

Case No.

38

---

Application, Transcript,  
Small Exhibits, Etc.

WILSON CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

November 2, 1942

Honorable Glenn Staley  
Proration Office  
Hobbs, New Mexico

Re: Case No. 38

Dear Mr. Staley:

Enclosed please find copy of Order No. 476 in  
the above captioned case.

Very truly yours,

Secretary to Mr. Kelly.

C

O

P

Y

C. L. CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

November 2, 1942

Plains Production Company  
Dallas, Texas

Re: Case No. 38

Gentlemen:

Enclosed please find copy of Order No. 476 in  
the above captioned case.

Very truly yours,

Secretary to Mr. Kelly

C

O

P

Y

CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

November 2, 1942

Mr. Neil H. Wills  
Carlsbad, New Mexico

Re: Case No. 38

Dear Mr. Wills:

Enclosed please find copy of Order No. 476 in  
the above captioned case.

Very truly yours,

Secretary to Mr. Kally

C  
O  
P  
Y

CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

P. O. Box 871

October 7, 1942

AIRMAIL

The Carlsbad Current Argus  
Carlsbad, New Mexico

Re: Case No. 38 - Notice for Publication

Gentlemen:

Under date of September 28 the writer sent you a legal notice for publication in the above caption case. The publication affidavit has not been received.

If upon checking you find that the Notice in question has not been received, please respond in the enclosed, self-addressed, stamped envelope.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CHL:MS

CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

P. O. Box 871

September 28, 1942

C  
O  
P  
Y

Mr. Walter P. Luck  
Vice-President & Attorney  
New Mexico Asphalt & Refining Company  
Artesia, New Mexico

Re: Case No. 38 - Notice for Publication

Dear Mr. Luck:

Attached is Notice for Publication in the above  
captioned matter.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CEL:MS

CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

P. O. Box 871

September 28, 1942

C  
O  
P  
Y  
  
Honorable Glenn Staley  
Proration Office  
Hobbs, New Mexico

Re: Case No. 38 - Notice for Publication

My dear Glenn:

Attached is Notice for Publication in the above  
captioned matter.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CEL:MS

CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 871

September 28, 1942

C  
O  
P  
Y  
  
The Santa Fe New Mexican  
Santa Fe, New Mexico

The Carlsbad Current Argus  
Carlsbad, New Mexico

Re: Case No. 38 - Notice for Publication

Gentlemen:

Please publish the enclosed notice once, immediately.  
Please proof read the notice carefully and send a copy of the  
paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND  
PUBLISHER'S AFFIDAVIT.

For payment please submit statement in duplicate  
accompanied by voucher executed in duplicate. The vouchers  
must be signed by a notary in the space provided on the back  
of the voucher. The necessary voucher blanks are enclosed.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CEL:MS



42  
238  
ED

**AMPCO ENGINEERING AND CONSTRUCTION COMPANY**  
**CONSULTING PETROLEUM ENGINEERS**  
**TOWER PETROLEUM BUILDING**  
**DALLAS, TEXAS**

CRACKING PLANTS  
COMBINATION TOPPING  
AND CRACKING PLANTS  
PIPE STILL HEATERS  
VACUUM LUB. OIL PLANTS  
SOLUTION RE-RUN STILL

GENERAL APPRAISALS  
GASOLINE PLANTS  
PIPE LINE ENGINEERING  
GENERAL CONSULTANTS  
FRACTIONATING TOWERS

October 23, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Dear Sir:-

From the information I have, and with what you have furnished me concerning your asphalt production in the West Lusk Field, Eddy County, New Mexico, it is my opinion that no injury will result to your oil reservoirs to produce one hundred barrels per unit per day from your wells on the Ohio Jones Lease, producing Asphalt Base Crude.

Yours very truly,

AMPCO ENGINEERING & CONSTRUCTION CO.

*Allen M. Peairs*

Allen M. Peairs

AMP/ap  
cc - New Mexico Asphalt &  
Refining Company

EX 1 2038

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

P. O. Box 997  
Roswell, New Mexico  
October 15, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Re: Lease Las Cruces 029358,  
West Lusk Field, Eddy  
County, New Mexico.

Dear Sir:

You have reported to this office that the New Mexico Asphalt and Refining Company is desirous of obtaining additional deliveries of heavy crude oil from your lease for the manufacture of asphalts and road oils in connection with the war effort. On the basis of information available in this office and that furnished by your company, it is the opinion of this office that no injury to the oil reservoir will be caused by increasing the daily rate of production from the subject lease, and no objection is offered to a maximum production rate of 100 barrels per proration unit from those wells capable of producing the desired heavy gravity crude oil, provided that approval of such rate is obtained under the State proration authority of the New Mexico Oil Conservation Commission.

