

Casa No.

329

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE OIL
CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

TRANSCRIPT OF HEARING
CASE NO. 329

November 20, 1951

E. E. GREESON
ADA DEARNLEY
COURT REPORTERS
BOX 1203
PHONES 5-9422 AND 5-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

In Re:

In the Matter of the application)
of Witco Carbon Company'for exten-)
sion of permissible use of carbon)
black, especially as to source of)
gas; and for amendment to Order)
No. 724 of the Commission.)

Case No. 329

TRANSCRIPT OF HEARING

November 20, 1951

ADA DEARNLEY, COURT REPORTER

(Mr. Kellahin reads the notice of publication.)

MR. WHITE: I would like to say at this time we have a request from the Witco Carbon Company's attorney asking that this case be continued to our December 20th hearing.

CHAIRMAN SPURRIER: Does anyone have any evidence they wish to present in this case? Without objection, the case will be continued to the regular December 20th hearing.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I HEREBY CERTIFY that the foregoing and attached Transcript of Proceedings in Case No. 329, before the Oil Conservation Commission, taken on November 20, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, Dec. 21,
1951.

Ada Dearnley
REPORTER

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF HEARING

December 20, 1951

Case No. 329

E. E. GREESON
ADA DEARNLEY
COURT REPORTERS
BOX 1303
PHONES 5-9422 AND 5-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

- - - - -

IN RE:

Witco Carbon Company's application)
for extension of permissible use of)
carbon black, especially as to source)
of gas; and for amendment to Order)
724 of the Commission.)

Case 329

- - - - -

TRANSCRIPT OF HEARING

December 20, 1951

- - - - -

M. F. SHAFFER,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. IDEN:

MR. IDEN: If the Commission please, there are three things which we are asking for in this application. In this Commission order of July 30, 1947, Case No. 105, Order No. 724, being in the matter of the Panhandle Carbon Company,

the Wisco Carbon Company, the applicant here is the successor to the Panhandle Carbon Company. In that order we find this language, after permitting the use by the carbon company. Apparently it limits and we are not just clear as to what it means: Any or all available residue from the Phillips Petroleum Gasoline Extraction Plant located in the Eunice Field in Lea County, New Mexico, and from such other sources as may from time to time become available and be acquired by the Panhandle Carbon Company. Our thought is that might be construed to limit us to waste residue gas from the Phillips Petroleum Company, and particularly in the Eunice Field. And we are asking to have that clarified, and if there is such a limitation, we are asking to have that lifted.

The other point on Page 2 of the application, in that same order, there is this wording: Provided however the Commission may from time to time determine the higher economic use of such waste residue gas for domestic sale or use in repressuring projects, and for this purpose jurisdiction of the case is hereby retained by this Commission during the term of this extension. We are asking that be eliminated for the reason that it leaves the operator here in a more or less uncertain state. They have a large investment and quite an organization and a

large number of employees, and they have financing matters from time to time, and we ask that be eliminated.

The third proposition which we are asking for is that the present operation down there is to some extent under two companies. That is just technical, because it is more or less a paper transaction; but under two permits from this Commission. And since the operation is conducted as a single operating unit and has been for some time, one of our permits expiring on a certain date and another in a shorter time, the other permit - the other old permit is Case No. 295. And the case runs until August 8, 1966, whereas the permission granted by Order No. 724 to the Panhandle Carbon Company is dated July 30, 1947 and expires July 30, 1957. So that we are asking that this latter permit be extended so that the expiration date of the two orders on the two permits will expire at the same time.

With that explanation, I will submit the testimony of Mr. Shaffer.

Q Mr. Shaffer will you state your name, please?

A My name is M. F. Shaffer.

Q And just tell the Commission what connection or position you have with the Witco Carbon Company and what it is.

A I am Manager of the Gas Division of the Witco Carbon Company. The Witco Carbon Company is a carbon black producer. They have a plant in the Lea County area near Eunice.

Q Just in a general way, indicate to the Commission what the extent of your operations down there are, either by the type of plants in use or kind of - number of employees, payroll, etc.

A We have actually two plants there as you have stated, the Continental Carbon Company Plant and the Witco Carbon Company Plant. They are at the same location and operated by the same operating personnel. We have approximately 60 employees. The payroll of those plants runs 2 or 3 million dollars a year. These plants receive their gas at the present time from the Phillips Petroleum Company Eunice Gasoline Plant and the Skelly Oil Company Eunice Plant No. 2. Skelly - I mean Phillips - is the supplier of the Witco Carbon Plant.

