

Case No.

339

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Application, Transcript,  
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

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Transcript of Hearing

CASE NO. 339

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January 22, 1952

Henrickson's Reporting Service  
2224 - 47th Street  
Los Alamos, New Mexico

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

January 22, 1952

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Case 339: In the matter of the application of the Gulf Oil Corporation for an exception to Rule 404 (Natural Gas Utilization) of the Oil Conservation Commission's Rules and Regulations in relation to its well in the SE/4 SE/4, Section 22, Township 12 South, Range 33 East, NMPM, Lea County, New Mexico.

R. Q. McPHERSON,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

Q. State your name please?

A. Bob McPherson.

Q. By whom are you employed?

A. Gulf Oil Corporation.

Q. Where are you stationed?

A. Hobbs.

Q. What is your position with Gulf?

A. I'm area petroleum engineer.

Q. As area petroleum engineer, are you acquainted with the history of Gulf's NMI State No. 1 well in the SE/4 SE/4 of Section 22, Township 12 South, Range 33 East?

A. I am.

Q. When was this well completed?

A. January 11, 1950.

Q. What is the depth of the well?

A. It was drilled to a depth of ten thousand five hundred fifty eight (10,558) in the silure-Devonian. It was dry there and plugged back to eight thousand six hundred forty-five (8,645) and completed as a gas well at that time.

Q. What was the nature of the production. Were any distillates produced at that time?

A. Yes. It made some distillate depending upon the amount of gas that we produced from the well.

Q. At that time when the well was originally completed, was there a market available for the gas that was produced?

A. No.

Q. And what did you do with the well?

A. It was left standing until a market became available.

Q. And when did a market become available?

A. In January of this year.

Q. And will you state to the Commission the nature of that market?

A. We are selling gas now to the Amerada Petroleum Company which they use for gas-lift purposes in their Devonian pool and I think also Wolf Camp there and also for fuel.

Q. And after the gas is utilized for gas-lift purposes and fuel, it is then flared, is that correct?

A. Right.

Q. For that reason, you ask this Commission upon January 8th for an emergency order for an exception to Rule 404?

A. Yes.

Q. When did delivery into the line for sale under the Amerada contract come in?

A. At four p.m., January 7th, 1952.

Q. What is the production of this well, now?

A. Since we began this line, we have averaged one million four hundred seven thousand and three hundred thirty three (1,407,333) cubic feet daily. In addition to that, we have produced an average of twenty (20) barrels of distillate daily.

Q. And how are you moving the distillate to market?

A. By truck.

Q. And you are selling the distillate at this time?

A. We are.

Q. Has Gulf entered into a contract with Amerada for the sale of this gas?

A. Yes.

Q. Are you acquainted with the general terms of that contract?

A. Yes.

Q. Do you know whether this contains any provision for cancellation of the contract by either of the parties?

A. Yes, it has a sixty (60) day cancellation clause.

Q. Either party may cancel the contract upon sixty (60) days' notice?

A. That is correct.

Q. If the occasion should arise that there is a market available for the gas, it will preclude the necessity for flaring the gas after its use. Is your company then prepared to exercise its option under the contract and to cancel it and make sales which will not necessitate the flaring of the gas at the end of its use?

A. We are.

MR. CAMPBELL: I believe that's all. The Commission will recall on January 8th we obtained a temporary order in this case. Since the rules of the Commission limit the effectiveness of the temporary order to fifteen days, this order will expire, according to my calculations midnight January 23rd, tomorrow. We desire, if the Commission is so inclined, that this order be issued immediately in order that there will be no lapse of time during which we will be unable to sell gas since deliveries are now taking place in the line which has been constructed.

MR. SPURRIER: The order is more commonly called an emergency order - - -

MR. CAMPBELL: Yes.

MR. SPURRIER: And I will recommend to the Commission that they sign a formal order before the emergency order expires. Any comments?

MR. SHOEMAKER: We are buying distillates that are produced along with this gas and there was four hundred (400) barrels allowable set

up for that purpose and I'm just wondering if that will be set on some sort of a basis where it will be re-issued every time this four hundred (400) barrels is used up which is the allowable for the distillate.

