it at this time for the benefit of those who haven't seen this letter.

MR. MORRELL: The United States of America owns the mineral rights to many lots as delineated by Public Land Surveys along the eastern portion of the State of New Mexico adjoining the state line between New Mexico and Texas. These lots extend usually one-fourth mile north and south and vary in width from 58 feet to 1,759 feet east and west. (That description of lots extends from 8 south to 26 south inclusive within New Mexico.) The lots vary in size from as little as 2.12 acres to more than 55.00 acres. Federal oil and gas leases have been issued for most of these lots under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended.

In the interest of conservation of oil and gas, and of limitation in use of steel during the present emergency, it is desirable that satisfactory arrangements be initiated to avoid drilling of unnecessary wells, and at the same time protect correlative rights and equities involved.

END OF RECORD

This subject was previously reviewed during an informal conference with members of the two State regulatory bodies in Midland, Texas, several years ago but no decisions were reached. As recent discoveries of oil and gas have been made in Texas at locations 660 feet or less from the state line, some of which locations offset Federal oil and gas leases, it is desirable that definite plans be formulated to cover drilling and proration matters affecting these Federal leases at the earliest practical date.

As a practical approach to this subject, it appears to this office that the Federal leases in New Mexico should be operated and developed consistent with the general practices of the industry within New Mexico, and so far as possible consistent with the rules and regulations of the New Mexico Oil Conservation Commission. To this end it would seem best that the smaller lots be communitized with the adjoining full 40-acre tracts to the west. Where the lots are of medium size, possibly from 20 to 30 acres, it may be desirable to communitize two of such lots for a drilling and proration unit that would more closely approximate a normal 40-acre unit rather than to communitize such lots with the adjoining 40 acres and have an excessive amount of acreage comprise a drilling and proration unit. The larger lots could be considered as acceptable units for drilling purposes.

(That is the lots in the 20 to 30 acres category.)

In all cases involving individual lots or communitized lots,

it would seem proper that the proration allowable in New Mexico should be based on a factor being the ratio of the acreage of the lot or communitized tract to 40 acres, applied to the normal 40-acre allowable for the particular pool.

The difference in proration methods between the State of New Mexico and the State of Texas presents an additional problem. If legal and subject to reasonable administration, it would appear that a common oil and gas reservoir or pool embracing lands in the two states should be subject to the same proration rules and regulations. It has been suggested that if the pool or field is first discovered and developed in the State of New Mexico, that the extension into the State of Texas might be governed by the New Mexico proration schedules as adopted for that pool or field by the Texas Railroad Commission. Likewise, for a pool or field first discovered in the State of Texas and later extended into New Mexico, the New Mexico portion might be governed by applicable proration rules and regulations of the Texas Railroad Commission to be adopted by the New Mexico Oil Conservation Commission for that particular pool or field.

As we must take appropriate action to protect the Federal interests involved, this office suggests that the matter be given your earnest and early consideration, and that we be advised of your findings.

It may be desirable that the two State regulatory bodies hold a joint open hearing on the subject. Some informal discussions might also be informative and helpful. To this end

I shall be glad to discuss the subject with representatives of both Commissions at any convenient place, having in mind either Santa Fe or Roswell, New Mexico, Midland or Austin, Texas.

GEN. THOMPSON: Now, that letter will be made a part of this record of this hearing and gives the background for this hearing, which we deeply appreciate.

MR. MORRELL: With your permission, I have and will be glad to enter into the record one additional letter written by the District Engineer, M. H. Soyster of Hobbs, New Mexico, at my suggestion to Mr. R. S. Magruder, as applicable to a particular case.

GEN. THOMPSON: Yes, we would like to have it.

MR. MORRELL: Although this is not up for immediate consideration because there is no hearing^{on} a particular problem.

GEN. THOMPSON: But it will pose the problem.

MR. MORRELL: Yes, it will pose the problem.

GEN. THOMPSON: And it can be covered by a specific hearing.

MR. MORRELL: This is the letter. The records of this office show that you are the owner of the above described Federal lease embracing Lots 1 and 2, section 33, T. 24S, R. 38E, 14.45 acres in Lea County, New Mexico and that these lands are now subject to drainage of oil by dually completed oil wells No. G-9 and G-10 Cowden of Cities Service Oil Company located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$, section 15, Block A-52, PSL Survey, Andrews County, Texas. Well No. G-9 is reported to have been

completed April 29, 1951, in the Devonian formation for an initial production of 810 barrels of oil per day from the interval 7890-7935' and on May 13, 1951, in the Clearfork formation for an initial production of 468 barrels of oil per day from the interval 6535-6690'. Well No. G-10 is reported to have been completed July 9, 1951, in the Clearfork formation for an initial production of 864 barrels of oil per day from the interval 6608-6754', and on July 10, 1951, in the Devonian formation for an initial production of 1104 barrels of oil per day from the interval 8000-8035'.

Please inform this office within 15 days of the receipt of this letter of your intentions as to compliance with the provisions of the above numbered oil and gas lease and with the Oil and Gas Operating Regulations regarding protection of the leasehold from drainage.

In view of the smallness of the tracts involved, drilling of wells thereon may not be permitted in the absence of an acceptable showing that the Federal interests could not be adequately protected by communitizing the lots with the two 40-acre tracts immediately to the west. In the interest of the conservation of steel during the present emergency, such action would prevent the drilling of unnecessary wells.

It is suggested that you make application to the New Mexico Oil Conservation Commission for a hearing to provide for an increased allowable based on the acreage of such communitized tract compared to a normal 40-acre tract. This increased

allowable would be the interest that you as leasee of Las Cruces 069752 would have in the two wells needed to be drilled in the E NW $\frac{1}{4}$, sec. 33 to protect that land as well as the subject lease from drainage by wells on the Cities Service Oil Company, Cowden lease.

Communitization agreements in general should be limited to single drilling units, that is a 40-acre tract plus a small additional lot. However, if you prefer, this Department has no objection to receiving and submitting to Washington for consideration a single agreement including two such drilling units involving normal 40-acre tracts in the same legal quarter section plus the adjoining lots if both units are considered proven acreage and include land in the same Federal lease.

GEN. THOMPSON: We are grateful for these two letters for ^{you} they do pose the problem to be presented, and we assure/they can easily be met. The Government's interest is like any other land owners' interest, and it is to the interest of the Texas and New Mexico Commissions that every land owner be satisfied.

MR. MORRELL: That is right.

GEN. THOMPSON: We appreciate ever so much your appearance and accept our gratitude for your coming here.

Any operator who wishes to make a statement for this record, we would be glad to have it at this time. Don't all stand back. Anyone who wishes to make a statement for the record will be most welcome. We would also appreciate if you would write your name on a piece of paper and pass it to the reporter so

that you can have your name in this account of this meeting.

MR. RAYBURN THOMPSON: Mr. Rayburn Thompson. Governor Mechem, General Thompson, and Members of the Commission, I represent the Pure Oil Company, one of the operators in the Dollar-Hyde Field, which is very imminently extending over into the State of New Mexico. We feel that it is most important for a great many reasons, that the Texas and New Mexico Commissions agree to agree. We feel that you ought to have a pact on that, that regardless of the differences there might be between you in any particular field, that those differences will be so compromised that you will have uniform rules for the development and production from a field.

GEN. THOMPSON: Would it not follow, Mr. Thompson, if you will pardon the interruption, at a hearing where sound engineering data was given in testimony, that the two commissions, jointly meeting, would naturally arrive at the same conclusion?

MR. THOMPSON: Yes, sir.

GEN. THOMPSON: Under sound testimony.

MR. THOMPSON: Yes, sir.

GEN. THOMPSON: You may proceed.

MR. THOMPSON: I feel that is true. And, of course, when the reservoirs were laid down there were no state lines, and state lines shouldn't be in our opinion recognized as any reason for treating a common reservoir differently in different states. And we feel it is most important that uniform rules be adopted so that everybody will be protected in the common reservoir.

GEN. THOMPSON: You look with favor on this effort then.

MR. THOMPSON: Yes, sir. We feel not only should these two bodies have common rules so that each man will get his fair share of the oil, we think you should go further and see no one uses more than his share of the reservoir energy. I think you have said that conservation is the wise utilization of the reservoir energy.