Very truly yours,

*Ernest A. Hanson*

ERNEST A. HANSON,  
Supervisor, Oil and Gas Operations.

cc: New Mexico Asphalt and Refining Company,  
Artesia, New Mexico.



CASE NO. 38

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO ASPHALT AND REFINING COMPANY TO AMEND ORDER NO. 467 OF THIS COMMISSION TO THE END THAT THE WEST LUCK AREA AND THE BARBER AREA, EDDY COUNTY, NEW MEXICO (BEING ASPHALTIC BASE PRODUCTION) BE ALLOWED TO PRODUCE 100 BARRELS PER DAY PER UNIT OF PRODUCTION FOR A LIMITED PERIOD EMBRACING THE PRORATION MONTHS OF SEPTEMBER, OCTOBER AND NOVEMBER, 1942, IN ORDER TO FULFILL THE APPLICANT'S REQUIREMENTS OF 1500 BARRELS DAILY OF THE TYPE OF CRUDE OIL PRODUCED IN SAID AREAS FOR THE PURPOSE OF MAINTAINING DELIVERIES OF ASPHALT AND ROAD OILS TO THE U. S. ARMY ENGINEERS FOR AIR BASE PROJECTS THROUGHOUT NEW MEXICO AND TEXAS.

Pursuant to notice by the Commission, duly made and published, setting October 29, 1942, at two o'clock, P. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the office of the Governor of New Mexico, at Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN E. MILES, Governor of New Mexico, Chairman  
HON. JOHN M. KELLY, State Geologist, Secretary  
HON. H. R. RODGERS, Commissioner of Public Lands, Member  
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Advisor.

APPEARANCES:

<u>Name</u>	<u>Company</u>	<u>Address</u>
Hugh L. Sawyer	New Mexico Oil & Gas Ass'n.	
M. E. Baish	Maljamar O & G.	Artesia, New Mexico
Glenn Staley	Proration Office	Hobbs, New Mexico
J. O. Seth	Stanolind	Santa Fe, N. M.
R. A. Shugart	Maljamar Cooperative Repressuring Co.	
W. L. Cooper	Plains Prod. Co.	Dallas, Texas
Emery Carper	Maljamar Cooperative Repressuring Co.	
Clarence E. Hinkle	do.	Atty.
Walter F. Luck	N.M. Asphalt & Rfg. Co.	Artesia

The meeting was called to order by the Chairman, who requested the Chief Clerk to read the Call of the meeting, which was read by Mr. Livingston, as follows:

"NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 38

In the matter of the application of the New Mexico Asphalt and Refining Company to amend Order No. 467 of this Commission to the end that the West Lusk Area and the Barber Area, Eddy County, New Mexico, (being asphaltic base production) be allowed to produce 100 barrels per day per unit of production for a limited period embracing the proration months of September, October and November, 1942, in order to fill the applicant's requirements of 1500 barrels daily of the type of crude oil produced in said areas for the purpose of maintaining deliveries of asphalt and road oils to the U. S. Army Engineers for air base projects throughout New Mexico and Texas. This case is set for 2 o'clock P. M., October 29, 1942.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting September 26, 1942.

Given under the seal of said Commission at Santa Fe, New Mexico, on September 28, 1942.

OIL CONSERVATION COMMISSION

BY (SGD) JOHN M. KELLY  
"SECRETARY"

BY MR. LIVINGSTON: The Commission is now ready to proceed on Case No. 38.

BY MR. WALTER P. LUCK: I would like to stipulate with the Commission that the evidence adduced at the hearing in Case No. 34 be considered in this case as evidence, the sheets being properly certified, insofar as they affect the New Mexico Asphalt and Refining Company.

BY MR. LIVINGSTON: For the information of the Commission, all of the testimony to which Mr. Luck refers, it was suggested be used to save bringing witnesses on the same point. It would be well

to confine this case to this enlarge area,- the former hearing took in the Getty Pool.

BY MR. LUCK: It now becomes necessary to include the West Lusk area in Eddy County, New Mexico, and also an airport in Texas. The testimony at that time was given by me with respect to a contract the applicant had with the Government. Those contracts, being confidential, could not be introduced in evidence. Likewise, I testified as to the quantity of oil required.

I would like to introduce as a witness Mr. Cooper.