MR. CAMPBELL: Mr. McPherson, do you know anything about the consistency of the production of distillate from that well? We know whether any permanent basis for allowable for the distillate sale can be established?

MR. MCPHERSON: We will ask the Commission to rule on the amount of distillate that we can produce. We have, however, not run the well very long and we were unable to determine how much we would produce when we asked for the four hundred (400) barrel allowable. It will be increased to six hundred (600) or whatever is necessary.

MR. SHOEMAKER: On a monthly basis?

MR. MCPHERSON: Well, I imagine we'll have to ask for it monthly but I don't know that it can be set up on a regular schedule month after month, or not.

MR. CAMPBELL: Gulf oil has produced that distillate under - - - has made sure that the distillate purchased has been under proper order of the Commission.

MR. GRAHAM: It seems to me that the violation of Rule 404 would be on the part of Amerada. Do you propose to file copies of that contract via Amerada or authorize them to use it in violation of that rule?

MR. CAMPBELL: Well the record here contains the fact that the contract is for sale to Amerada and the use - - - Gas is being produced, however, from a well that is owned by Gulf. They are the ones that are producing the gas and the ultimate effect of that production is the necessity of it being flared. I believe that the record is probably complete but if the Commission insists, we have no objection on filing a copy of the contract or agreement between the Amerada and Gulf. I do not feel that it is necessary, however, for a copy of the agreement to become a part of the record.

MR. GRAHAM: I would suggest a memorandum of the agreement in any event. Gulf has produced and sold the production. Amerada, however, bought it for use.

MR. CAMPBELL: Is your opinion then that it is unnecessary for the company producing the gas to obtain an exception to this rule under these circumstances?

MR. GRAHAM: Well, I imagine that it's a joint venture.

MR. CAMPBELL: Well, Mr. McPherson isn't correct in that the contract requires Gulf to obtain this exception before the contract became effective.

MR. MCPHERSON: No-one said the contract required that. But we were requested to get the exception by Amerada in order to protect them.

MR. GRAHAM: That is part of the offer of acceptance?

MR. MCPHERSON: Yes, it was in the letters of agreement.

MR. CAMPBELL: I might say for the record that the agreement

does provide that and if the Commission feels that they need something further with respect to this record with regard to the agreement to protect them and Amerada, we will be glad to furnish it if you will advise us what you want.

MR. GRAHAM: You have made all the necessary clearance with the State Land Office?

MR. MCPHERON: Yes, we have.

MR. SPURRIER: Are there any further comments or questions of this witness? If not, the witness may be excused. I will reiterate my former statement. I will recommend to the Commission that the order be issued.

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STATE OF NEW MEXICO )  
COUNTY OF LOS ALAMOS ) ss

I hereby certify that the foregoing and attached transcript of hearing in Case 339 before the Oil Conservation Commission on January 22, 1952, at Santa Fe is a true record of the same to the best of my knowledge, skill and ability.

DATED at Los Alamos, this 25th day of January, 1952.

  
Audrey M. Penrickson

My commission expires September 20, 1955.

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

January 9, 1952

C  
O  
P  
Y

Mr. Jack Campbell, Attorney  
Atwood, Malone and Campbell  
ROSWELL, NEW MEXICO

Dear Mr. Campbell:

RE: OGC Case No. 339

At Mr. Spurrier's request, we are sending you two signed copies of the Oil Conservation Commission's Emergency Order R-127 issued on January 8, 1952, in relation to Case 339.

Although not on the regularly issued docket sheet, Case 339 is scheduled for hearing at the Commission's regular hearing of January 22, 1952, as you know.

Very truly yours,

*N.R.*

For R. R. SPURRIER  
Secretary - Director

RRS:mr

Encl.

AIR MAIL

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

January 23, 1952

C

Mr. Jack Campbell  
Atwood, Malone and Campbell  
Roswell, New Mexico

O

RE: Case 339

P

Dear Mr. Campbell:

We are enclosing two copies of Order No. R-127A  
in the captioned case.