Q Is it your desire and the desire of your companies that if a proper construction of the order in Case No. 105, Order No. 724, which is dated July 30, 1947, if that does restrict you as to the sources of your gas for your carbon black use, that you would like to have that clarified and the restriction lifted, if it is construed as a restriction?

A If it is a restriction, we would like to have it

removed to that extent; because certain of these contracts, or this contract, has an expiration date and we would like to be prepared to search for an additional supplier in the area for gas that can be legally made available for the manufacture of carbon black.

Q And in your opinion is that a necessary or at least desirable thing so far as your operation is concerned in New Mexico?

A Yes, sir, it is.

Q Now it is desirable you should have uninterrupted and continuance operation?

A That's right.

Q In view of the organization and the investment which you have and the thing you are doing?

A That is correct.

Q Mr. Shaffer, in Paragraph 4B of the petition or application it reads, quote: "Order No. 724 be modified by eliminating the provision "provided however the Commission may from time to time determine the higher economic use of such waste residue gas for domestic sale and use in re-pressuring projects, and for this purpose jurisdiction of this case is hereby retained by the Commission during the period or term of that extension," for the reason such provision leaves the authority uncertain and possibly temporary which interferes with petitioners refinancing

program and proper security in the large investment and
..... which must be made for plant facilities
operation." Will you make such comment as you care to
on that point to the Commission.

A It is true we are not - let me say this -
strike that. We are like any other company that is
operating. We do need some assurance that we can
continue to operate a plant where we have a sizeable
investment. The economic use here of such waste gas, or
higher economic use as referred to, we would like to beg
the Commission to consider the economic use we put this
gas to is a higher economic use, actually for the reason
that we can point out that on the highways today you are
riding on automobile tires that carbon black has a big
part to play in the manufacture of those, and the life
of those tires are for the public safety. We would
greatly appreciate your considering this as being a higher
economic use, and leave us free to purchase the gas as that
becomes available. Certainly we don't, do not, wish to
say here that the Commission doesn't have jurisdiction of
gas for repressuring into the fields. We think it is
proper. It is recognized so in these purchase contracts.
When it becomes necessary to use gas on the lease, the
operator is so privileged to do. Consequently we are not
raising a point of jurisdiction of that item. But we

would like for the people here to consider that we do put gas to a higher economic use.

Q Mr. Shaffer, was it or not your feeling that the matter of price of a low priced product like gas is the determining factor so far as economic use is concerned?

A Yes, I have heard that statement made several times, and I believe that economics is a great conservation advantage. In other words, price.

Q In other words if such a demand or requirement, an increased demand, we may say, for carbon black, which you are producing; that you can in the open market go out and compete with other purchasers of gas, you should be permitted to do that. Public needs and the economics of the country require you be permitted to do that?

A We haven't endeavored to be competitive in the purchase of gas. I don't know how long we can stay in this competitive position due to the price of the product we manufacture. Certainly if this product becomes short, maybe there will be something done where we can stay in the field to compete price wise for gas.

Q Do you care to discuss any further the economic use of carbon black?

A I would like to say this. There are many uses carbon black is put to, in our automobiles; in your batteries, in your tires, in your floor mats, insulation

of your wires; printers ink, drafting ink, even in chocolate candy as a coloring agent.

Q Do various departments, or some departments, of the government issue bulletins as to the need for carbon black?

A They have from time to time. Of course the United States Bureau of Mines keeps a record of carbon black manufacture and the amount of imports and exports. Of course most of the carbon black is produced in this tri-state area, Texas, New Mexico and Louisiana. You will find that there is considerable quantities of carbon black going into export today.

Q Passing now to another question involved, take the expiration date of the two permits under which you are operating; one terminates - let's see - the Panhandle Carbon Company permit, do you recall how much gas that was for?

A That was - 30 million a day.

Q And that expires June 30, 1957?

A I believe that is correct.

Q And then the other other, Order No. R-88, expires August 8, 1966 and as far as your operation is concerned as I understand it makes no difference as you keep no record of which particular authority here you take particular gas from, do you? I mean it is all one operation?

A We do report these plants separately, Mr. Iden.

Q Report them separately?

A Yes, sir.

Q But your operation is such it is desirable both run for the same length of time?

A That is correct. The plants have joint loading facilities. By that I mean the employees - we have a joint staff of personnel in the administrative branch of these two companies. And also in the laboratory technical staff. And in maintenance crews. And the warehousing. By warehousing I mean repairs and supplies for these plants. It is desirable consequently that these plants do have the same life if possible.