W. L. COOPER,

being first duly sworn to tell the truth, the whole truth and nothing but the truth, was examined by Mr. Luck, and testified as follows:

DIRECT EXAMINATION

Q State your name.

A W. L. Cooper.

Q What company do you represent?

A The Plains Production Company.

Q Where do you operate in New Mexico?

A The West Lusk Field and in Lea County.

Q What production do you have there?

A In West Lusk?

Q Yes.

A One asphalt well.

Q What is the production of that well?

A About 350 barrels.

Q Do you know the characteristics of that oil?

A Yes, sir.

Q What is it?

A Asphalt base heavy gravity crude.

Q How far are you removed from the nearest production in that area, approximately?

A Approximately around two miles I believe.

Q You just have one well completed?

A That is right.

Q You are drilling another well?

A Yes, sir.

BY MR. KELLY: Is that the only well in the West Lusk Area?

A The only one.

BY THE GOVERNOR: There was a question about the distance from production.

BY MR. LUCK: Yes, sir, two miles west of the nearest production.

This is a separate pool, a wild cat well.

BY MR. KELLY: Did you take the actual potential?

A Yes, sir.

BY MR. KELLY: 300 barrels per day?

A Yes, sir over a forty-eight hour period.

BY MR. KELLY: Do you feel that 100 barrels a day allowable would create underground waste?

A No, sir.

BY MR. KELLY: Is this a flow or pumping well?

A Pump.

BY MR. LUCK:

Q What is the description of that land on which this well is located?

A 24, 19 South.

Q On state land?

A Yes, sir.

Q The Plains Production Company has a contract for that oil with the New Mexico Refining Company?

A Yes, sir.

Q And they have been taking the oil?

A Yes, sir.

Q I will ask you to identify this letter, marked Exhibit No. 1. You received that letter from whom?

A Ernest A. Hanson, of the United States Geological Survey.

Q The Department of the Interior, Geological Survey?

A Yes, sir.

Exhibit No. 1

"P. O. Box 997  
Roswell, New Mexico  
October 15, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Re: Lease Las Cruces 029358,  
West Lusk Field, Eddy  
County, New Mexico.

Dear Sir:

You have reported to this office that the New Mexico Asphalt and Refining Company is desirous of obtaining additional deliveries of heavy crude oil from your lease for the manufacture of asphalts and road oils in connection with the war effort. On the basis of information available in this office and that furnished by your company, it is the opinion of this office that no injury to the oil reservoir will be caused by increasing the daily rate of production from the subject lease, and no objection is offered to a maximum production rate of 100 barrels per proration unit from those wells capable of producing the desired heavy gravity crude oil, provided that approval of such rate is obtained under the State proration authority of the New Mexico Oil Conservation Commission.

Very truly yours,

(Sgd) Ernest A. Hanson  
Supervisor, Oil and Gas Operations.  
cc: New Mexico Asphalt and Refining Company,  
Artesia, New Mexico."

Q I hand you Exhibit No. 2. Did you receive that letter?

A I did, from Allen M. Peairs of the Ampco Engineering & Construction Company, of Dallas, Texas.

Exhibit No. 2

"Dallas, Texas  
October 23, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Dear Sir:

From the information I have, and with what you have furnished me concerning your asphalt production in the West Lusk Field, Eddy County, New Mexico, it is my opinion that no injury will result to your oil reservoirs to produce one hundred barrels per unit per day from your wells on the Ohio Jones Lease, producing Asphalt Base Crude.

Yours very truly,  
AMPCO ENGINEERING & CONSTRUCTION CO.  
(Sgd) Allen M. Peairs  
cc - New Mexico Asphalt &  
Refining Company."

BY MR. LUCK: We offer these two letters in evidence.

BY MR. KELLY: Did they make a field engineering study of that?

A Yes, sir, I took them out there.

BY MR. KELLY: Any questions? If there are no questions to the witness, he may be excused.

Witness dismissed.

BY MR. KELLY: Mr. Luck you have testified as to the West Luck area?

BY MR. LUCK: The same testimony as in case No. 34.

BY MR. KELLY: Do you want to put in any testimony as to the use of oil outside of the State of New Mexico?

BY MR. LUCK: Yes, sir.

WALTER P. LUCK

being first duly sworn to tell the truth, the whole truth and nothing but the truth, offered the following testimony:

BY MR. LUCK: Since the application was heard in Case No. 34 we entered into a contract for the delivery of asphaltic oil with the United States Army Engineers at Pecos, Texas, just a short distance across the line.