Y

Very truly yours,

Secretary and Director

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:

THE APPLICATION OF GULF OIL  
CORPORATION FOR AN EXCEPTION  
TO RULE 404 OF THE OIL CONSERVA-  
TION COMMISSION FOR ITS N.M.I.  
STATE WELL NO. 1, LOCATED IN  
SE<sup>1</sup>SE<sup>4</sup> OF SECTION 22, TOWNSHIP 12  
SOUTH, RANGE 33 EAST, N.M.P.M.

CASE NO. 339  
ORDER NO. R-127A

PERMANENT ORDER

BY THE COMMISSION

This cause came on for hearing at 10 o'clock a.m.  
on January 22, 1952 before the Oil Conservation Commission of  
New Mexico, at Santa Fe, hereinafter referred to as the  
"Commission".

<sup>23</sup>  
NOW, on this 2<sup>nd</sup> day of January, 1952, the Commission,  
a quorum being present, having fully considered the testimony  
adduced and exhibits received at said hearing, and being fully  
advised in the premises,

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

(2) That on January 8, 1952 an emergency  
order was issued by this Commission in this cause granting to  
applicant for a period of fifteen days from and after January 8,  
1952 an exception to Commission Rule 404 as more fully set out  
in the emergency order on file with the Commission.

(3) That in such emergency order applicant  
was ordered to appear before the Commission at Santa Fe, New  
Mexico on January 22, 1952 and offer testimony in support of

its application, and that such appearance has been made and testimony offered.

(4) That applicant Gulf Oil Corporation completed a gas well in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 22, Township 12 South, Range 33 East, N.M.P.M. in January 1950 and that at all times subsequent to such completion until the sale contract herein referred to, there has been no market available for the sale of gas from said well.

(5) That applicant has entered into a contract with Amerada Petroleum Corporation for the sale of gas from said well, such gas to be used for the purpose of gas lifting oil wells; that after the use of gas for said purpose there is at present no gasoline plant in which it may be processed nor may it otherwise be beneficially used.

IT IS THEREFORE ORDERED

That the applicant Gulf Oil Corporation and Amerada Petroleum Corporation are hereby authorized to produce, market and utilize gas produced from Gulf Oil Corporation's N.M.I. State No. 1 gas well located in the SE $\frac{1}{4}$ SE $\frac{1}{4}$  Section 22 Township 12 South, Range 33 East, N.M.P.M. exempt from and as an exception to Commission's Rule 404; subject, however, to the following conditions *that*

1. This order shall remain in effect only so long as ~~no~~ <sup>beneficial</sup> use is available for gas produced, sold, marketed and utilized hereunder and at such time as a market providing such beneficial use is available this order shall be void and of no further effect.

4. Jurisdiction in this case is retained by the Commission for such further order or orders as may seem necessary for the purpose of preventing waste or protecting correlative rights.

PEOPLE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE NO. 339  
( ORDER NO. R-127  
( EMERGENCY ORDER

THE APPLICATION OF GULF OIL CORPORATION  
FOR AN EXCEPTION TO RULE 404 OF THE OIL  
CONSERVATION COMMISSION FOR ITS N.M.I.  
STATE WELL NO. 1, LOCATED IN SE SE OF  
SECTION 22, TOWNSHIP 12 SOUTH, RANGE 33  
EAST, NMPM.

EMERGENCY ORDER

BY THE COMMISSION:

This matter came on this day for hearing on petition duly filed at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 8th day of January, 1952, the Commission, a quorum being present at an emergency session, being fully advised in the premises,

FINDS:

1. That applicant, Gulf Oil Corporation, completed a gas well in the SE/4 SE/4 section 22, T. 12 S., R. 33 E., NMPM, in January 1950; that subsequent to such completion there has been no possibility of marketing such production.

2. That by reason of lack of production the state oil and gas lease would not be perpetuated and thus expire in the immediate future.

3. That an opportunity has presented itself for the gas production from the N.M.I. State No. 1 Well to be sold to Amerada Petroleum Corporation but used contrary to the provisions and requirements of the Commission's Rule 404.

4. That failure of the Commission to exercise its emergency powers and grant a temporary exception in this case would work hardship upon this applicant.