GEN. THOMPSON: That is what the experts tell me.

MR. THOMPSON: Yes, sir. And we feel that you should give serious consideration to that. We hope that you will call a hearing on the Dollar-Hyde Field in the very near future to issue joint rules. We feel that some of the reservoirs already extend into New Mexico. We subscribe generally to what Mr. Morrell says, and we feel delay might cause delay in development along that line, which we don't like to see, and I know you all don't like to see. We are very pleased that the joint action has been initiated.

GEN. THOMPSON: Couldn't you even say that the Federal Government's attitude as that of a land owner is admirable?

MR. THOMPSON: It certainly is.

GEN. THOMPSON: So, it is a three-part meeting. Thank you Mr. Thompson.

Anyone else. This is a nice record to get in to. It won't cost a cent. The Court Reporter is taking it down. I hope you are all writing the names of the companies you represent and your address. Put your office address so that people can write

you. So that you will all be on the first page of the transcript.

Anyone else?

MR. SELINGER: General, after I sign the register, I will have something to say.

GEN. THOMPSON: All right, while we wait breathlessly.

(Laughter.) We have been honored, ladies and gentlemen, by the attendance this morning of Major General Corlett.

(Applause.) General will you rise. We are glad to have you here present very much. Us military men have to stick together.

Who else, while we are waiting for Mr. Selinger.

MR. SELINGER: I am now ready to speak since officially I am in the record.

GEN. THOMPSON: Give your name and representation.

MR. SELINGER: I am George W. Selinger, and I represent Skelly Oil Company.

GEN. THOMPSON: Your address.

MR. SELINGER: Tulsa, Oklahoma. Firstly, General, I want to say to the Governor and the New Mexico Commission as well that these lots Mr. Morrell is speaking about lie exclusively on the New Mexico side. I know of no such lots on the Texas side. The problem of the size of units is now under consideration by the New Mexico Commission with respect to the size. And also the method of allocation. I feel that probably the New Mexico Commission will probably come up with a very satisfactory answer

with respect to these lots that Mr. Morrell has talked about.

Secondly, I want to advise this Commission, both Commissions, that insofar as Dollar-Hyde and East Hobbs, of which our company has acreage and a producing well -- there is one well now in the process of completion in the Hobbs Pool on the New Mexico side of the East Hobbs Pool. It was completed, or in the process of completion by the Aurora Gasoline Company.

Thirdly, insofar as the Dollar-Hyde Pool is concerned, Skelly Oil Company has the only producing well on the New Mexico side. It is completed in the Ellenberger production, and our company is in the process of drilling some additional wells. The hearing, if it had gone into the merits would, in my opinion, would have been a premature one insofar as the lack of definite information on the New Mexico side was concerned. We too, look with much favor on particular hearings covering each field, but I will be frank to say so far as our company is concerned in the Dollar-Hyde, and I imagine the Aurora Gasoline Company is similarly situated with respect to the New Mexico side of the East Hobbs, that information is presently lacking as to any definite information to be presented to the Commissions.

GEN. THOMPSON: Do you anticipate it will be different from the characteristics of the Dollar-Hyde Field on the Texas side?

MR. SELINGER: General, in our opinion, on the Dollar-Hyde Field, particularly three or four reservoirs are separate and

distinct from the Texas side.

GEN. THOMPSON: A specific hearing would go into that in detail.

MR. SELINGER: Yes, sir.

GEN. THOMPSON: When do you think the hearing should be had?

MR. SELINGER: We have only one well on the New Mexico side. It will be 60 to 90 days before we complete additional wells on which we can give complete information to both Commissions.

GEN. THOMPSON: Your thought is the information is too meager at the moment for full consideration?

MR. SELINGER: Yes, sir, so far as the East Hobbs and Dollar-Hyde Fields are concerned. But we would welcome individual hearings on both fields, but we think there should be sufficient information, particularly on the New Mexico side, before your bodies can come up with any particular action.

GEN. THOMPSON: But you don't object to our having these preliminary clearing-the-way meetings like we have here today.

MR. SELINGER: No, sir, we think they are very good.

GEN. THOMPSON: And Santa Fe is a nice place to have them.

MR. MADOLE: General Thompson.

GEN. THOMPSON: Yes, sir.

MR. MADOLE: My name is Ross Madole, attorney of Hobbs, representing the Aurora Gasoline Company. We do not intend to inject anything into this hearing except to acknowledge the fact

that we are in accord with the general principle of meeting. And in view of George's statement, we wish to state we are fully in accord with the principle announced by Mr. Morrell and consented to by Mr. Thompson. And feel all we want is a fair share of the oil and that there should be uniformity from the Texas and New Mexico sides. And that the well in the East Hobbs Field, of which there is some questions as to what formation we are now in, is the beginning of a new pool for that particular area. In addition though, we are now in the process of -- will have spudded in today or tomorrow -- a Clearfork test, which is offset in Texas by production. And we feel that in view of the imminence of the question, the matter should be given immediate consideration. And that hearing, specific hearing, discussed this morning should be called at an early date.

GEN. THOMPSON: Anyone else. Please don't hesitate.

MR. CAMPBELL: Col. Thompson, Governor Mechem, and Members of the Commissions. Jack M. Campbell, Roswell, New Mexico, statement for the Gulf Oil Corporation.

Gulf Oil Corporation takes the position that at such time development indicates with reasonable certainty one or more common sources of supply crossing the state line between Texas and New Mexico, that an equitable formula for proration then be worked out. We recommend that once consideration of the problem is required there definitely be a common basis of
in Texas
spacing/and New Mexico. Gulf has no objection to communitization

with reference to irregular tracts along the state line now offset by production in the Dollar-Hyde Field, providing a fair and equitable basis can be worked out.

GEN. THOMPSON: Thank you very much.

Who will be next? Anyone that has the urge, please make your statement. Let's move right along. Mr. Baumel, will you explain about the tolerance feature we have in our rules and regulations? He is our Chief Engineer for the Texas Railroad Commission.

MR. BAUMEL: In Texas, in those fields mentioned at the start of the hearing, we had 40-acre units with 20-acre tolerance on the last well drilled. This permits any acreage which is less than 40, or if you have a 65 or 75 acres, you can incorporate that in the part of your tolerance and be given credit for that acreage. It is a pretty well-known fact that it is immaterial what allocation formula you have across the state line as long as each well will receive the same allowable on the unit to prevent drainage. That is all that really counts as to what allocation formula --

GEN. THOMPSON: Together with proper gas-oil ratios and other waste prevention features.

MR. BAUMEL: That's right. If we have the same gas-oil ratios and the same spacing and the same proration units, it will give the same allowable on both sides of the state line.

GEN. THOMPSON: You mean acres considered in the allowable,

each allowable for the acres.

MR. BAUMEL: Yes, sir.

GEN. THOMPSON: It would cover Mr. Morrell's formula.

Mr. Singletary, do you have an observation to make? He is one of our engineers.

MR. SINGLETARY: In the questions which will arise in the allowable across state lines, I might cite a specific example which recently happened between Louisiana and Texas. In Louisiana the allowable was considerably more than the allowable normally granted in the State of Texas. However, for this reservoir, which did extend across the state line, we granted an allowable equal to that, in effect, in Louisiana. It would be a matter of co-operation between the states.

GEN. THOMPSON: Thank you. Anyone else?

MR. MADOLE: Col. Thompson, as a matter for the record, if I might be permitted to ask Mr. Baumel a question.

GEN. THOMPSON: Yes. Stand up, Jack.

MR. MADOLE: In the area generally involved is the acreage ownership fairly uniform so that there would be, assuming that you followed the Texas rule, would there be any exception to Rule 37 in that particular area?

MR. BAUMEL: In that particular area of West Texas, the acreage is in sections of 640 and usually owned by one company. Rule 37 is involved only if you have acreage less than 40-acre proration units of spacing. And the spacing is 660 and 1320,

which means in the center of 40 acres. If you want an exception it would take 37.

MR. MADOLE: What I have particular reference to, is there any small ownership of land.

MR. BAUMEL: There is no small ownership in West Texas in these fields involved here.