BY MR. KELLY: Outside the State of New Mexico?

A Yes, sir. This material will be used for this purpose, and all the material outside the allowable will be used for Army airports.

BY MR. KELLY: Will you be willing to furnish the Commission, each month with the same statements you have been furnishing on this oil production?

A Yes, sir.

BY MR. KELLY: Would you be willing to furnish that by the 25th of the month, the amount of excess purchases you have made over and above the customary allowable?

A Yes, sir.

BY MR. KELLY: Which is now 35 I believe?

A Yes, sir.

BY MR. KELLY: Any questions of Mr. Luck?

Witness dismissed.

---



BY MR. KELLY: There has been an order drawn up, if the Commission please, which I will read, for the consideration of the Commission.

BY MR. RODGERS: I move the adoption of the order.

Whereupon, the matter being put to a vote, the order was unanimously adopted, and it was so announced by the Chairman, and the order was duly signed.

BY MR. KELLY: This is effective for the three months period you requested. This is Order No. 476.

BY MR. LUCK: Any extension of the period of time this order covers, is it desired I make application for a new order each month?

BY MR. KELLY: No, just for an extension at the end of three months.

-----

#### C E R T I F I C A T E

I hereby certify that the foregoing and attached six and a half pages of typewritten matter are a true, correct and complete transcript of the shorthand notes taken by me on October 29, 1942, in Case No. 38, before the Oil Conservation Commission of New Mexico, and by me extended into type-writing.

Witness my hand this 2nd day of November, 1942.

  
Esther Barton

Case No. 38

BEFORE THE OIL AND GAS EVASION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE NEW MEXICO  
ASPHALT AND PETROLEUM COMPANY TO AMEND ORDER NO. 467  
OF THIS COMMISSION TO THE END THAT THE WEST BUCK  
AREA AND THE BARBER AREA, SAGUO COUNTY, NEW MEXICO  
(BEING ASPHALTIC BASE PRODUCTION) BE ALLOWED TO PRO-  
DUCE 100 BARRELS PER DAY PER UNIT OF PRODUCTION FOR  
A LIMITED PERIOD BEGINNING THE PRODUCTION MONTHS OF  
SEPTEMBER, OCTOBER AND NOVEMBER, 1942, IN ORDER TO  
FILL THE APPLICANT'S REQUIREMENTS OF 1500 BARRELS  
DAILY OF THE TYPE OF CRUDE OIL PRODUCED IN SAID  
AREAS FOR THE PURPOSE OF MAINTAINING DELIVERIES OF  
ASPHALT AND ROAD OILS TO THE U. S. ARMY ENGINEERS  
FOR AIR BASE PROJECTS THROUGHOUT NEW MEXICO AND  
TEXAS.

Pursuant to notice by the Commission, duly made and  
published, setting October 29, 1942, at two o'clock, P. M., for  
hearing in the above entitled matter, said hearing was convened  
on said day, at said hour, in the office of the Governor of  
New Mexico, at Santa Fe, New Mexico, the Commission sitting as  
follows:

HON. JOHN E. MILLS, Governor of New Mexico, Chairman  
HON. JOHN M. KELLY, State Geologist, Secretary  
HON. H. R. RODGERS, Commissioner of Public Lands, Member  
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Advisor.

APPEARANCES:

<u>Name</u>	<u>Company</u>	<u>Address</u>
Hugh L. Sawyer	New Mexico Oil & Gas Ass'n.	
M. E. Baish	Maljamar O & G.	Artesia, New Mexico
Glenn Staley	Proration Office	Hobbs, New Mexico
J. O. Seth	Stanolind	Santa Fe, N. M.
R. A. Shugart	Maljamar Cooperative Repressuring Co.	
W. L. Cooper	Plains Prod. Co.	Dallas, Texas
Emery Carper	Maljamar Cooperative Repressuring Co.	
Clarence E. Hinkle	do	Atty.
Walter P. Luck	N.H. Asphalt & Refg. Co.	Artesia

The meeting was called to order by the Chairman, who  
requested the Chief Clerk to read the call of the meeting, which  
was read by Mr. Livingston, as follows:

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

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 38

In the matter of the application of the New Mexico Asphalt and Refining Company to amend Order No. 467 of this Commission to the end that the West Lusk Area and the Barber Area, Eddy County, New Mexico, (being asphaltic base production) be allowed to produce 100 barrels per day per unit of production for a limited period embracing the proration months of September, October and November, 1942, in order to fill the applicant's requirements of 1500 barrels daily of the type of crude oil produced in said areas for the purpose of maintaining deliveries of asphalt and road oils to the U. S. Army Engineers for air base projects throughout New Mexico and Texas. This case is set for 2 o'clock P. M., October 29, 1942.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting September 26, 1942.