IT IS THEREFORE ORDERED:

That the applicant, Gulf Oil Corporation, and Amerada Petroleum Corporation, purchaser, are hereby granted an emergency order not to exceed 15 days from and after January 8, 1952, to produce, market, and utilize such production from its N.M.I. State No. 1 gas well, located in the SE/4 SE/4 section 22, T. 12 S., R. 33 E., NMPM, except from and as an exception to Commission's Rule 404; PROVIDED, HOWEVER, that Gulf Oil Corporation shall forthwith and prior to January 10, 1952, file with the Commission and with the Commissioner of Public Lands at Santa Fe, New Mexico, an affidavit that said well is actually being produced.

IT IS FURTHER ORDERED:

That applicant and all parties in interest appear before the Commission at Santa Fe, New Mexico, and offer testimony in support of application on January 22, 1952.

GIVEN under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, this 8th day of January, 1952.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mochem*

Edwin L. Mochem, Chairman

*Guy Shepard*

Guy Shepard, Member

*R. R. Spurrier*

R. R. Spurrier, Secretary

S E A L

*Pew*

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. 339  
ORDER NO. R-127A

THE APPLICATION OF GULF OIL  
CORPORATION FOR AN EXCEPTION  
TO RULE 404 OF THE OIL CONSERVATION  
COMMISSION FOR ITS N.M.I. STATE WELL  
NO. 1, LOCATED IN SE 1/4 SE 1/4 OF SECTION  
22, TOWNSHIP 12 SOUTH, RANGE 33 EAST,  
NMPM.

PERMANENT ORDER

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock a. m. on January 22, 1952 before the Oil Conservation Commission of New Mexico, at Santa Fe, hereinafter referred to as the "Commission".

NOW, on this 23rd day of January, 1952, the Commission, a quorum being present, having fully considered the testimony adduced and exhibits received at said hearing, and being fully advised in the premises,

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

(2) That on January 8, 1952 an emergency order was issued by this Commission in this cause granting to applicant for a period of fifteen days from and after January 8, 1952 an exception to Commission Rule 404 as more fully set out in the emergency order on file with the Commission.

(3) That in such emergency order applicant was ordered to appear before the Commission at Santa Fe, New Mexico on January 22, 1952 and offer testimony in support of its application, and that such appearance has been made and testimony offered.

(4) That applicant Gulf Oil Corporation completed a gas well in the SE 1/4 SE 1/4 of Section 22, Township 12 South, Range 33 East, NMPM in January 1950 and that at all times subsequent to such completion until the sale contract herein referred to, there has been no market available for the sale of gas from said well.

(5) That applicant has entered into a contract with Amerada Petroleum Corporation for the sale of gas from said well, such gas to be used for the purpose of gas lifting oil wells; that after the use of gas for said purpose there is at present no gasoline plant in which it may be processed nor may it otherwise be beneficially used.

IT IS THEREFORE ORDERED:

That the applicant Gulf Oil Corporation and Amerada Petroleum Corporation are hereby authorized to produce, market and


Case No. 339  
Order No. R-127 A

utilize gas produced from Gulf Oil Corporation's N. M. I. State No. 1 gas well located in the SE 1/4 SE 1/4 Section 22 Township 12 South , Range 33 East, N. M. P. M. exempt from and as an exception to Commission's Rule 404; subject, however, to the condition that jurisdiction in this case is retained by the Commission for such further order or orders as may seem necessary for the purpose of preventing waste or protecting correlative rights.

DONE at Santa Fe, New Mexico, on the 23d day of January, 1952.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
EDWIN L. MECHEM, Chairman

  
GUY SHEPARD, Member

  
R. R. SPURRIER, Secretary

SEAL

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 339  
EMERGENCY ORDER NO. ER-121

THE APPLICATION OF GULF OIL CORPORATION  
FOR AN EXCEPTION TO RULE 404 OF THE OIL  
CONSERVATION COMMISSION FOR ITS N. M. I.  
STATE WELL NO. 1, LOCATED IN SE SE OF  
SECTION 22, T. 12 S R. 33 E, N. M. P. M.