GEN. THOMPSON: Anyone else? Speak right up. Anyone. Is it possible that so many people here and none will speak at all and get into the record. I stated awhile ago it is absolutely free. Would the Magnolia be willing to make a statement whether they like this plan or not, are we on the right track or not?

MR. KEELER: E. P. Keeler, Magnolia Petroleum Company. We are in agreement with the statement made by Mr. Thompson and we certainly believe that wherever we have a common reservoir overlapping the state line, such a reservoir should be treated under some specific set of rules and regulations that will apply to both sides of the line.

GEN. THOMPSON: Having each state adopt identical rules and regulations, that is what you have in mind?

MR. KEELER: Yes, sir. I think that is about all I have to say.

GEN. THOMPSON: The Humble.

MR. HUBBARD: My name is W. E. Hubbard for the Humble.

Humble is in full accord with the aims and purposes of you gentlemen.

GEN. THOMPSON: We would like to have a testimonial from anybody about these rules. Anyone else? Say something. If not this meeting is going to be over pretty quick. It looks like the purpose we came for is clearly outlined and there is no dissent. Mr. Spurrier, do you have something you wish to put in the record? Any comments or statement or anything?

MR. SPURRIER: None, except I think you have handled it in your usual expert style, General, and I think if there are no further comments, the meeting can be adjourned.

GEN. THOMPSON: Mr. Shepard.

MR. SHEPARD: No, sir.

GEN. THOMPSON: Is there no one else that wishes to get into this record. After every meeting the fellow says, Boy, I could have told them. Here is your opportunity. Continental Oil Company?

MR. COLLISTON: Paul M. Colliston representing Continental Oil. We would like to go on record as heartily endorsing the purpose and principles of this meeting.

GEN. THOMPSON: Anyone else?

MR. HANDYWAY: I am H. L. Handyway representing the W. H. Black Drilling Company. We have Clearfork production on the Texas side of the East Hobbs pool and we are certainly generally in accord with the uniform regulations and uniform ways of prorating allowables in this reservoir.

GEN. THOMPSON: We have present this morning Mr. Bryan of Houston Texas. I took him with me to the World Petroleum Congress in Paris, France, in 1937, as my technical adviser. He is a man that has followed the industry all of his life. Recently, this summer, I took him to the Hague to the Third World Petroleum Congress. Certainly he ought to be able to get up and say something.

MR. BRYAN: General, as you told the people, I just came for the trip and didn't expect to say anything. But I am certainly glad to see we have a good many people interested in the oil industry, and to see New Mexico and Texas co-operating in this matter as Louisiana and Texas have done and as has been done in Oklahoma and Kansas. I think it is exactly what the industry wants.

GEN. THOMPSON: Give them a word or two about the meeting at the Hague.

MR. BRYAN: Of course, the primary purpose of the meeting and the idea is -- I didn't know I was going to make this little statement, and I believe the General wants to leave at noon -- we had 2300 technicians registered at the Hague and others that did not. They were the people that work in the technical side of production and of course, refining and some marketing. There is a great deal of valuable information presented there. Papers by people from all over the world. Many from the United States, but also many from Europe. I think you people might be interested

in obtaining copies of them as they are released in the Fall. General Thompson had the privilege there of setting the tone for that entire meeting, which was most helpful. He pointed out we were there to discuss and exchange information concerning methods of operating all over the world, and not for political purposes. Well, that became most important very shortly because within the hour, the Russians marched in and wanted to know why their Government hadn't been invited. And fortunately we were able to say governments weren't invited but the oil societies were and their societies were invited to the meeting. G

GENERAL THOMPSON: And we did get 7 Russians in that night.

MR. BRYAN: Well, they got into the country but didn't quite attend the meetings. They sent men from the embassy to do that, but they never said a word. It was a difficult situation for awhile, but fortunately it cleared up in the morning and the meetings went off in a very pleasant way. The companies you represent had a great deal to do with entertaining and most of us had representatives there. So, your companies know about it and you know about it.

GENERAL THOMPSON: Thank you very much. Anyone else?

MR. SCOTT: W. A. Scott of Shell Oil Company. Shell would like to go on record as commending both Commissions for the thought behind this meeting, and we are in full accord with the position and feel certain a proper solution can be worked out for any field that may cross state lines.

GEN. THOMPSON: The Shell Home Office you know is there at the Hague, and they were the host in a measure to the World Petroleum Congress, and did a magnificent job of pleasing everybody. So many different languages and different views to meet by the Shell showed it was a worthwhile organization.

What is was just a meeting like this, petroleum engineers, geologists and refiners and technicians of every conceivable sort. Those meetings are planned years ahead. The papers are submitted five or six months ahead to a group of Proctors. Nobody reads a paper or delivers a paper. The papers are read and submitted to the Proctors who familiarize themselves with the papers and quiz the authorities. It is a very intelligent way of getting to the meat of the papers. No time is wasted at all. They have various sections and only those interested go to these meetings. Maybe one hundred meetings going on simultaneously. Here sits the authority who wrote the paper at a table and those that want to quiz him come around and an interpreter is there, and any paper that interests you, you can go and talk to that man about the point that attracted your interest, or maybe you differed with him. So it was a new approach to discussion, and a very interesting one.

Anyone else? Any company or any individual who wishes to say something? We would like to have it. If not, we will ask His Excellency, the Governor, to close this meeting. Governor, will you honor us?

GOVERNOR MECHEM: General, we appreciate very much your coming here on this mutual problem. We know we can and will work it out. We have improved conditions considerably. And we will meet you at any time and place and discuss the matter and work out the problems confronting us. Thank you, sir.

GEN. THOMPSON: Thank you, Governor. It has been a pleasure to come here. We hope we can come as often as the situation arises; and Texas extends the same kind of invitation to its sister state. Thank you gentlemen. The meeting is adjourned.

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing before the New Mexico Oil Conservation Commission and the Texas Railroad Commission, taken at Santa Fe, New Mexico, on October 25, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico this 13 day of November, 1951.

E. E. Gleser
REPORTER

P. O. Box 997
Roswell, New Mexico

August 31, 1951

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Texas Railroad Commission
Austin, Texas

Gentlemen:

The United States of America owns the mineral rights to many lots as delineated by Public Land Surveys along the eastern portion of the State of New Mexico adjoining the state line between New Mexico and Texas. These lots extend usually one-fourth ($\frac{1}{4}$) mile north to south and vary in width from 58 feet to 1,759 feet east to west. The lots vary in size from as little as 2.12 acres to more than 55.00 acres. Federal oil and gas leases have been issued for most of these lots under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended.

In the interest of conservation of oil and gas, and of limitation in use of steel during the present emergency, it is desirable that satisfactory arrangements be initiated to avoid drilling of unnecessary wells, and at the same time protect correlative rights and equities involved.

This subject was previously reviewed during an informal conference with members of the two State regulatory bodies in Midland, Texas, several years ago but no decisions were reached. As recent discoveries of oil and gas have been made in Texas at locations 660 feet or less from the state line, some of which locations offset Federal oil and gas leases, it is desirable that definite plans be formulated to cover drilling and proration matters affecting these Federal leases at the earliest practical date.

As a practical approach to this subject, it appears to this office that the Federal leases in New Mexico should be operated and developed consistent with the general practices of the industry within New Mexico, and so far as possible consistent with the rules and regulations of the New Mexico Oil Conservation Commission. To this end it would seem best that the smaller lots be communitized with the adjoining full 40-acre tracts to the west. Where the lots are of medium size, possibly from 20 to 30 acres, it may be desirable to communitize two of such lots for a drilling and proration unit that would more closely

approximate a normal 40-acre unit rather than to communitize such lots with the adjoining 40 acres and have an excessive amount of acreage comprise a drilling and proration unit. The larger lots could be considered as acceptable units for drilling purposes.

In all cases involving individual lots or communitized lots, it would seem proper that the proration allowable in New Mexico should be based on a factor being the ratio of the acreage of the lot or communitized tract to 40 acres, applied to the normal 40-acre allowable for the particular pool.