Given under the seal of said Commission at Santa Fe, New Mexico, on September 28, 1942.

OIL CONSERVATION COMMISSION

BY (SGD) JOHN M. KELLY  
"SECRETARY"

BY MR. LIVINGSTON: The Commission is now ready to proceed on Case No. 38.

BY MR. WALTER P. LUCK: I would like to stipulate with the Commission that the evidence adduced at the hearing in Case No. 34 be considered in this case as evidence, the sheets being properly certified, insofar as they affect the New Mexico Asphalt and Refining Company.

BY MR. LIVINGSTON: For the information of the Commission, all of the testimony to which Mr. Luck refers, it was suggested be used to save bringing witnesses on the same point. It would be well

to confine this case to this enlarge area,- the former hearing took in the Getty Pool.

BY MR. LUCK: It now becomes necessary to include the West Lusk area in Eddy County, New Mexico, and also an airport in Texas. The testimony at that time was given by me with respect to a contract the applicant had with the Government. Those contracts, being confidential, could not be introduced in evidence. Likewise, I testified as to the quantity of oil required.

I would like to introduce as a witness Mr. Cooper.

W. L. COOPER,

being first duly sworn to tell the truth, the whole truth and nothing but the truth, was examined by Mr. Luck, and testified as follows:

DIRECT EXAMINATION

Q State your name.

A W. L. Cooper.

Q What company do you represent?

A The Plains Production Company.

Q Where do you operate in New Mexico?

A The West Lusk Field and in Lea County.

Q What production do you have there?

A In West Lusk?

Q Yes.

A One asphalt well.

Q What is the production of that well?

A About 350 barrels.

Q Do you know the characteristics of that oil?

A Yes, sir.

Q What is it?

A Asphalt base heavy gravity crude.

Q How far are you removed from the nearest production in that area, approximately?

A Approximately around two miles I believe.

Q You just have one well completed?

A That is right.

Q You are drilling another well?

A Yes, sir.

BY MR. KELLY: Is that the only well in the West Lusk Area?

A The only one.

BY THE GOVERNOR: There was a question about the distance from production.

BY MR. LUCK: Yes, sir, two miles west of the nearest production.

This is a separate pool, a wild cat well.

BY MR. KELLY: Did you take the actual potential?

A Yes, sir.

BY MR. KELLY: 300 barrels per day?

A Yes, sir over a forty-eight hour period.

BY MR. KELLY: Do you feel that 100 barrels a day allowable would create underground waste?

A No, sir.

BY MR. KELLY: Is this a flow or pumping well?

A Pump.

BY MR. LUCK:

Q What is the description of that land on which this well is located?

A 24, 19 South.

Q On state land?

A Yes, sir.

Q The Plains Production Company has a contract for that oil with the New Mexico Refining Company?

A Yes, sir.

Q And they have been taking the oil?

A Yes, sir.

Q I will ask you to identify this letter, marked Exhibit No. 1. You received that letter from whom?

A Ernest A. Hanson, of the United States Geological Survey.

Q The Department of the Interior, Geological Survey?

A Yes, sir.

Exhibit No. 1

"P. O. Box 997  
Roswell, New Mexico  
October 15, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Re: Lease Las Cruces 029358,  
West Lusk Field, Eddy  
County, New Mexico.

Dear Sir:

You have reported to this office that the New Mexico Asphalt and Refining Company is desirous of obtaining additional deliveries of heavy crude oil from your lease for the manufacture of asphalts and road oils in connection with the war effort. On the basis of information available in this office and that furnished by your company, it is the opinion of this office that no injury to the oil reservoir will be caused by increasing the daily rate of production from the subject lease, and no objection is offered to a maximum production rate of 100 barrels per proration unit from those wells capable of producing the desired heavy gravity crude oil, provided that approval of such rate is obtained under the State proration authority of the New Mexico Oil Conservation Commission.

Very truly yours,

(Sgd) Ernest A. Hanson  
Supervisor, Oil and Gas Operations.  
cc: New Mexico Asphalt and Refining Company,  
Artesia, New Mexico."

- Q I hand you Exhibit No. 2. Did you receive that letter?  
A I did, from Allen M. Peairs of the Ameco Engineering & Construction Company, of Dallas, Texas.