EMERGENCY ORDER

BY THE COMMISSION:

This matter came on this day for hearing on petition duly filed at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW ON THIS 8th DAY OF JANUARY 1952, THE Commission, a quorum being present at an emergency session, being fully advised in the premises,

FINDS;

1. That applicant, Gulf Oil Corporation, completed a gas well in the SE/4 SE/4 section 22, T. 12 S, R. 33 E, N. M. P. M. in January 1950; that subsequent to such completion there has been no possibility of marketing such production.
2. That by reason of lack of production the state oil and gas lease would not be perpetuated and thus expire in the immediate future.
3. That an opportunity has presented itself for the gas production from the N. M. I. State No. 1 well to be sold to Amerada Petroleum Corporation but used contrary to the provisions and requirements of the Commission's Rule 404.
4. That failure of the Commission to exercise its emergency powers and grant a temporary exception in this case would work hardship upon this applicant.

Emergency order  
page 2

IT IS THEREFORE ORDERED:

That the applicant, Gulf Oil Corporation, and Amerada Petroleum Corporation, purchaser, are hereby granted an emergency order not to exceed 15 days from and after January 8, 1952 to produce, market, and utilize such production from its N. M. I. State No. 1 gas well, located in the SE/4 SE/4 section 22, T. 12 S, R. 33 E, N. M. P. M., exempt from and as an exception to Commission's Rule 404; PROVIDED HOWEVER that Gulf Oil Corporation shall forthwith and prior to January 10, 1952 file with the Commission and with the Commissioner of Public Lands at Santa Fe, New Mexico, an affidavit that said well is actually being produced.

IT IS FURTHER ORDERED:

That applicant and all parties in interest appear before the Commission at Santa Fe, New Mexico, and offer testimony in support of application on January 22, 1952.

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

In the matter of the hearing called  
by the Oil Conservation Commission  
of the State of New Mexico for the  
purpose of considering:

Case No 339

Order No         
(Emergency)

The application of Gulf Oil Corporation  
for an exception to Rule 404  
of the Oil Conservation Commission  
for its N.M.S. State Well no 1  
located in SE 1/4 of Section 22,  
Twp 12 S. R. 33 E N.M.P.M.

Emergency Order

By the Commission: This matter came on <sup>Thursday</sup> for  
hearing on petition duly filed, at Santa Fe  
New Mexico before the Oil Conservation Commission  
of New Mexico, hereinafter referred to as the  
"Commission".

Now On this 8th day of January 1952, the  
Commission, a quorum being present at an emergency  
session, being fully advised in the premises,

FINDS

(1) That applicant, Gulf Oil Corporation  
completed a gas well in the NE 1/4 Section 22  
T. 12 S. Range 33 E N.M.P.M. in January, 1950; that  
subsequent to such completion there has been no

possibility of marketing such production.

2. That by reason of lack of production the State oil & gas lease would not be perpetuated and thus expire in the immediate future.

3. That an opportunity has presented itself for the gas production from the N.M. State No. 1 well to be sold to Amada, <sup>Petr. Corp. Corp.</sup> but ~~Contrary~~ to the provisions and requirements of the Commission's rule 404.

4. That failure of the Commission to exercise its emergency powers, and grant a temporary exception in this case would work hardship upon this Applicant.

It is therefore Ordered

Gulf Oil Corporation <sup>and Amada Petr. Corp., in purchasing</sup> ~~are~~ <sup>That the Applicant</sup> hereby granted an emergency order not to exceed 15 days from and after January 8, 1952 to produce, <sup>and utilize</sup> market such production from its N.M. State No. 1 gas well located in the Sec. 22, T. 12S. R. 33 E. 7 N. P. M., exempt from and as an exception to Commission's rule 404; PROVIDED HOWEVER, that Gulf Oil Corporation shall forthwith, and prior to January 10, 1952 file with the Commission <sup>at Santa Fe, New Mex.</sup> and with the Commissioner of Public Lands an Affidavit that said well is actually being produced.

It is further Ordered that Applicant, and all parties in interest appear before the Commission at Santa Fe, New Mexico, and offer testimony in support of application on January 22, 1952.