The difference in proration methods between the State of New Mexico and the State of Texas presents an additional problem. If legal and subject to reasonable administration, it would appear that a common oil and gas reservoir or pool embracing lands in the two states should be subject to the same proration rules and regulations. It has been suggested that if the pool or field is first discovered and developed in the State of New Mexico, that the extension into the State of Texas might be governed by the New Mexico proration schedules as adopted for that pool or field by the Texas Railroad Commission. Likewise, for a pool or field first discovered in the State of Texas and later extended into New Mexico, the New Mexico portion might be governed by applicable proration rules and regulations of the Texas Railroad Commission to be adopted by the New Mexico Oil Conservation Commission for that particular pool or field.

As we must take appropriate action to protect the Federal interests involved, this office suggests that the matter be given your earnest and early consideration, and that we be advised of your findings.

It may be desirable that the two State regulatory bodies hold a joint open hearing on the subject. Some informal discussions might also be informative and helpful. To this end I shall be glad to discuss the subject with representatives of both Commissions at any convenient place, having in mind either Santa Fe or Roswell, New Mexico, Midland or Austin, Texas.

Very truly yours,

FOSTER MORRELL
Oil and Gas Supervisor
Southwestern Region

cc: Hobbs
FMorrell:JMC

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

OIL AND GAS DOCKET NO. 126

#8 - 21,908

IN RE: CONSERVATION AND PREVENTION OF
WASTE OF CRUDE PETROLEUM AND
NATURAL GAS IN RAILROAD COMMISSION
DISTRICT NO. 8, T E X A S

Austin, Texas
September 27, 1951

NOTICE OF HEARING
PERTAINING TO OVERLAPPING FIELDS
BETWEEN THE STATES OF NEW MEXICO AND TEXAS

NOTICE IS HEREBY GIVEN To the public and all interested persons
that a joint Hearing will be held at ten a.m., OCTOBER 25, 1951, in Mabry
Hall, Capitol Building, Santa Fe, New Mexico, between the New Mexico Oil
Conservation Commission and the Railroad Commission of Texas for the purpose
of hearing evidence and determining what rules and regulations should be
adopted by Texas and New Mexico for those fields that overlap from New
Mexico into Texas and from Texas into New Mexico.

PURSUANT To said Hearing, the Railroad Commission of Texas will
adopt such rules, regulations, and orders as in its judgment the evidence sub-
mitted may justify.

RAILROAD COMMISSION OF TEXAS

Olin Culberson, Chairman

Ernest O. Thompson, Commissioner

W.J. Murray, Jr., Commissioner

(S E A L)

ATTEST:

O.D. Hyndman, Secretary

STATE OF NEW MEXICO
OFFICE OF STATE GEOLOGIST
SANTA FE, NEW MEXICO

Case 316

October 31, 1951

C

Lt. Col. E. C. Thompson
Texas Railroad Commission
State Capitol
AUSTIN - TEXAS

O

Dear General Thompson:

P

Enclosed are copies of New Mexico newspapers carrying stories on the joint meeting of the Texas Railroad Commission and the New Mexico Oil Conservation Commission which I thought would be of interest to you.

Y

Our meeting together was most enjoyable, and we are looking forward to future meetings to carry out our joint regulation along the Texas - New Mexico border.

Yours very truly,

R. R. Spurrier

RRS:nr

Encl.

F

Oct 25

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Case no 316

Public Notice of joint hearing of the New Mexico Oil Conservation Commission and the Texas Railroad Commission for the consideration of problems of proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, and for consideration of adoption of Rules and Regulations relating to the communitization of small lots ^{along the boundary common to both states} into appropriate drilling units, proration in pools common to Texas and New Mexico, and other matters.

Public Notice is hereby given that a joint meeting of the New Mexico Oil Conservation Commission and the Texas Railroad Commission will be held in Santa Fe, New Mexico, at Mabry Hall ^(new capitol office building) at 10 o'clock a.m. on the 25th day of October, 1951, for the purpose of considering proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, communitization of small lots, and all other matters within the ~~purview~~ ^{purview} of the two Commissions leading to the prevention of waste and protection of correlative rights, and for the purpose of issuing such Orders, Rules and Regulations with respect thereto, within the respective jurisdiction of either Commission, as the evidence presented may justify.

GIVEN under the Seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on September ____, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

~~Edwin B. McHenry, Chairman~~

~~Guy Shepard, Member~~

R. R. Spurrier, Secretary

Seal

S. F.
Hobbs
Antoni
Carlson
Rosenwell
Portals

Rough

Notice of Publication
State of New Mexico

Oil Conservation Commission

Public notice of joint hearing of the New Mexico Oil Conservation Commission and the Texas Railroad Commission ~~relating to~~ for the consideration of problem of proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, and for consideration of adoption of rule and regulation relating to the communitization of small lots into appropriate drilling units, proration in pools common to Texas and New Mexico, and other matters.

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Given under the Seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on September — 1951.

State of N. M.

O C C -

R R C

Seal



RAILROAD COMMISSION OF TEXAS
AUSTIN.

ERNEST O. THOMPSON
COMMISSIONER

November 8, 1951

Mr. R. R. Spurrier
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Dick:

I was pleased to have the newspaper items about the joint meeting, and I am highly gratified by the spirit of cooperation in handling the regulation of drilling along the borders of our states.

Again may I say that our visit and conference with you was a most enjoyable one.

Sincerely yours

Ernest
Ernest O. Thompson

*Enclosed is
Freedom's oil.*

FREEDOM'S OIL

An Address
before
The American Petroleum Institute

General Session, 9:30 A. M., November 7, 1951
Stevens Hotel, Chicago

By

Lieut. General Ernest O. Thompson
Texas Railroad Commissioner

Mr. Chairman, Distinguished Guests, Ladies and Gentlemen of the Convention:

It is in the name of oil and gas conservation and for the good work of conservation officials everywhere that I accept with all humility this American Petroleum Institute Industry Award. You are most generous and kind to me. I thank you all for this token of appreciation of my twenty years' work as a state official in the oil and gas conservation field of endeavor in the public interest.

Appreciation is the rarest flower found in the garden of human virtues--all the more rare is this rose of appreciation when found in the field of public service.

Your expression of approval of my work is a source of happiness to my family and myself. It is a joy to work when results are noted in such a fine manner.

In 1924 it was my privilege to attend your Fort Worth convention. Some of you will recall that Mr. Henry L. Doherty there attempted to explain his views on oil reservoir behavior and its proposed control. He was not given the floor to make a public presentation of his views to the convention from the platform, but he did considerable presenting of his views to any and everyone he could get to listen to him. He was completely imbued with his theory of oil reservoir characteristics. His was the inventive mind of the researcher. He had unbounded enthusiasm for this theory of his about the use of gas-oil ratios and compulsory unit operation of an oil field. It was my very good fortune to know him and to have listened to him with a completely open mind. It was a new and challenging theory to me.

Because I was a good listener, Mr. Doherty gave me a lot of his time there in Fort Worth. When the convention adjourned, we went down to the depot together to take our respective trains for home, Mr. Doherty to New York and me to Amarillo. Mr. Doherty said, "Ernest, it's not time for our train departures. Send your grip to your pullman and you come on to my car, and we will continue our discussion."

I gladly agreed. The next morning when Mr. Doherty's train rolled into St. Louis, he was still telling me about his theory of reservoir gas-oil-ratio control. He had been talking, and I had been listening to that genius all through the night. My baggage about that time was arriving in Amarillo.

The reason Mr. Doherty was not given the floor at Fort Worth was doubtless because the directors of the A. P. I. did not at that time go along with his new idea of compulsory unit operation of oil fields. It was too new. What we think we know often blinds us to knowledge.

He did get a public forum before the American Institute of Mining and Metallurgical Engineers in New York in February, 1925.

In 1927 the A. P. I. appointed a committee under E. W. Marland as its enthusiastic chairman, known as the Gas Conservation Committee meeting in Ponca City in September and again in October, 1927. This committee work resulted in a paper entitled "The Function of Natural Gas in the Production of Oil" by H. C. Miller, which was published by the A. P. I. in 1929.

It is in a large measure to the persistent work of Henry L. Doherty and E. W. Marland that we owe so much today in our advance toward reservoir control. At last we are getting conclusive results in greater oil recovery.

How difficult it is for science to forward itself even for the great benefit of mankind!