Q Paragraph D in the prayer of this application is simply a formal matter asking that any order issued shall inure to the benefit of and be binding on your successors and assigns. Do you believe that is a desirable provision in connection with your operations?

A Yes, sir, I believe it would be. We would like for the order to be that it would follow the plant in the event that there are successors and assigns; in the event of sale or change in management or in operating material.

MR. IDEN: Do you have anything further you want to say? If not, I think that's all.

A I don't believe I do.

MR. SPURRIER: Are there any questions of this witness?

MR. UTZ: I would like to inquire as to the feasibility of using LPG in the manufacture of carbon black?

A It is done. It is being done in the Panhandle. It was tried during the last war. The government took over you know for a period of time to try and increase black production and there was some increase true in the manufacture of black in channel type plants.

MR. UTZ: But you don't feel it would be a supplemental source of gas in this instance?

A I did not get your question.

MR. UTZ: You don't feel it would be a supplemental source of gas in this instance?

A You mean burning a poor LPG in your plant?

MR. UTZ: Enriching your gas with LPG.

A It is desirable, yes.

MR. UTZ: Thank you.

MR. SPURRIER: Anyone else?

MR. KELLAHIN: I would like to ask a question. You testified as to the effect of competition as an economic factor and the prevention of waste. Do you consider the sale of gas in the field as directly a competitive enterprise?

A Yes, sir, it is becoming more so all the time. With pipe lines increasing in capacity and carbon black

plants coming into New Mexico and the possibility of different types of chemical plants that may enter your State, it is becoming more competitive all the time.

Q Would the fact that the distribution lines are subject to some regulation have any bearing on your statement?

A Well, I think they do have to seek relief in the event there is an additional cost of their raw gas; they do have to seek relief in order to raise the price on it -

MR. SPURRIER: From the Federal Power Commission?

A That is correct. And possibly from the State agencies.

MR. KELLAHIN: From the State agencies also?

A Yes, sir.

MR. IDEN: Along that same line, I make this - it is in the nature of argument - just one thought I had. And as I understand the situation - if I am not thinking straight you can correct me - but here in New Mexico when an industry like these people have down there and an employment of 50 or 60 people, that means 50 or 60 families. I think it is an indispensable industry in the State and it is a market for gas producers. And any market I think should be encouraged so far as can be encouraged. It seems to me it is the proper thing to do. Now if these people, for

instance, are restricted even to the kind of gas they can use, I would see no objection - and I just illustrate this as argument - for instance a pipe line company should buy the gas and transport it say to a State like Arizona where there is no restriction. If they can pay the price in the manufacture of carbon black, there would be no reason in the world I know why they couldn't buy the gas from the pipe line in Arizona and set up shop over there without any restriction. And buy the same gas over there and use it in Arizona they might have been prevented from using in New Mexico in our industry here. It seems to me it illustrates such restrictions ought not to be imposed. That is just a matter of argument.

MR. SPURRIER: Do you feel that you could use gas - well gas, conservation wise, as long as gas is flared in the area?

A I feel this; surely we should take care of the flare gas first, Mr. Spurrier. I think that gas that is being vented or burned should be taken. If oil production is such you can't have a constant load, of course you must have a constant load for these type plants, then it would be our pleading if we were becoming short of gas to come before the Commission and request we could supplement it in some way in order to keep going. As an illustration, if certain wells assigned a monthly allowable and could

make their allowable in 17 days, and are shut in, which oil operators usually do, that would leave the plant high and dry without gas for a period. That has not been the case so far but it could become that way.

MR. SPURRIER: You feel if the price is right there won't be any flare gas?

A I feel this way. As time goes on and with the increasing markets and outlets for the field, that this flare gas will disappear.

MR. SPURRIER: Are there any further questions? If not the witness may be excused.

MR. IDEN: That is all we have if the Commission please.

MR. SPURRIER: Very well we will go on to the next case, Case 331.

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

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings is a true and correct record to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 27 day of January, 1952.

GG Gleason
REPORTER

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

March 21, 1932

Mr. E. O. Iden
IDEN AND JOHNSON
715 First National Bank Building
Albuquerque, N. M.

Dear Sir:

We enclose signed copy of Order R-135 signed March 20 by
the Oil Conservation Commission in Witco Carbon Company's
Case No. 329.

The order will be distributed on the Commission's regular
monthly mailing.