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

W. P. MARSHALL, PRESIDENT

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

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			000	

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

*Campbell*

DEC 31 1951

MR JACK CAMPBELL, ATTORNEY  
ATWOOD, MALONE & CAMPBELL  
ROSWELL, N M

EMERGENCY ORDER AUTHORIZING SALE OF GAS BY GULF TO ATERADA AS  
EXCEPTION TO RULE 404 IN HIGHTOWER WILL BE SIGNED BY COMMISSION  
ON JANUARY EIGHTH, 1952.

R R SPURRIER SECRETARY  
OIL CONSERVATION COMMISSION

## ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeat message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeat message and paid for as such, in consideration whereof it is agreed between the sender of the message and this Company as follows:

1. The Company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeat-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, unless specially valued; nor in any case for delays arising from unavoidable interruption in the working of its lines.

2. In any event the Company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the actual loss, not exceeding in any event the sum of five thousand dollars, at which amount the sender of each message represents that the message is valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

3. The Company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Except as otherwise indicated in connection with the listing of individual places in the filed tariffs of the Company, the amount paid for the transmission of a domestic telegram or an incoming cable or radio message covers its delivery within the following limits: In cities or towns of 5,000 or more inhabitants where the Company has an office which, as shown by the filed tariffs of the Company, is not operated through the agency of a railroad company, within two miles of any open main or branch office of the Company; in cities or towns of 4,000 or more inhabitants where, as shown by the filed tariffs of the Company, the telegraph service is performed through the agency of a railroad company, within one mile of the telegraph office; in cities or towns of less than 5,000 inhabitants in which an office of the Company is located, within one-half mile of the telegraph office. Beyond the limits above specified the Company does not undertake to make delivery, but will endeavor to arrange for delivery as the agent of the sender, with the understanding that the sender authorizes the collection of any additional charge from the addressee and agrees to pay such additional charge if it is not collected from the addressee. There will be no additional charge for deliveries made by telephone within the corporate limits of any city or town in which an office of the Company is located.

5. No responsibility attaches to this Company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the Company's messengers, he acts for that purpose as the agent of the sender.

6. The Company will not be liable for damages or statutory penalties when the claim is not presented in writing to the Company, (a) within sixty days after the message is filed with the Company for transmission in the case of a message between points within the United States (except in the case of an intrastate message in Texas) or between a point in the United States on the one hand and a point in Alaska, Canada, Labrador, Mexico, Newfoundland and St. Pierre & Miquelon Islands on the other hand, or between a point in the United States and a ship at sea or in the air, (b) within 90 days after the cause of action, if any, shall have accrued in the case of an intrastate message in Texas, and (c) within 180 days after the message is filed with the Company for transmission in the case of a message between a point in the United States and a foreign or overseas point other than the points specified above in this paragraph; provided, however, that this condition shall not apply to claims for damages or overcharges within the purview of Section 415 of the Communications Act of 1934.

7. It is agreed that in any action by the Company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the Company is authorized to vary the foregoing.

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## CLASSES OF SERVICE

### DOMESTIC SERVICES

#### FULL RATE TELEGRAM

A full rate expedited service.

#### DAY LETTER (DL)

A deferred service at lower than the full rate.

#### SERIAL (SER)

Messages sent in sections during the same day.

#### NIGHT LETTER (NL)

Accepted up to 2 A. M. for delivery not earlier than the following morning at rates substantially lower than the full rate telegram or day letter rates.

### INTERNATIONAL SERVICES

#### FULL RATE (FR)

The standard fast service at full rates. May be written in any language that can be expressed in Roman letters, or in secret language. A minimum charge for 5 words applies.

#### LETTER TELEGRAM (LT)

Overnight plain language messages. Minimum charge for 22 words applies.

#### VICTORY LETTER TELEGRAM (VLT)

Overnight plain language messages to armed forces overseas. Minimum charge for 10 words applies.

#### SHIP RADIOGRAM

A service to and from ships at sea. Plain or secret language may be used. Minimum charge for 5 words applies.

THURSDAY

DECEMBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

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DEC. 1951

Gulf Case 381

SESE

22-125-33E

application of Gulf  
for exception to  
rule 404.