Exhibit No. 2

"Dallas, Texas  
October 23, 1942

Mr. W. L. Cooper,  
Plains Production Company,  
Tower Petroleum Building,  
Dallas, Texas.

Dear Sir:

From the information I have, and with what you have furnished me concerning your asphalt production in the West Lusk Field, Eddy County, New Mexico, it is my opinion that no injury will result to your oil reservoirs to produce one hundred barrels per unit per day from your wells on the Ohio Jones lease, producing asphalt base crude.

Yours very truly,  
AMECO ENGINEERING & CONSTRUCTION CO.  
(Sgd) Allen M. Peairs  
cc - New Mexico Asphalt &  
Refining Company."

BY MR. LUCK: Do offer these two letters in evidence.

BY MR. KELLY: Did they make a field engineering study of them?

A Yes, sir, I took them out there.

BY MR. KELLY: Any questions? If there are no questions to the witness, he may be excused.

Witness dismissed.

BY MR. KELLY: Mr. Luck you have testified as to the West Luck area?

BY MR. LUCK: The same testimony as in case No. 34.

BY MR. KELLY: Do you want to put in any testimony as to the use of oil outside of the State of New Mexico?

BY MR. LUCK: Yes, sir.

WALTER P. LUCK

being first duly sworn to tell the truth, the whole truth and nothing but the truth, offered the following testimony:

BY MR. LUCK: Since the application was heard in case No. 34 we entered into a contract for the delivery of asphaltic oil with the United States Army Engineers at Pecos, Texas, just a short distance across the line.

BY MR. KELLY: Outside the State of New Mexico?

A Yes, sir. This material will be used for this purpose, and all the material outside the allowable will be used for Army airports.

BY MR. KELLY: Will you be willing to furnish the Commission, each month with the same statements you have been furnishing on it is oil production?

A Yes, sir.

BY MR. KELLY: Would you be willing to furnish that by the 25th of the month, the amount of excess purchases you have made over and above the customary allowable?

A Yes, sir.

BY MR. KELLY: Which is now 35 I believe?

A Yes, sir.

BY MR. KELLY: Any questions of Mr. Luck?

Witness dismissed.

---

BY MR. KENLY: There has been an order drawn up, if the Commission please, which I will read, for the consideration of the Commission.

BY MR. RODGERS: I move the adoption of the order.

Whereupon, the matter being put to a vote, the order was unanimously adopted, and it was so announced by the Chairman, and the order was duly signed.

BY MR. KELLY: This is effective for the three months period you requested. This is Order No. 476.

BY MR. LUCK: Any extension of the period of time this order covers, is it desired I make application for a new order each month?

BY MR. KENLY: No, just for an extension at the end of three months.

-----

#### C E R T I F I C A T E

I hereby certify that the foregoing and attached six and a half pages of typewritten matter are a true, correct and complete transcript of the shorthand notes taken by me on October 29, 1942, in Case No. 38, before the Oil Conservation Commission of New Mexico, and by me extended into typewriting.

Witness my hand this 2nd day of November, 1942.

  
Esther Barton



## Affidavit of Publication

State of New Mexico,  
County of Eddy, ss.

F. B. Rigdon, being first duly sworn,  
on oath says:

That he is publisher of the Daily Current-Argus, a newspaper published daily at the city of Carlsbad, in said county of Eddy, State of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of this state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in a supplement thereof on the dates as follows, to-wit:

.....Oct. 1....., 19 42.  
....., 19.....  
....., 19.....  
....., 19.....

that the cost of publication is \$ 4.16  
and that payment therefor has been made  
and will be assessed as court costs.

*F. B. Rigdon*

Subscribed and sworn to before me this

8th day of Oct., 19 42

*Leis Young*  
Notary Public.

My commission expires 5-4-46

(Published Oct. 1, 1942)  
**NOTICE FOR PUBLICATION**  
**STATE OF NEW MEXICO**  
**OIL CONSERVATION**

Commissioner of the Oil and Gas Conservation, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

**Case No. 38**

In the matter of the application of the New Mexico Asphalt and Refining Company to amend Order No. 467 of this Commission to the end that the

ing asphaltic base production) be allowed to produce 100 barrels per day per unit of production for a limited period embracing the proration months of September, October and November, 1942, in order to fill the applicant's requirements of 1500 barrels daily of the type of crude oil produced in said areas for the purpose of maintaining deliveries of asphalt and road oils to the U. S. Army Engineers for air base projects throughout New Mexico and Texas. This case is

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting September 28, 1942.