Very truly yours,

R. R. S. *RR*

R. R. Spurrier

RRS:mr

cc: Mr. H. F. Shaffer
Witco Carbon Company
1400 West Tenth Avenue
AMARILLO, TEXAS

MEMORANDUM

From: R. R. SPURRIER

To: *W B M*

*what is sour
gas - could witco
use sour gas well
gas?*

*Texas - 30 grains total
per 1000 (statute)
Submit amended
order to witco before*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 329
ORDER NO. R-135

THE APPLICATION OF WITCO CARBON
COMPANY FOR EXTENSION OF PERMISSIBLE
USE OF CARBON BLACK, ESPECIALLY AS TO
SOURCE OF GAS; AND FOR AMENDMENT TO ORDER
NO. 724 OF THE COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing December 20, 1951, at 10 o'clock
a. m. at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of March, 1952, the Commission, a quorum
being present, having considered the testimony adduced at the hearing and
being fully advised in the premises,

FINDS:

- (1) That due notice having been given as required by law, the
Commission has jurisdiction of this case and the subject matter thereof.
- (2) That the petition is well taken and should be granted.

IT IS THEREFORE ORDERED, that the permit previously granted
by the Commission to the petitioner herein under date of July 30, 1947, be
and the same hereby is amended and extended to August 8, 1966, and the
petitioner, its successors and assigns, are hereby given the right to use in
the manufacture of channel carbon black any and all available waste residue
gas from the Phillips Petroleum Gasoline Extraction plant located in the
Eunice Field, Lea County, New Mexico and from such other sources as
casinghead gas may from time to time become available; provided, however,
that no sweet gas shall be used for the manufacture of channel carbon black
and the petitioner be and hereby is prohibited from using sweet gas in such
manufacture.

*gas well
or dry gas*
DONE at Santa Fe, New Mexico, on the day and year hereinabove
written.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. Spurrier

R. R. SPURRIER, SECRETARY

SEAL

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

June 25, 1952

C
O
P
Y

Mr. R. C. Iden
IDEN AND JOHNSON
715 First National Bank Bldg.
Albuquerque, New Mexico

Dear Mr. Iden:

RE: OCC Case 329

Before leaving this week on a brief vacation, Mr. Macey drafted the attached nunc pro tunc order in Witco Carbon Company's Case 329. He asked that three copies be sent to you for your attention and that of Mr. Shaffer of Witco Carbon Co., and advised that he will be glad to have any suggestion or comment you might offer. If you will direct your replies to him, the matter will be brought to his attention upon his return to the office within a few days.

Very truly yours,

WR
Secretary
For Mr. W. B. Macey,
Chief Engineer

WBM:mr
Encl.

Air Mail

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 329
ORDER NO. R-135 A

THE APPLICATION OF WITCO CARBON
COMPANY FOR EXTENSION OF PERMISSIBLE
USE OF CARBON BLACK, ESPECIALLY AS TO
SOURCE OF GAS; AND FOR AMENDMENT TO
ORDER NO. 724 OF THE COMMISSION

NUNC PRO TUNC
ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that the order heretofore entered
in the above-entitled cause is not a correct memorial of the judgment as
rendered by this Commission, in that the order provides as follows:

"That the permit previously granted by the Commission to
the petitioner herein under date of July 30, 1947, be and
the same hereby is amended and extended to August 8, 1966,
and the petitioner, its successors and assigns, are hereby given
the right to use in the manufacture of channel carbon black any
and all available waste residue gas from the Phillips Petroleum
Gasoline Extraction Plant located in the Eunice Field, Lea County,
New Mexico, and from such other sources as casinghead gas may
from time to time become available; provided, however, that no
sweet gas shall be used for the manufacture of channel carbon
black and the petitioner be and hereby is prohibited from using
sweet gas in such manufacture."

When it should have been shown as providing:

(1) That the permit previously granted to the petitioner under Order
No. 724 under date of July 30, 1947, be and the same hereby is amended and ex-
tended to August 8, 1966.

(2) That the petitioner, its successors and assigns, be and the same
hereby are given the right to use in the manufacture of channel carbon black
any and all of the available waste residue gas from any gasoline extraction
plant, and from such other sources as casinghead gas may from time to time
become available.

IT IS THEREFORE ORDERED:

(1) That the permit previously granted to the petitioner under Order
No. 724 under date of July 30, 1947, be and the same hereby is amended and ex-
tended to August 8, 1966.

(2) That the petitioner, its successors and assigns, be and the same hereby are given the right to use in the manufacture of channel carbon black any and all of the available waste residue gas from any gasoline extraction plant, and from such other sources as casinghead gas may from time to time become available.