Happily today we are not so averse to new ideas. I well remember the troubles I had in 1932 when we shut in the East Texas Field to take bottomhole pressures. The operators and landowners resisted the efforts of our Commission in court and on the ground. But we shut in the field for twenty-one days. During this shut-in period the field gained 14 p. s. i. in reservoir pressure. We opened the field again at greatly reduced rates of flow, and after three months' operation shut the field in again for twenty-one days and again had the same increase in bottomhole pressure--thus proving a natural law was at work in the reservoir and available for conservation's utilization.

Today research in your laboratories is bringing forth the newer and fuller life for our people. Your researchers point the way to better methods.

We have been learning how to get ever-increasing percentages of the oil in place. In East Texas we have already recovered 2.8 billion barrels where only one or at most two billion barrels of oil were expected as ultimate recovery. We produced the last one billion barrels with an accompanying increase of 18 pounds' reservoir pressure. The experts now tell me we will get an additional 2.6 billion barrels from this field. This illustrates true conservation, which means wise, efficient use of the motivating energy in the reservoir. Conservation does not mean the hoarding of our oil and gas. It is wise use of oil and gas energy. We are there pursuing secondary recovery by reinjecting the salt water produced with the oil back into the reservoir on the side of water intrusion coincidental with the primary flowing and pumping operation. The East Texas Field was twenty-one years old October 5, 1951. Today it has 11,950 flowing, and 9,579 pumping wells producing 280,000 barrels of oil daily.

Secondary recovery should start as soon after discovery as the producing characteristics of the reservoir are known, if you are to get ever better recoveries. There is the conservation challenge. It is the researcher's job to improve our reservoir-control technique.

Oil for 1975

Herein lies a great untapped reserve of oil for the future--I mean hidden oil, left behind in old thought-to-be depleted fields where not more than 15 or 20 per cent of the oil was recovered by methods then in vogue, the old unrestricted open-flow days. There are perhaps 75 billion or more barrels of oil in these old oil fields waiting to be loosened from the rocks.

I know of an excellent example where by waterflooding a field that was about to the point of economic abandonment--the wells having gotten down as low as two barrels a day, and one was a five-barrel well--the new operators have gotten the two-barrel wells up to 200 barrels daily and the five-barrel well is now making 500 barrels per day. Already in a few months this field has produced by waterflooding more oil per acre than was recovered in the primary flowing and pumping stages of production over a period of twenty-one years.

In the past twenty-five years we have supplied all demands for oil and constantly built up our reserves. Certainly with all your research and with ever better drilling and conservation practices in production, we can be assured that, come 1975, you can look back with even greater pride than you take in surveying the period 1926 to 1951. The next twenty-five years can be supplied with petroleum easier than the past quarter century was supplied.

Research is American tradition.

Sometimes we overlook the fact that research has been a part of American tradition.

Benjamin Franklin on his many crossings of the Atlantic, representing young America, dropped a canvas bucket over the shipside several times a day, testing and recording the temperature of the sea water at that location.

He read the barometer and noted its change; recorded the mileage from day to day, the wind directions and velocities. And then in 1786 when he had facts enough to warrant generalization, and leisure to organize and examine them,

he sat down and made the first map of the Gulf Stream.

For two hundred years mariners had known there was a northeasterly current somewhere in the North Atlantic, and that sailing with it was easier than sailing against it. But it remained for our first Minister to France to carry on the studies that made it possible to locate the current, and then--in the spirit of the true scholar the world over--to publish his findings for the benefit of all mankind in the Transactions of the American Philosophical Society.

In 1860, when Lincoln was preparing his "Cooper Union Address," he wished to know exactly what each of the thirty-nine signers of the Constitution had said or done relative to federal control of slavery in the territories. In the search for an answer to this question, he carried on meticulous historical research. When he had his facts, he presented them in such fashion that this address, more than any other utterance or publication, sent Lincoln to the White House and Douglas to oblivion.

Yes, the spirit of research, the spirit that "wants to know" is native to America.

Research has found a friendly climate here in this democracy of ours-- perhaps the most congenial in the world.

Oil and gas conservation

Man does not waste that which he can presently profitably use or readily sell at a profit.

We have many wise conservation and waste-prevention laws, rules, and regulations. Our Texas Legislature, in line with the lawmakers of the other twenty oil-producing states, has kept abreast with technological advances in the production of oil and gas through the meetings of the Interstate Oil Compact Commission. Full credit should go to the lawmakers and to our splendid courts. They chart the course.

Price is the greatest conservation agent.

Do not allow this industry to be seduced by a subsidy! A fair price in a free competitive field is the greatest incentive to prevent waste in oil and gas production. The better the price the more exacting can be your conservation practices.

To illustrate more clearly I will use the example of flare gas-casinghead gas produced with and as an incident to oil production from oil wells.

In days past gas had no sale value because there was no market for it.

With the advent of the gas pipelines from Texas to outside markets, natural gas began to take on market value due to competitive market demand for this clean, efficient, convenient fuel.

Our Commission accordingly required that this casinghead gas be gathered from each well to a central plant where the more easily liquefied hydrocarbons were removed, and then we required that the gas be returned to the oil-producing reservoir to lift more oil or that the gas be utilized for light or fuel or for manufacturing or for some other lawful purpose. No oil was allowed to be produced unless the gas was saved for use.

This is pure waste prevention. The oil industry has already spent some \$300 million erecting such conservation systems in Texas. We are saving two billion cubic feet of gas a day and recovering 358,996 barrels daily of liquid hydrocarbons. This is in addition to our crude production of 2,870,000 barrels daily and 12 billion cubic feet of gas daily.

Our market-demand statute in Texas says, "Production of oil or gas in excess of market demand or transportation facilities is waste and is forbidden." We allow to be produced all the oil and gas that can be sold ratably and carried on hand in storage above ground. This law properly administered protects the consumer by providing plenty of crude and prevents physical waste of oil and gasoline in excess storage.

I know of no business that is more keenly competitive than is the oil and gas business in all its branches. It is an open field where anybody can get in if he has the money and the courage to lose it hunting for oil or refining or marketing it.

Oil hard to find.

The search for oil is a hard one. New-discovery or so-called wildcat wells are successful only one in nine holes. Eight out of nine efforts are failures--dry holes.

The chances of finding even a very small oil field are one in sixteen tries. By a very small field I mean one that would supply the United States with oil for only four hours.

The chances of finding a small field are one in fifty-three. Such a field would supply the United States two days.

The chances of finding a medium-sized oil field are one in three hundred and thirty tries. Such a field would supply the United States one week.

The chances of hitting a major oil field are one in nine hundred and ninety-one. A major oil field is one that will produce over a hundred million barrels of oil in its life.

The average cost of a wildcat well in the United States, including all exploratory developments and necessary overhead expenses, is approximately \$90,000.00. Many of them cost \$500,000.00 up to \$1 million, and then prove to be dry. Only tax depletion recognition makes such efforts possible--and remember, the depletion comes only out of profit you make, if you make it.

Depletion is the recognition that every time you take out a hundred barrels of oil there is just that much less oil (capital) in your reserve under the ground.

If the people generally knew these facts, there would be no effort made to change the law; I mean there would be no successful effort possible in the face of an informed electorate.

The people are fair when they are fully and correctly informed.

Congress oil-policy wise

Twenty-five years ago, in 1926, the Congress of the United States enacted the percentage-depletion law as applied to oil and gas for three purposes: First, to assure continuing abundant supplies for an expanding economy; second, to assure equitable taxation of the petroleum industry; third, to provide adequate oil reserves for defense.

This wise depletion recognition on the part of Congress has accomplished all those purposes.

Given a continuance of the opportunity which this time-tested method has provided, in my opinion the industry will continue to find the oil as needed. It will meet the plea of the Government for additional oil-producing capacity to supply the needs for defense. Yes, we can supply the nearly 4 million barrels per day for defense, great though that estimate may be. I think we will need about that much. It is safer to have plenty of oil, come war.

As further proof of the wisdom of the 27½-per-cent depletion recognition, I should like to point out that in 1926 the oil reserves of the United States in known fields were 8 billion barrels. Now, twenty-five years later, in 1951, the reserves of the United States in known fields are 26 billion barrels of crude alone, plus about 4 billion more if you include natural gas, naturals, distillates and condensates.