Given under the seal of said Commission at Santa Fe, New Mexico, on September 28, 1942.

**OIL CONSERVATION**  
**COMMISSION**

By (sgd) JOHN M. KELLY,  
Secretary.

(SEAL).

CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

P. O. Box 671

October 9, 1942

C  
O  
P  
Y  
  
Walter P. Luck, Esquire  
New Mexico Asphalt & Refining Co.  
Artesia, New Mexico

Re: Case No. 38

Dear Mr. Luck:

Further answering your letter of October 2, the case noted in the caption is set for hearing October 29, 2 P.M., Santa Fe. You should be prepared to present testimony in proof of the following fact:

That waste will not be caused by the 100 barrel allowable for the West Lusk Area mentioned in your petition. As to the fact that waste will not be caused by the 100 barrel allowable for the Barber Area, testimony on this point was presented at the hearing of Case 34 upon which Order No. 467 was based. It would seem that the testimony on that point in Case 34 could be incorporated into Case 38 by reference. That would preclude bringing up the same witnesses all the way to Santa Fe and obtaining the same written statements upon testimony already officially of record upon the same point in Case 34.

However, be sure to be prepared to present testimony along the lines indicated as to the West Lusk Area.

Kindest personal regards.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CHL:NS

**NOTICE FOR PUBLICATION**  
**STATE OF NEW MEXICO**  
**Oil Conservation Commission**  
The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 38

In the matter of the application of the New Mexico Asphalt and Refining Company to amend Order No. 467 of this Commission to the end that the West Lusk Area and the Barber Area, Eddy County, New Mexico, (being asphaltic base production) be allowed to produce 100 barrels per day per unit of production for a limited period embracing the proration months of September, October and November, 1942, in order to fill the applicant's requirements of 1500 barrels daily of the type of crude oil produced in said areas for the purpose of maintaining deliveries of asphalt and road oils to the U. S. Army Engineers for air base projects throughout New Mexico and Texas. This case is set for 2 o'clock P. M., October 29, 1942.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting September 28, 1942.

Given under the seal of said Commission at Santa Fe, New Mexico, on September 28, 1942.

**OIL CONSERVATION  
COMMISSION**

By (Sgd.) JOHN M. KELLY,  
(Seal) Secretary.  
Publ. Sept. 29, 1942.

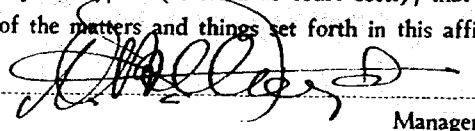
Received payment,

By

## Affidavit of Publication

State of New Mexico, }  
County of Santa Fe } ss.

I, C. B. Floyd, being first duly sworn, declare and say that I am the (Business Manager) (~~Editor~~) of the Santa Fe New Mexican, a daily newspaper, published in the English Language, and having a general circulation in the City and County of Santa Fe, State of New Mexico, and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 of the Session Laws of 1937; that the publication, a copy which is hereto attached, was published in said paper once each week for 1 consecutive weeks, and on the same day of each week in the regular issue of the paper during the time of publication, and that the notice was published in the newspaper proper, and not in any supplement, once each week for 1 weeks consecutively, the first publication being on the 29th day of September, 1942, and the last publication on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_; that payment for said advertisement has been (duly made), or (assessed as court costs); that the undersigned has personal knowledge of the matters and things set forth in this affidavit.

  
Manager.

Subscribed and sworn to before me, this 30th  
day of September, A. D., 1942.

Anna K. Ormaber  
Notary Public.

My Commission expires

June 11, 1945

NOTICE FOR PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 38

In the matter of the application of the New Mexico Asphalt and Refining Company to amend Order No. 467 of this Commission to the end that the West Lusk Area and the Barber Area, Eddy County, New Mexico, (being asphaltic base production) be allowed to produce 100 barrels per day per unit of production for a limited period embracing the proration months of September, October and November, 1942, in order to fill the applicant's requirements of 1500 barrels daily of the type of crude oil produced in said areas for the purpose of maintaining deliveries of asphalt and road oils to the U. S. Army Engineers for air base projects throughout New Mexico and Texas. This case is set for 2 o'clock P.M., October 29, 1942.

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

The foregoing Notice of Publication was made pursuant to the direction of the Commission at its Executive Meeting September 26, 1942.

Given under the seal of said Commission at Santa Fe, New Mexico, on September 28, 1942.