DONE at Santa Fe, New Mexico, on this ____ day of ____, 1952.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem, Chairman

Guy Shepard, Member

R. R. Spurrier, Secretary

PROPOSED ORDER

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

September 5, 1952

C
O
P
Y

Mr. M. F. Shaffer, Manager
Gas Division
Witco Carbon Company
1400 West Tenth Avenue
AMARILLO, TEXAS

Dear Sir:

RE: OCC Case 329

For your records, we enclose signed copy of Order R-135-A,
which has been issued nunc pro tunc in Case 329 to clarify
the original Order R-135.

Very truly yours,

W. B. Macey
Chief Engineer

WBM:mr

cc: Mr. E. C. Iden
Iden and Johnson
715 First National Bank Bldg.
ALBUQUERQUE, NEW MEXICO

, F

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 329
ORDER NO. R-135 A

THE APPLICATION OF WITCO CARBON
COMPANY FOR EXTENSION OF PERMISSIBLE
USE OF GAS IN THE MANUFACTURE OF
CARBON BLACK, ESPECIALLY AS TO SOURCE
OF GAS; AND FOR AMENDMENT TO ORDER NO.
724 OF THE COMMISSION.

NUNC PRO TUNC ORDER OF THE COMMISSION

BY THE COMMISSION:

It appearing to the Commission that the order heretofore entered
in the above-entitled cause is not a correct memorial of the judgment as
rendered by this Commission, in that the order provides as follows:

"That the permit previously granted by the
Commission to the petitioner herein under
date of July 30, 1947, be and the same hereby
is amended and extended to August 8, 1966,
and the petitioner, its successors and assigns,
are hereby given the right to use in the manu-
facture of channel carbon black any and all
available waste residue gas from the Phillips
Petroleum Gasoline Extraction Plant located
in the Eunice Field, Lea County, New Mexico,
and from such other sources as casinghead
gas may from time to time become available;
provided, however, that no sweet gas shall be
used for the manufacture of channel carbon
black and the petitioner be and hereby is pro-
hibited from using sweet gas in such manu-
facture."

When it should have been shown as providing:

(1) That the permit previously granted to the petitioner
under Order No. 724 under date of July 30, 1947, be and the same hereby
is amended and extended to August 8, 1966.

(2) That the petitioner, its successors and assigns, be and
the same hereby are given the right to use in the manufacture of channel
carbon black any and all of the available residue gas from any gasoline
extraction plant, and from such other sources as casinghead gas may from
time to time become available.

IT IS THEREFORE ORDERED:

(1) That the permit previously granted to the petitioner under Order No. 724 under date of July 30, 1947, be and the same hereby is amended and extended to August 8, 1966.

(2) That the petitioner, its successors and assigns, be and the same hereby are given the right to use in the manufacture of channel carbon black any and all of the available residue gas from any gasoline extraction plant, and from such other sources as casinghead gas may from time to time become available.

DONE at Santa Fe, New Mexico, on this 28th day of August, 1952.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, Chairman

Guy Shepard

GUY SHEPARD, Member

R. R. Spurrer

R. R. SPURRIER, Secretary

S E A L

OIL CONSERVATION COMMISSION

P. O. BOX 871
SANTA FE, NEW MEXICO

March 21, 1952

Mr. E. O. Iden
IDEN AND JOHNSON
715 First National Bank Building
Albuquerque, N. M.

Dear Sir:

We enclose signed copy of Order R-135 signed March 20 by
the Oil Conservation Commission in Witco Carbon Company's
Case No. 329.

The order will be distributed on the Commission's regular
monthly mailing.

Very truly yours,

R. R. Spurrier

RS:mr

cc: Mr. H. F. Shaffer
Witco Carbon Company
1400 West Tenth Avenue
AMARILLO, TEXAS

C
O
P
Y

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 UPON ITS
OWN MOTION FOR THE PURPOSE OF CONSIDERING:

309
149
Case No. ~~309~~
Order No. R-100

ORDER NO. 779 OF THE OIL CONSERVATION
COMMISSION OF NEW MEXICO ENTERED IN
CASE NO. 149 ON JULY 27, 1948, ESTAB-
LISHING 80-ACRE SPACING AND PROPORTION
UNITS FOR THE CROSSROADS (DEVONIAN)
POOL BELOW 12,000 FEET. LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause having come on for hearing December 20, 1951, at
Santa Fe, New Mexico before the Oil Conservation Commission of New Mexico
hereinafter referred to as the Commission.

Now on this _____ day of February, 1952, the Commission, a
quorum being present and having considered the petition, testimony
adduced at said hearing, and being otherwise fully advised in the premises
finds that the petition is well taken and should be granted.