During this period of twenty-five years we not only met our demand but increased the reserve in known, proven fields by 17 billion barrels in crude oil.

During these same twenty-five years there were produced in the United States 33 billion barrels of crude oil. Now ponder that carefully. Twenty-five years ago when the depletion recognition was established by the Congress of the United

States, we had in the United States only 8 billion barrels of reserves. Since that time we have produced 33 billion barrels to meet current demand, and now find ourselves with reserves of 26 billion barrels in the ground in known fields. I do not believe that stronger proof could be made as to the wisdom of the 27½-per-cent depletion. It works. It furnishes the proper incentive. It is dependable. It should not be tampered with.

Let the consumers know that depletion makes certain a long, ample supply of good gasoline at a low price.

Gasoline cheap and better

The average price today of gasoline in fifty cities, including tax, is 27.2 cents per gallon. Gasoline, like everything else, is cheaper and better where healthy, free competition prevails under a private-capital-ownership system.

According to the U. S. Bureau of Labor Statistics, the wholesale prices of all commodities have increased since the start of the Korean War on the average 9.9 per cent, while in the same period crude petroleum has increased only eight-tenths of one per cent. In other words, wholesale prices of all commodities have gone up twelve times as much as has crude oil.

With all of the increase in demand and with a tremendously improved product, gasoline today sells at a lower figure than it did in 1926, tax excluded. Two gallons of today's gasoline does the work of three gallons of 1926 gasoline. In 1926 one bushel of No. 1 hard wheat in the Panhandle of Texas would buy approximately five gallons of gasoline. On a recent quotation, October 2, 1951, the same bushel of wheat will purchase ten gallons of gasoline. In 1926, a 1,000-pound steer brought enough money to purchase 360 gallons of gasoline, while in 1951 a 1,000-pound steer will bring in enough money to purchase 1,500 gallons of gasoline at the retail pump price of regular gasoline. This is not to say that the prices of wheat and cattle are too high today in comparison to other commodities, but it points up the fine job that is being done by the oil industry. Gasoline sells for about three cents per pound. What other necessity of life can you get so cheaply?

Again may I say that this is being done under state control of production by your own state officials and by an active industry under the free, competitive, profit-motive system.

It's the American way of life in action. Let's steer clear of federal control that lays a withering hand on inventive initiative. We do not want security that stifles progress. We do not want any welfare state. All the oil industry wants is a free opportunity in a fair field to serve the people with their oil and gas needs at bargain prices.

We have built America by wise and efficient use of our resources. By wise laws we have given men the opportunity and incentive to find enough oil to make our great progress possible.

Never in our history has the United States been so rich, so strong, so powerful, and with brighter prospects of going ahead for peace and human freedom in the world.

I feel that a true awakening is taking place in America today, and that we shall in a few years have peace through strength and world cooperation.

Thank you.

ADDENDA

TEXAS CRUDE OIL PRODUCTION
1932 to November 1, 1951

<u>Year</u>	<u>Barrels</u>
1932	312,478,000
1933	402,609,000
1934	381,516,000
1935	375,617,368
1936	418,775,601
1937	506,066,861
1938	468,781,632
1939	476,550,095
1940	486,661,808
1941	499,208,329
1942	477,828,220
1943	587,436,107
1944	741,126,397
1945	751,045,143
1946	755,899,971
1947	816,188,478
1948	898,313,973
1949	736,626,671
1950	817,044,994
1951 to November 1 (September and October Estimated)	823,178,343
TOTAL	11,732,952,991

Thus far in Texas in 1951:

New Oil Fields to November 1	481
New Gas Fields to November 1	58

Total number of oil fields in Texas today: 2,602

During my service on the Texas Railroad Commission, we have superintended the orderly production of 11 billion 732 million barrels of oil. Today Texas supplies one-half of the U. S. requirements and produces one-fourth of the world oil. Texas has 131,204 producing oil wells with a daily production of 2,864,000 barrels of crude and 358,996 other liquid hydrocarbons, which would be the crude equivalent of one million barrels per day. The Bureau of Mines' estimate of demand for Texas crude for October was 2,720,000 barrels daily. We have consistently exceeded this federal estimate so as to be sure there was ample oil for every demand.

W. H. Black Drilling Co.

Box 832

Midland, Texas

December 3, 1951

Case 316

Mr. Harry M. Batis
Railroad Commission
Austin, Texas

Dear Mr. Batis:

W. H. Black Drilling Company has just completed R. E. Jones A-3 in a new pay in the East Hobbs Field of Gaines County, Texas. Currently the field has rules for the 3900-foot, 5900-foot, and 6900-foot pay zones. The new pay is located at approximately 4400-feet in the San Andres section. You will recall that the Texas-New Mexico state line passes through this field and that during October, 1951, a meeting of the Texas Railroad Commission and the Oil Conservation Commission of New Mexico was held in Santa Fe, New Mexico, for the purpose of considering a course of action should a well in a Texas field become a direct offset to a well in the same reservoir in New Mexico.

Our records reveal that Jones A-3 is a direct offset in the same reservoir to Aurora Gasoline Company's R. R. Davis No. 1 in Lea County, New Mexico, which was completed during November, 1951. Since the Jones well is the first in this field in Texas to be completed in the San Andres pay, it is presumed that discovery allowable rights would be applicable until such time as the Texas and New Mexico regulatory bodies can be called together for consideration of field rules and allowables for this reservoir.

Attached are completion records for Jones A-3, and it is respectfully requested that you please advise us:

- (1) Allowable for Jones A-3;
- (2) Course of action to be taken to get this 4400-foot reservoir handled uniformly in both the Texas and New Mexico portions of the field.

Oil and Gas Commission

Yours very truly,

W. H. BLACK DRILLING COMPANY

By:

Harvin L. Landua
Harvin L. Landua

HLL:mhg

bcc: Mr. R. R. Spurrier:

This copy is being sent to you for your personal information.

H.L.L.

COPY

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

316
Case 308

November 21, 1951

General E. O. Thompson
Railroad Commission of Texas
State Capitol
Austin, Texas

Dear General Thompson:

We have just received the reporter's transcript covering the joint hearing on October 25, and felt that you probably would want to have this in your files. A copy is therefore enclosed for your retention.

Sincerely,

R. R. Spurrier

RRS:nr

U
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P
Y



RAILROAD COMMISSION OF TEXAS
AUSTIN

ERNEST O. THOMPSON
COMMISSIONER

November 26, 1951

Case 316

26

Mr. R. R. Spurrier
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Dick:

Thanks for sending me the copy of the reporter's
transcript covering our joint hearing of October 25. }
I deeply appreciate your sending this transcript to
me, and I have put the matter on the agenda of the
Legal Committee for consideration and report of the
Interstate Oil Compact meeting in Little Rock, Arkan-
sas, December 11.

With highest regards, and asking to be remembered
to Governor Mechem and Guy Shepard and yourself, I
am

Sincerely yours

Ernest O. Thompson
Ernest O. Thompson

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

NOV 29 1951

RRS:

Suggestive check
with Bonbeck at Banff
concerning this deal.

WBM

8/28

Get out Wallbridge
Case (joint hearing
with Texas)

THE PURE OIL COMPANY

GENERAL OFFICES, 35 EAST WACKER DRIVE, CHICAGO.

TEXAS PRODUCING DIVISION

P. O. BOX 2107

FORT WORTH 1, TEXAS

August 20, 1952

Railroad Commission of Texas
Austin, Texas
Attention: Mr. A. H. Barbeck

New Mexico Conservation Commission
Santa Fe, New Mexico
Attention: Mr. R. R. Spurrier

Gentlemen:

A joint Hearing of the Texas Railroad Commission and the New Mexico Conservation Commission was held October 25, 1951, to take under consideration those fields which were productive in both states. The Dollarhide Fields were cited as one case where apparently the same fields are produced in both States. The thought was expressed that when sufficient development had been had on the New Mexico side to show the characteristics of the fields another Hearing would be held.