OIL CONSERVATION COMMISSION

BY (SGD) JOHN M. KELLY  
SECRETARY

SEAL

IL CONSERVATION COMMISSIO

SANTA FE, NEW MEXICO

P. O. Box 371

September 22, 1942

Walter P. Luck, Esquire  
New Mexico Asphalt & Refining Co.  
Artesia, New Mexico

Re: Petition of New Mexico Asphalt & Refining Company  
to extend the 100 barrel allowable for the Barber  
Area to include the West Lusk Area and to extend  
the area of Government airbase projects from New  
Mexico to include Texas.

My dear Mr. Luck:

This is to acknowledge the receipt of your petition  
in the above captioned matter, included in your letter of  
September 17, which will be presented to the Commission for  
its consideration at its meeting on Friday, September 25.

Very truly yours,

Carl B. Livingston  
Chief Clerk & Legal Advisor

CBL:MS

C

O

P

Y

# New Mexico Asphalt & Refining Co.

Petroleum Products

Artesia, New Mexico

Phone  
750 & 751

P. O. Box  
305

September 17, 1942.

Hon. Carl B. Livingston,  
Legal Advisor,  
New Mexico Oil Conservation Commission,  
Santa Fe, N.M.

Dear Mr. Livingston:

We are enclosing an original and two copies of our application for increase in allowable of asphaltic base crude recently discussed in the West Lusk area, Eddy County, New Mexico. You will recall that they were at the first meeting on the Barber area allowable matter, but that the Commission could not enter an order including this area because of the limitation of the petition.

We trust the application for an emergency order in connection with the Barber area, extending the scope of the original order is in order.

Very truly yours,

NEW MEXICO ASPHALT & REFINING COMPANY

By: W. P. Rusk  
Vice-President.

WPL:W

IN THE MATTER

OF

NEW MEXICO ASPHALT & REFINING COMPANY'S  
APPLICATION FOR INCREASE IN ALLOWABLE  
PER UNIT OF PRODUCTION IN THE WEST LUSK  
AREA, EDDY COUNTY, NEW MEXICO.

TO THE HONORABLE  
NEW MEXICO OIL CONSERVATION COMMISSION:

Now comes New Mexico Asphalt & Refining Company, a New Mexico corporation, whose legal domicile is in the City of Artesia, County of Eddy, State of New Mexico, and respectfully request that the West Lusk Area in Eddy County, New Mexico, limited to such wells in such area as produce asphaltic base crude oil be allowed to produce as much as one hundred (100) barrels of oil per day per unit of production for a limited period, retroactive from September 1, 1942, to December 1, 1942, for the following reasons, to-wit:

I.

Your petitioner has contracted for the purchase and is purchasing all of the crude oil (being approximately 1300 barrels per day) now being produced in the Barber area and from the Plains Production Company in the West Lusk area; that the crude oil produced from said West Lusk Area has an asphaltic base.

II.

That your petitioner has contracted for the delivery of asphalt and road oils to the U. S. Army Engineers, which is to be used for air base projects throughout the State of New Mexico and parts of Texas in the vicinity of the State of New Mexico; that your petitioner requires a minimum of 1500 barrels daily for processing at its refinery in Artesia, New Mexico, in order to comply with its commitments for the delivery of asphalt and road oils to said U. S. Army Engineers for the purposes stated; that this Commission has heretofore entered an order, allowing units of production producing asphaltic base crude in the Barber area to produce as much as 100 barrels per day;

that the units of production in the West Lusk area operated by said Plains Production Company should likewise be allowed to produce 100 barrels per day; that unless each unit of production in said area be allowed to produce as much as 100 barrels per day your petitioner will have insufficient asphaltic base crude oil to supply said U. S. Army Engineers with asphalt and road oils to be used in the construction of air base projects in the State of New Mexico and parts of Texas; that the delivery of said materials to said U. S. Army air base projects is essential to National Defense.

III.

That the only available source within the State of New Mexico for asphaltic base crude oil sufficient to supply your petitioner for the purposes stated is from the combined Barber and West Lusk areas.

IV.

That no damage will result to the West Lusk Area reservoir by granting said increase in allowable.

V.

That there are no other interested parties producing asphaltic base crude within the West Lusk area other than said Plains Production Company, who have consented to and acquiesced in this petition.

Respectfully submitted:

NEW MEXICO ASPHALT & REFINING COMPANY

By: Martin L. Luck

Vice-President.

APPROVED:

PLAINS PRODUCTION COMPANY

BY: W. H. Harman

Vice-President.