IT IS THEREFORE ORDERED that the permit heretofore previously
granted by the Commission to the petitioner herein under date of July 30,
1947, be and the same hereby is amended and extended to August 8, 1966, and
the petitioner is hereby given the right to use in the manufacture of
Channel Carbon Black any and all available waste residue gas from the
Phillips Petroleum Gasoline Extraction Plant located in the Eunice Field,
Lea County, New Mexico and from such other sources as casing head gas may
from time to time become available. Provided, however, no sweet gas shall
be used for the manufacture of channel carbon black and the petitioner be
and hereby is prohibited from using sweet gas in such manufacture.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
written.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Chairman

Member

Secretary

E. C. IDEN
BRYAN G. JOHNSON

JAMES T. PAULANTIS

IDEN & JOHNSON
ATTORNEYS AND COUNSELORS AT LAW
715-16-17-18-19 FIRST NATIONAL BANK BUILDING
ALBUQUERQUE, NEW MEXICO

371
March 19, 1952

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

Dear Dick:

Can you now let me know the status of the application of Witco Carbon Company? This matter, as you recall, was heard by your Commission on December 19 and my clients are anxious for a decision.

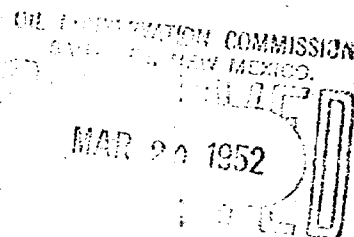
With kind personal regards,

Very truly yours,

IDEN AND JOHNSON

By E. C. Iden

ECI:S



PETITION OF WITCO CARBON COMPANY

***** I *****

That in Case No. 295 extending Case No. 169, Supplemental Order R-88 was issued by this Commission to Continental Carbon Company on August 8, 1951, reference to which is hereby made.

II

In Case No. 105, Order 724 was issued by the Commission to Panhandle Carbon Company, Inc., now Witco Carbon Company, under date of July 30, 1947, reference to which is also hereby made.

III

That both companies are now engaged in the manufacture of carbon black at approximately the same location and under similar conditions; the ownership of the two companies is to some extent the same; the management of the two companies is carried on at the same location and by the same office force; repairs to the properties of the two companies are handled jointly; loading of their products is also handled jointly and on the same spur track and by the same forces. That for reasons of economy in operation it is desirable that the authority from this Commission for the use of gas shall be similar, as the cessation of one of the operations would adversely affect the entire operation.

Petitioner, therefore, asks that the following modifications and changes be made in the present order affecting it:

a. That if in such order Petitioner is limited in the source from which such gas may be obtained, such limitation be lifted so that it may have the right of use "from such other source as casinghead gas may from time to time be available."

b. That Order No. 724 be modified by eliminating the provision "provided, however, the Commission may from time to time determine the higher economic use of such waste residue gas for domestic sales or use in repressuring projects and for these purposes, jurisdiction of this case is hereby retained by the Commission during the period and term of this extension", for the reason that such provision leaves the authority uncertain, and, possibly temporary, which interferes with Petitioner's financing program and proper security in the large investment and expenditures which must be made for plant facilities and otherwise in the efficient and businesslike management of the operation.

c. That Order No. 724 be amended so that such authority will run to August 8, 1966, the expiration date of the authority granted to Continental Carbon Company in the Supplemental Order of August 8, 1951.

Case 265

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

June 12, 1952

Order 329

C

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P

Y

Mr. E. C. Iden
Iden & Johnson
Albuquerque, New Mexico

Dear Mr. Iden:

This is in reply to your letter of June 4. The revision
of the Witco order will be out as soon as possible.

Very truly yours,

Secretary and Director

RRS:W

E. C. IDEN
BRYAN G. JOHNSON
JAMES T. PAULANTIS

RS

IDEN & JOHNSON
ATTORNEYS AND COUNSELORS AT LAW
715-16-17-18-19 FIRST NATIONAL BANK BUILDING
ALBUQUERQUE, NEW MEXICO

June 4, 1952

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

Dear Dick:

Can you let me know how you are progressing with
the revision of the Witco order which was granted
by your Commission sometime ago?