The New Mexico proration schedule for August 1952, shows six wells completed in the Dollarhide, West (Ellenburger), three in the Dollarhide, West Devonian, one in the Dollarhide, West (Drinkard), and four in the Dollarhide, West (Fusselman) Fields. At the present time, one well in Dollarhide, West Field (Gulf Oil Corporation's Leonard "A" 11-E completed in the Devonian) directly offsets a Devonian well in the Dollarhide Field (The Pure Oil Company's E. P. Cowden "A" 91-D). Two additional Dollarhide, West wells (Gulf's Leonard "A" 15-E and 16-E) are drilling and are direct offsets to Dollarhide wells (Pure's Cowden "A" 106-D and Cities Production Company's E. P. Cowden 9-G). During August, the allowable assigned to Devonian wells on a forty acre tract in New Mexico amounted to 3,999 barrels; whereas, the allowable for a similar well in Texas only amounted to 2,000 barrels.

In view of the additional development that has taken place in the Dollarhide Fields in New Mexico, and particularly those wells in the two states which are direct offsets, The Pure Oil Company suggests that consideration be given to holding a Hearing to again consider these fields and the promulgation of such rules and regulations as might be needed to permit development and producing of these fields in a similar manner.

Yours very truly,

Jack T. Duree
Jack T. Duree

JTD:br

cc: Operators, Dollarhide Fields

ALL QUOTATIONS SUBJECT TO CHANGE WITHOUT NOTICE.
ALL AGREEMENTS CONTINGENT UPON STRIKES, FIRES, ACTS OF THE GOVERNMENT AND CARRIERS, AND ALL OTHER CAUSES BEYOND OUR CONTROL.

Operators, Dollarhide Fields

Magnolia Petroleum Company
Dallas, Texas
Attention: Mr. E. P. Keeler

Humble Oil and Refining Company
Houston, Texas
Attention: Mr. W. E. Hubbard

Humble Oil and Refining Company
Midland, Texas
Attention: Mr. R. S. Dewey

Cities Service Oil Company
Bartlesville, Oklahoma
Attention: Mr. R. E. Adams

Union Oil Company
Midland, Texas
Attention: Mr. Byron Denson

Lion Oil Company
El Dorado, Arkansas

Gulf Oil Corporation
Fort Worth, Texas
Attention: Mr. Mattison Taylor

The Texas Company
Fort Worth, Texas
Attention: Mr. G. P. Brown

Skelly Oil Company
Tulsa, Oklahoma
Attention: Mr. G. W. Selinger

U. S. Geological Survey
Department of Interior
Hobbs, New Mexico
Attention: Mr. M. D. Murrell

P. O. Box 1838
Hobbs, New Mexico

October 15, 1951

Mr. R. S. Magruder
601 Sinclair Building
Fort Worth 2, Texas

Re: Las Cruces 069752

Dear Sir:

The records of this office show that you are the owner of the above described Federal lease embracing Lots 1 and 2, section 33, T. 24S, R. 3E, 14.45 acres in Lea County, New Mexico and that these lands are now subject to drainage of oil by dually completed oil wells No. G-9 and G-10 Cowden of Cities Service Oil Company located in the SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$, section 15, Block A-52, P.S.L. Survey, Andrews County, Texas. Well No. G-9 is reported to have been completed April 29, 1951 in the Devonian formation for an initial production of 810 barrels of oil per day from the interval 7890-7935' and on May 13, 1951 in the Clearfork formation for an initial production of 468 barrels of oil per day from the interval 6535-6690'. Well No. G-10 is reported to have been completed July 9, 1951 in the Clearfork formation for an initial production of 864 barrels of oil per day from the interval 6608-6754', and on July 10, 1951 in the Devonian formation for an initial production of 1104 barrels of oil per day from the interval 8000-8035'.

Please inform this office within 15 days of the receipt of this letter of your intentions as to compliance with the provisions of the above numbered oil and gas lease and with the Oil and Gas Operating Regulations regarding protection of the leasehold from drainage.

In view of the smallness of the tracts involved, drilling of wells thereon may not be permitted in the absence of an acceptable showing that the Federal interests could not be adequately protected by committing the lots with the two 40-acre tracts immediately to the west. In the interest of the conservation of steel during the present emergency, such action would prevent the drilling of unnecessary wells.

It is suggested that you make application to the New Mexico Oil Conservation Commission for a hearing to provide for an increased allowable based on the acreage of such committed tract compared to a normal 40-acre tract. This increased allowable would be the interest that you as lessee of Las Cruces 069752 would have in the two wells needed to be drilled in the E NW $\frac{1}{4}$, sec. 33 to protect that land as well as the subject lease from drainage by wells on the Cities Service Oil Company, Cowden lease.

October 15, 1951

Page 2

Communitization agreements in general should be limited to single drilling units, that is a 40-acre tract plus a small additional lot. However, if you prefer, this Department has no objection to receiving and submitting to Washington for consideration a single agreement including two such drilling units involving normal 40-acre tracts in the ~~same legal quarter section plus the adjoining lots~~ if both units are considered proven acreage and include land in the same Federal lease.

Very truly yours,

(Orig. Sgd.) M. H. Soyster

M. H. SOYSTER
District Engineer

MHSoyster:brj

cc. Roswell Office
Access

cc- Hunker 10-19-51

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

October 10, 1951

C
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Y

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

Dear Mr. Selinger:

This is in reply to your letter of October 2 in which you inquire whether the joint hearing of the Texas Railroad Commission and the Oil Conservation Commission will consider sections 29 and 32, T. 24 S, R. 38 E, etc.

This is known as Case 316 and will consider all pools which are situated both in New Mexico and Texas.

Very truly yours,

RRS:bpw

Secretary and Director



SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN
VICE PRESIDENT

E. A. JENKINS
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

October 2, 1951

W. P. WHITMORE
CHIEF PETROLEUM ENGINEER

G. W. SELINGER
PROBATION ATTORNEY

J. H. MCCULLOCH
CHIEF CLERK

Mr. R. R. Spurrier
Box 871
Santa Fe, New Mexico

Dear Sir:

We note that on Thursday, October 25 at 10:00 a.m. in Mabry Hall, Capitol Building, Santa Fe, New Mexico, the states of New Mexico and Texas have called a hearing to provide rules for overlapping fields. We are wondering whether or not this hearing will include the area in Sections 29 and 32, Township 24 South, Range 38 East, and Sections 5 and 8, Township 25 South, Range 38 East, which is the area designated by us as the West Dollarhide Field.

Since we have production in this area we would appreciate being advised as to the matters to be discussed at this joint hearing which might affect this area.

Yours very truly,

George W. Selinger
George W. Selinger

GWS:dd

cc: Mr. Dunlavey

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

October 3, 1951

C
O
P
Y

Mr. Foster Morrell
U. S. Geological Survey
Box 997
Roswell, New Mexico

Dear Mr. Morrell:

The joint hearing of the Texas Railroad Commission and the New Mexico Oil Conservation Commission has now been officially set and advertised for October 25, 1951, beginning at 10 o'clock a.m. at Mabry Hall in Santa Fe.

As we have discussed, I am sure that all parties involved will appreciate your attendance at this meeting in order that your views and opinions might be presented. The Commission's regular hearing will be October 23, and this date of October 25 was the one considered most convenient by members of the Texas Commission who plan to be in attendance, and was also approved by the governor and other members of the New Mexico Commission.

Yours very truly,

Jason Kellahin, Attorney

JK:mr

File: Case 316

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

W. P. MARSHALL, PRESIDENT

1201

SYMBOLS

DL=Day Letter

NL=Night Letter

L=Letter Telegram

V=Int'l Victory Ltr.

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.

LA25 DA122

D=AUB004 PD=AUSTIN TEX 27 906A:

=J C KELLAHIN=

=NEW MEXICO OIL CONSERVATION SANTA FE NMEX=

RETEL SEPTEMBER TWENTY-FOUR DATE OF OCTOBER TWENTY-FIVE
IS OKEY FOR MEETING RAILROAD COMMISSION WILL ISSUE NOTICES
TO ALL WEST TEXAS OPERATORS TO THAT EFFECT=

JACK K BAUMEL CHIEF ENGINEER
OIL & GAS DIVISION RR COM =

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Sept 24, 1907
Jack Baumel, chief engineer,
Texas Railroad Commission, phoned
asking that date of joint meeting
with oil conservation commission
be changed to Oct. 25. After
consultation with Sumner & Ly
Shepard, changed the date of
meeting to 10 a.m., Oct. 25.