B 9473



PETROLEUM AND ITS PRODUCTS

## GULF OIL CORPORATION

P. O. DRAWER 1290 · FORT WORTH 1, TEXAS

F. J. ADAMS  
VICE-PRESIDENT

December 26, 1951

FORT WORTH  
PRODUCTION DIVISION

New Mexico Oil Conservation Commission  
Mabry Hall  
Santa Fe, New Mexico

Gentlemen:

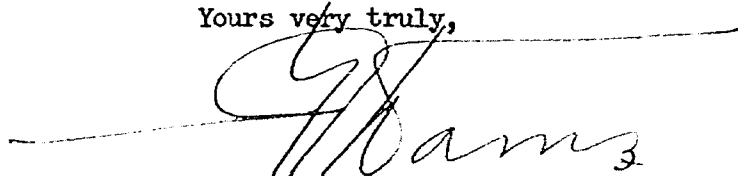
Reference is made to Gulf's NMI State Well No. 1 located on the northwest edge of the Hightower Pool in Section 22, T-12-S, R-33-E, Lea County, New Mexico. This well was completed in January 1950, as a gas producer, but has not produced since its completion because no market for the gas was available. In the absence of production this lease will expire on January 10, 1952.

As discussed between Mr. Guy Shepard of the Commission and Mr. M. C. Moffatt of this office by telephone on December 21, 1951, Amerada has agreed to purchase gas from the above well for the purpose of operating drilling rigs and gas-lifting oil wells. That portion of the gas to be used for the latter purpose will be flared, which will not be in conformance with Rule 404.

Mr. Shepard has suggested that we request an exception to Rule 404 for the above well in order that a portion of the gas to be utilized by Amerada may be used for gas-lift and then flared, in view of the fact that no other market exists.

We will greatly appreciate the Commission's favorable action in granting us, on the basis of this letter, an exception to Rule 404 to apply to our NMI State Well No. 1 in order that we may produce the well and thereby hold this lease which otherwise is subject to cancellation on January 10, 1952, in the absence of production. Due to the urgency of this matter a reply by collect wire will be appreciated.

Yours very truly,

  
F. J. ADAMS

Case 339

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL

ATWOOD, MALONE & CAMPBELL  
LAWYERS

CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

December 31, 1951

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

Dear Dick:

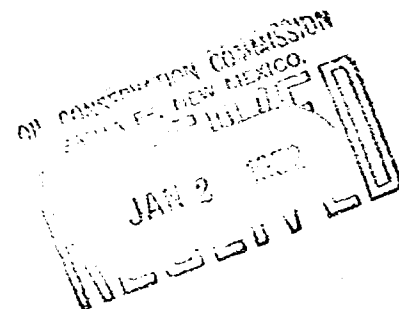
I am enclosing herewith two applications  
in triplicate, one for a temporary order and one for  
a permanent order covering the matter we discussed  
over the telephone.

I would appreciate it if you would send  
the temporary order to me with an extra copy so that  
I can send it on to Mr. Batts in Fort Worth. You will  
recall that we would like to have the temporary order  
dated January 8 in order that the fifteen day period  
will carry us through January 22, the date of the  
regular hearing.

Very truly yours,

*Jack M. Campbell*  
for ATWOOD, MALONE & CAMPBELL

JmC:hl  
Encl.



ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL

CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO

December 31, 1951

*Jan 22 1952*

Oil Conservation Commission,  
Capitol Building,  
Santa Fe, New Mexico.

Attention: Mr. R. R. Spurrier, Secretary

Gentlemen:

In accordance with Rule 1203 of the Commission, the undersigned attorney for Gulf Oil Corporation hereby makes the following application to the Commission for an emergency order granting an exception to Rule 404.

The emergency order sought is to cover the sale of gas from Gulf Oil Corporation's N.M.I. State Well No. 1 located in the Northwest edge of Hightower Pool in Section 22, Township 12 South, Range 33 East, Lea County, New Mexico. This well was completed in January 1950 as a gas producer but has not produced since its completion because there has been no available market for the gas. In the absence of production this lease will expire on January 10, 1952. Gulf is now able to make a sale of this gas to Amerada, said gas to be used for the operation of drilling rigs and gas-lifting oil wells. When the gas has served the purpose required by Amerada it will of necessity be flared and an exception to Rule 404 of the Commission is therefore sought.