Very truly yours,

IDEN AND JOHNSON

BY E. C. Iden

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

JUN 5 - 1952

ECI:NC

CC: Mr. M. F. Shaffer

*Order will be issued soon as
possible ?*

EARL C. IDEN
BRYAN G. JOHNSON
JAMES T. PAULANTIS

IDEN & JOHNSON
ATTORNEYS AND COUNSELORS AT LAW
715-16-17-18-19 FIRST NATIONAL BANK BUILDING
ALBUQUERQUE, NEW MEXICO

Feb

July 7, 1952

Case 329

Order

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

Dear Dick:

The representatives of the Witco Carbon Company
are asking me about the status of their application
which was heard before your Commission on December 19.

Will you please let me know.

With kind personal regards.

Very truly yours,

IDEN AND JOHNSON

BY *E. C. Iden*

ECI:NC

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

FEB 9 1952

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 329
ORDER NO. R-135

THE APPLICATION OF WITCO CARBON
COMPANY FOR EXTENSION OF PERMISSIBLE
USE OF CARBON BLACK, ESPECIALLY AS TO
SOURCE OF GAS: AND FOR AMENDMENT TO ORDER
NO. 724 OF THE COMMISSION.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing December 20, 1951, at 10 o'clock
a. m. at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 20th day of March, 1952, the Commission, a quorum
being present, having considered the testimony adduced at the hearing and
being fully advised in the premises,

FINDS:

(1) That due notice having been given as required by law, the
Commission has jurisdiction of this case and the subject matter thereof.

(2) That the petition is well taken and should be granted.

IT IS THEREFORE ORDERED, that the permit previously granted
by the Commission to the petitioner herein under date of July 30, 1947, be
and the same hereby is amended and extended to August 8, 1966, and the
petitioner, its successors and assigns, are hereby given the right to use in
the manufacture of channel carbon black any and all available waste residue
gas from the Phillips Petroleum Gasoline Extraction plant located in the
Eunice Field, Lea County, New Mexico and from such other sources as
casinghead gas may from time to time become available; provided, however,
that no sweet gas shall be used for the manufacture of channel carbon black
and the petitioner be and hereby is prohibited from using sweet gas in such
manufacture.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
written.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Edwin L. Mechem

EDWIN L. MECHEM, CHAIRMAN

Guy Shepard

GUY SHEPARD, MEMBER

R. R. Spurrer

R. R. SPURRIER, SECRETARY

SEAL

BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

| | | |
|--------------------------------------|---|---------------|
| IN THE MATTER OF THE APPLICATION OF |) | |
| WITCO CARBON COMPANY (formerly |) | |
| Panhandle Carbon Company, Inc.) FOR |) | CASE NO. 105 |
| AN ORDER CLARIFYING AND AMENDING ITS |) | ORDER NO. 724 |
| PRESENT AUTHORITY FOR THE USE OF GAS |) | |
| IN THE MANUFACTURE OF CARBON BLACK |) | |

P E T I T I O N

Gomes now WITCO CARBON COMPANY (formerly Panhandle Carbon Company, Inc.) and shows to this Honorable Commission:

I

That in Case No. 295 extending Case No. 169, Supplemental Order R-88 was issued by this Commission to Continental Carbon Company on August 8, 1951, reference to which is hereby made.

II

In Case No. 105, Order 724 was issued by the Commission to Panhandle Carbon Company, Inc., now Witco Carbon Company, under date of July 30, 1947, reference to which is also hereby made.

III

That both companies are now engaged in the manufacture of carbon black at approximately the same location and under similar conditions; the ownership of the two companies is to some extent the same; the management of the two companies is carried on at the same location and by the same

office force; repairs to the properties of the two companies are handled jointly; loading of their products is also handled jointly and on the same spur track and by the same forces. That for reasons of economy in operation it is desirable that the authority from this Commission for the use of gas shall be similar, as the cessation of one of the operations would adversely affect the entire operation.

IV

Petitioner, therefore, asks that the following modifications and changes be made in the present order affecting it:

a. That if in such order Petitioner is limited in the source from which such gas may be obtained, such limitation be lifted so that it may have the right of use "from such other source as casinghead gas may from time to time be available".

b. That Order No. 724 be modified by eliminating the provision "provided, however, the Commission may from time to time determine the higher economic use of such waste residue gas for domestic sales or use in repressuring projects and for these purposes, jurisdiction of this case is hereby retained by the Commission during the period and term of this extension", for the reason that such provision leaves the authority uncertain, and, possibly temporary, which interferes with Petitioner's financing program and proper security in the large investment and expenditures which must be made for plant facilities and otherwise in the efficient and businesslike management of the operation.

c. That Order No. 724 be amended so that such authority will run to August 8, 1966, the expiration date of the authority granted to Continental Carbon Company in the Supplemental Order of August 8, 1951.

d. That any order issued shall inure to the benefit of and be binding on the successors and assigns of Petitioner.