K

Communitization of small lots into
appropriate drilling units.
Poration

all other matters within the
jurisdiction of the two commissions
leading to protection of mineral
& protection of conservation
rights.

Coral # 316

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	LETTER TELEGRAM
VICTORY LETTER	SHIP RADIOGRAM

W. P. MARSHALL, PRESIDENT

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

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

Jack Baumel, Chief Engineer
Railroad Commission of Texas
Austin, Texas

Calling joint meeting Texas-New Mexico Commissions 10 a. m. October 25, Mabry
Hall, Santa Fe, New Mexico. If time not satisfactory please notify at once.

New Mexico Oil Conservation Commission
Jason Kellahin

9-28-51

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 21, 1951

C
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Y

Mr. Jack Baumel, Chief Engineer
Railroad Commission of Texas
Austin, Texas

Dear Jack:

This will acknowledge your letter of September 17 in which you mentioned either the 23rd or 24th of October as a date for the joint meeting for the Railroad Commission of Texas and the New Mexico Oil Conservation Commission to consider certain pools which overlap between New Mexico and Texas.

I have checked with both commissioners here and we feel that it would be suitable to call the hearing for October 23, which is our regular hearing day, but we will set the joint matter down for 2 o'clock, whereas we can dispose of the regular items before us at ten. So, if the Commission agrees - meaning your Commission, we will advertise a hearing for two o'clock on the 23rd day of October.

Very truly yours,

R. R. Spurrier

RRS:nr

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 14, 1951

C
O
P
Y

Mr. Foster Morrell
U. S. Geological Survey
Box 997
Roswell, New Mexico

Dear Sir:

This will acknowledge your letter of August 31, 1951, in which you address the New Mexico Oil Conservation Commission and the Texas Railroad Commission referring to lots on the eastern boundary of Lea County and the state of New Mexico which adjoin oil-producing lands of West Texas.

I have discussed the matter of a joint hearing with William J. Murray, jr., and Jack Baumel of the Texas Commission. It is my understanding that the Texas Commission would prefer a hearing in Santa Fe some time in October for the purpose of considering the problem of the lots which you have mentioned. We have not yet reached an agreement for the date, but when we do, we will forward a letter of announcement to your office.

Very truly yours,

R. R. Spurrier

RRS:nr

cc: Mr. Wm. J. Murray, jr.
Austin, Texas

Governor Edwin L. Mechem
Santa Fe, N. M.

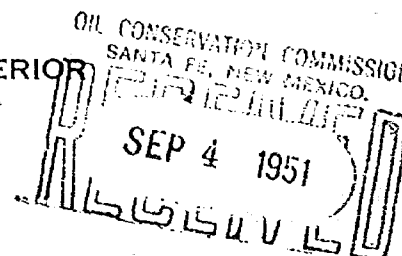
Land Commissioner Guy Shepard
Santa Fe, N. M.

F



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 997
Roswell, New Mexico



August 31, 1951

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Texas Railroad Commission
Austin, Texas

Gentlemen:

The United States of America owns the mineral rights to many lots as delineated by Public Land Surveys along the eastern portion of the State of New Mexico adjoining the state line between New Mexico and Texas. These lots extend usually one-fourth ($\frac{1}{4}$) mile north to south and vary in width from 58 feet to 1,759 feet east to west. The lots vary in size from as little as 2.12 acres to more than 55.00 acres. Federal oil and gas leases have been issued for most of these lots under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended.

In the interest of conservation of oil and gas, and of limitation in use of steel during the present emergency, it is desirable that satisfactory arrangements be initiated to avoid drilling of unnecessary wells, and at the same time protect correlative rights and equities involved.

This subject was previously reviewed during an informal conference with members of the two State regulatory bodies in Midland, Texas, several years ago but no decisions were reached. As recent discoveries of oil and gas have been made in Texas at locations 660 feet or less from the state line, some of which locations offset Federal oil and gas leases, it is desirable that definite plans be formulated to cover drilling and proration matters affecting these Federal leases at the earliest practical date.

As a practical approach to this subject, it appears to this office that the Federal leases in New Mexico should be operated and developed consistent with the general practices of the industry within New Mexico, and so far as possible consistent with the rules and regulations of the New Mexico Oil Conservation Commission. To this end it would seem best that the smaller lots be communitized with the adjoining full 40-acre tracts to the west. Where the lots are of medium size, possibly from 20 to 30 acres, it may be desirable to communitize two of such lots for a drilling and proration unit that

would more closely approximate a normal 40-acre unit rather than to communitize such lots with the adjoining 40 acres and have an excessive amount of acreage comprise a drilling and proration unit. The larger lots could be considered as acceptable units for drilling purposes.

In all cases involving individual lots or communitized lots, it would seem proper that the proration allowable in New Mexico should be based on a factor being the ratio of the acreage of the lot or communitized tract to 40 acres, applied to the normal 40-acre allowable for the particular pool.

The difference in proration methods between the State of New Mexico and the State of Texas presents an additional problem. If legal and subject to reasonable administration, it would appear that a common oil and gas reservoir or pool embracing lands in the two states should be subject to the same proration rules and regulations. It has been suggested that if the pool or field is first discovered and developed in the State of New Mexico, that the extension into the State of Texas might be governed by the New Mexico proration schedules as adopted for that pool or field by the Texas Railroad Commission. Likewise, for a pool or field first discovered in the State of Texas and later extended into New Mexico, the New Mexico portion might be governed by applicable proration rules and regulations of the Texas Railroad Commission to be adopted by the New Mexico Oil Conservation Commission for that particular pool or field.

As we must take appropriate action to protect the Federal interests involved, this office suggests that the matter be given your earnest and early consideration, and that we be advised of your findings.

It may be desirable that the two State regulatory bodies hold a joint open hearing on the subject. Some informal discussions might also be informative and helpful. To this end I shall be glad to discuss the subject with representatives of both Commissions at any convenient place, having in mind either Santa Fe or Roswell, New Mexico, Midland or Austin, Texas.

Very truly yours,

Foster Morrell
FOSTER MORRELL
Oil and Gas Supervisor
Southwestern Region

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

September 21, 1951

Mr. Jack Baumel, Chief Engineer
Railroad Commission of Texas
Austin, Texas

Dear Jack:

This will acknowledge your letter of September 17 in which you mentioned either the 23rd or 24th of October as a date for the joint meeting for the Railroad Commission of Texas and the New Mexico Oil Conservation Commission to consider certain pools which overlap between New Mexico and Texas.

I have checked with both commissioners here and we feel that it would be suitable to call the hearing for October 23, which is our regular hearing day, but we will set the joint matter down for 2 o'clock, whereas we can dispose of the regular items before us at ten. So, if the Commission agrees - meaning your Commission, we will advertise a hearing for two o'clock on the 23rd day of October.

Very truly yours,

R. R. Spurrier

RRS:mf

C
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Y

Railroad Commission of Texas

OIL AND GAS DIVISION



AUSTIN, TEXAS

COMMISSIONERS

OLIN CULBERSON
CHAIRMAN

ERNEST O. THOMPSON

WILLIAM J. MURRAY, JR.

O. D. HYNDMAN, SECRETARY

HARRY M. BATES
CHIEF SUPERVISOR

JACK K. BAUMEL
CHIEF ENGINEER

L. E. DAVIS
AUDITOR

September 17, 1951

Mr. R. R. Spurrier
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Dick:

To confirm our conversation we had in Fort Worth at the Interstate Oil Compact Commission meeting in regard to Foster Morrell's letter in having a joint hearing on certain fields overlapping in New Mexico and Texas, please be advised that the Commission felt that the date which you gave me, that is around October 23 or any date during that week, would be all right with them and it would be all right to have that meeting in Santa Fe, New Mexico.

If you will be so kind as to give us the exact date, either the 23rd or 24th then we will go ahead and issue a hearing notice accordingly. *jasor note*

Thank you for your consideration, and

Very truly yours,

Jack K. Baumel
Jack K. Baumel,
Chief Engineer

JKB:cbr

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

RECEIVED
SEP 20 1951