Due to the expiration date of the lease this application is for an emergency order in accordance with Commission Rule 1202 with the request that it be dated January 8, 1952 and cover a fifteen day period. At the regular hearing on January 22 a permanent order will be sought and a separate application for this order is being submitted to the Commission.

Respectfully submitted,

*Jack M. Campbell*  
Jack M. Campbell, an Attorney  
for Gulf Oil Corporation.

JMC:hl

COPY

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL  
CHARLES F. MALONE

J. P. WHITE BUILDING  
ROSWELL, NEW MEXICO  
December 31, 1951

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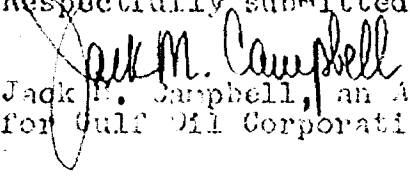
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for Gulf Oil Corporation.

JMC:hl

C O P Y

ATWOOD, MALONE & CAMPBELL  
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Respectfully submitted,

*Jack M. Campbell*  
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JMC:HL

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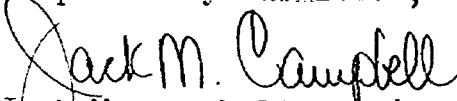
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The Commission is requested to prepare and publish the notice of hearing upon this application for January 22, 1952.

Respectfully submitted,

  
Jack M. Campbell, an Attorney  
for Gulf Oil Corporation.

JMC:h1

C O P Y

ATWOOD, MALONE & CAMPBELL  
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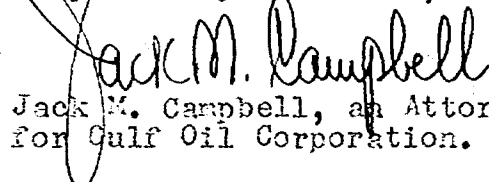
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Respectfully submitted,

*Jack M. Campbell*  
Jack M. Campbell, an Attorney  
for Gulf Oil Corporation.

JMC:rl

IN THE MATTER OF THE APPLICATION

FOR AN EMERGENCY ORDER BY THE

GULF OIL CORPORATION FOR AN EXCEPTION

TO RULE 404 FOR THEIR N.M.I. STATE WELL

CASE No. 339

NO. 1, LOCATED IN SECTION 22, T. 12 S, R. 33 E,

ORDER NO.

PRODUCING FROM THE HIGHTOWER POOL,

LEA COUNTY, NEW MEXICO

*date 8th of Jan '52*

IN THE MATTER OF THE APPLICATION

FOR AN EMERGENCY ORDER BY THE

GULF OIL CORPORATION FOR AN EXCEPTION

TO RULE 404 FOR THEIR N.M.I. STATE WELL

CASE No. 339

NO. 1, LOCATED IN SECTION 22, T. 12 S, R. 33 E,

ORDER NO.

PRODUCING FROM THE HIGHTOWER POOL,

LEA COUNTY, NEW MEXICO

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION  
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the rules and regulations of said Commission promulgated thereunder of the following hearings to be held January 22, 1952, beginning at 10 a.m. on that day at Mabry Hall, State Capitol Building, in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

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

CASE 339:

In the matter of the application of Gulf Oil Corporation for an exception to Rule 404 (Natural Gas Utilization) of the Oil Conservation Commission's Rules and Regulations in relation to its well in SE/4 SE/4 section 22, Township 12 South, Range 33 East, NMCN, Lea County, New Mexico.

DONE at Santa Fe, New Mexico, this 31st day of December, 1951, under the seal of the Oil Conservation Commission.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. R. Spurrer*  
R. R. SPURRER,  
Secretary

S E A L

*Notice sent to  
Santa Fe New Mexican  
Hobbs News-Sun  
12-31-51  
NR*

CASE 340: Stenford's application for dual  
completion of C. Meyers B-11, Langlie-Wattix  
field, 6-245-372, Lee County