WITCO CARBON COMPANY (formerly Panhandle Carbon Company, Inc.,)

BY

M. F. Shaffer
ITS AGENT AND MANAGER, GAS DIVISION

IDEN AND JOHNSON
Attorneys for Petitioner
715 First National Bank Building
Albuquerque, New Mexico

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

M. F. SHAFFER, being first duly sworn, upon oath states: That he is Agent and Manager, Gas Division, for Witco Carbon Company, formerly Panhandle Carbon Company, Inc., and as such makes this verification; that he has read the foregoing Petition, knows the contents thereof and that the same is true of his own knowledge and belief.

M. F. Shaffer
SUBSCRIBED AND SWORN to before me this 2d day of November, 1951.

Nora Carrara

NOTARY PUBLIC

MY COMMISSION EXPIRES:

December 5, 1954

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

November 15, 1951

Mr. Earl Iden
Iden and Johnson
715 First National Bank Bldg.
Albuquerque, New Mexico

Dear Mr. Iden:

The December 20 hearing will begin at 10 a.m. in
the auditorium of Mabry Hall - the new capitol
office building.

Very truly yours,

Jason Kellahin, Attorney

JK:nr

C
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P
Y

E. C. IDEN
BRYAN G. JOHNSON
—
JAMES T. PAULANTIS

IDEN & JOHNSON
ATTORNEYS AND COUNSELORS AT LAW
715-16-17-18-19 FIRST NATIONAL BANK BUILDING
ALBUQUERQUE, NEW MEXICO

Case 329

November 12, 1951

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

Att: Mr. Jason Kellahin
Re : Witco Carbon Company

Dear Mr. Kellahin:

Thank you for your letter of November 9.

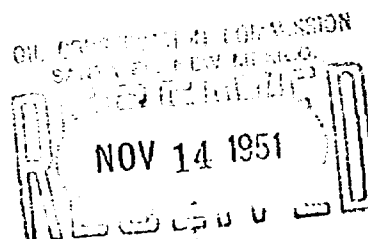
Will you please advise at what time the hearing will
be held on December 20.

Very truly yours,

IDEN AND JOHNSON

By *Carl Idem*

ECI:S



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

Case 329

November 9, 1951

C
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Y

Mr. E. C. Iden
IDEN & JOHNSON
715 First National Bank Bldg.
Albuquerque, New Mexico

Dear Mr. Iden:

In the absence of Mr. Spurrier I am replying to your letter of November 7 regarding the petition of Witco Carbon Company. Since this case had already been advertised and set for hearing November 20, we will enter your letter as a request for continuance and the case will be continued to the December 20 hearing.

In this way we can avoid the necessity of readvertising, and the Commission's minutes will show that the continuance was granted. For your information, this case has been designated as Case 329.

It will not be necessary for you to appear at the November 20 hearing, in view of your letter.

Sincerely,

Jason Kellahin

JK:nr

cc: Mr. M. F. Shaffer
Witco Carbon Company
1400 West Tenth Avenue
Amarillo, Texas

E. C. IDEN
BRYAN G. JOHNSON

JAMES T. PAULANTIS

IDEN & JOHNSON
ATTORNEYS AND COUNSELORS AT LAW
715-16-17-18-19 FIRST NATIONAL BANK BUILDING
ALBUQUERQUE, NEW MEXICO

Case 329

November 7, 1951

Mr. R. R. Spurrier
Secretary - Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

On account of other engagements and in accordance with my telephone conversation today, will you please vacate the setting made on the petition of Witco Carbon Company from November 20 and postpone it until your next regular hearing date which we understand will be December 20.

Will you please confirm the date on which the hearing will be had.

Very truly yours,

IDEN AND JOHNSON

By E. C. Iden

ECI:S

cc Mr. M. F. Shaffer, Manager
Gas Division
Witco Carbon Company
1400 West Tenth Avenue
Amarillo, Texas



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

November 20, 1951

C
O
P
Y

Mr. J. D. Savage
Box 1957
Hobbs, New Mexico

Dear Mr. Savage:

RE: OCO Case 329

I am forwarding you, in accordance with our telephone conversation of several days ago, a copy of the essential paragraphs of Witco Carbon Company's petition in Case 329.

Although this case is set for hearing November 20, the attorney in the case has asked a continuance to December 20, and in the absence of any objection the continuance will probably be granted by the Commission.

Very truly yours,

Jason Kellahin, Attorney

JK:nr