

Casa No.

78

Application, Transcript,
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

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June 26, 1946

J. O. Beth, Esquire
Santa Fe, New Mexico

Re: Order 657 - Case 78

My dear Judge Beth:

Enclosed please find an executed original and
one copy of the above captioned order.

Very truly yours,

Chief Clerk & Legal Advisor

CHL:BNH

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. 78

ORDER NO. 657

THE APPLICATION OF THE PETROLEUM PRODUCTS
REFINING AND PRODUCING COMPANY FOR AN ORDER
OF APPROVAL OF AN IRREGULAR OIL AND GAS WELL
LOCATED IN SECTION 36, T. 12N, R. 9W, HUGHES
FIELD, HARTLEY COUNTY, NEW MEXICO, WELL NO. 48
TO BE LOCATED IN THE SOUTHWEST-QUARTER-SOUTH-
EAST QUARTER OF SAID SECTION, 1220 FEET EAST OF
THE CENTER SECTION LINE, 330 FEET NORTH OF THE
SOUTH LINE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, at ten o'clock
A.M., June 7, 1946, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission".

AND, on this 7th day of June, 1946, the Commission having before it for
consideration the testimony adduced at the hearing of said case and being fully
advised in the premises;

IT IS THEREFORE ORDERED THAT:

SECTION 1. Petroleum Products Refining and Producing Company is
hereby granted an irregular oil and gas well location for its State Well
No. 48 in the SW 1/4 of Section 36, Township 12N, Range 9W, Hughes Field,
Hartley County, New Mexico - said irregular location shall be 1220 feet
East of the center section line and 330 feet North of the South line of
said section.

SECTION 2. The order herein shall be effective June 7, 1946.

Done at Santa Fe, New Mexico, as of the day and year hereinabove
designated.

OIL CONSERVATION COMMISSION

John J. Hickey
JOHN J. HICKEY, CHAIRMAN

John E. Hiles
JOHN E. HILES, MEMBER

R. E. Spurr
R. E. SPURR, SECRETARY

THE CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

June 12, 1946

Mr. W. H. Hargrave
Chief Conservation Commissioner
Santa Fe, New Mexico

Re: Case 75 - Order 677
Petitioner: Petroleum Refining and Producing
Company, Santa Fe, N.M., License 34-222-
75 - Santa Fe, Sandoval County

Dear Mr. Hargrave:

The application for the above captioned will was
received by the Commission at its hearing on June 7, by
the above captioned order.

The same is being transmitted to you for consideration and
approval.

Very truly yours,

Chief Clerk & Legal Advisor

CHL:MM
cc J. O. Smith

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STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 30, 1946

Mr. Charles E. Hanger
Caling Independent
Caling, New Mexico

Dear Mr. Hanger:

Re: Case No. 75 - Application of Petroleum Products
Refining and Producing Company for an order of
suspension of an irregular oil and gas well location.

You are hereby notified to the effect that the undersigned Attorney
of the State of New Mexico has been designated to represent the State in the
above-captioned case. It will be appreciated if you will forward at your earliest
convenience the Affidavit of Publication which concerns this
affair.

Very truly yours,

Chief Clerk and Legal Advisor

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Affidavit of Publication

STATE OF NEW MEXICO)

)ss.

COUNTY OF MCKINLEY)

CHARLES H. KEMPER being duly sworn upon his oath, deposes and says:

That he is B. KEEPER of the Gallup Independent, a newspaper published in and having a general circulation in McKinley County, New Mexico, and in the Town of Gallup, therein: that this affiant makes this affidavit based upon his own personal knowledge of the facts herein sworn to. That the publication, a copy of which is hereto attached was published in said newspaper, in the regular and entire issue of each number of said newspaper during the period and time of publication and said notice was published in the newspaper

proper, and not in a supplement thereof, for ONE weeks

consecutively, the first publication being on the 21ST day of

MAY, 1946, the second publication being

on the _____ day of NONE, 19____

the third publication being on the NONE day of _____

_____, 19____

and the last publication being on the NONE day of _____

_____, 19____

That such newspaper, in which such notice or advertisement was published, is now and has been at all times material hereto, duly qualified for such purpose, and to publish legal notices and advertisements within the meaning of Chapter 167 of the 1937 laws of the State of New Mexico.

Charles H. Kemper
Affiant.

Sworn and subscribed to before me this 31 day of

May, 1946
Wm. H. Quinn
Notary Public.

My commission expires

My Commission Expires April 10, 1950

LEGAL PUBLICATION

NOTICE OF PUBLICATION
OF THE PETROLEUM PRODUCTS REG-
ULATING AND PRODUCING COMPANY
FOR AN ORDER OF APPROVAL OF AN
FRANCHISE OIL AND GAS WELL LOCATED

The Oil Conservation Commission,
as provided by law, hereby gives
notice of the following hearing to be
held at Santa Fe, New Mexico at
10:00 A. M., June 7, 1946:

Case 78.

In the matter of the application
of the Petroleum Products Reg-
ulating and Producing Company
for an Order of approval of an
franchise oil and gas well loca-
tion in Section 16, T. 18N, R. 9W,
Range 9N, McKinley County,
New Mexico, Well No. 48 to be
located on the northeast quarter of said
Section 16, East 1/4 of the con-
servation area, 100 feet North of
the South line.

Under the seal of said Com-
mission, at Santa Fe, New Mexico
on May 29, 1946.

OIL CONSERVATION
COMMISSION

By E. H. Johnson, Secretary

1st Publication, May 21, 1946.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF THE DEKALA AGRICULTURAL ASSOCIATION, INC.
FOR AN ORDER OF APPROVAL OF THE UNIT AGREEMENT FOR THE DEVELOPMENT AND OPER-
ATION OF THE BUTTER LAKE UNIT AREA TRACTS T. 28N, R. 23E and 26E EAST,
N.M.P.M., CONTAINING 9,082.38 ACRES, MORE OR LESS, GRAVES COUNTY, NEW MEXICO.

Pursuant to notice by the Commission, duly made and published, setting
June 7, 1946 at 10:00 A. M. for hearing in the above-entitled matter,
said hearing was convened on said day at said hour in the Cortez Room at
La Fonda Hotel, Santa Fe, New Mexico, the Commission sitting as follows:

Commissioner of Public Lands John E. Miles, Member
R. R. Spurrier, Secretary
Carl E. Livingston

REGISTER

NAME

William B. Macy
H. B. Lamb
S. V. Endicott
Frank B. Gardner
R. J. Ward
R. F. Miller
W. F. Robinson
R. F. Marshall
Dexter Marshall
R. G. Ramsey
R. C. Wain
Marshall Wain
John L. Gardner, Jr.
William J. Wright
Charles E. Allen
J. C. Smith
W. E. McBride
John M. Kelly
Clarence Noble
Ray C. Taborugh
F. W. Mahan

ADDRESS

Oil Conservation Commission
State Bureau of Mines

Standard Eastern Oil Company
Langberg Oil Company
Langberg Oil Company

U. S. Geological Survey
A. T. & S. F. Railway Company
A. T. & S. F. Railway Company
Gasper Building Company
Langberg Corp. Reg. Agreement
Langberg Corp. Reg. Agreement
Continental Oil Company
Petroleum Prod. Ref. & Pro. Co.
Petroleum Prod. Ref. & Pro. Co.
Independent Refinery
Harvey, Row and Noble
Oil Conservation Commission
Oil Conservation Commission

ADDRESS

Artesia, N. M.
Artesia, N. M.
Roswell, N. M.
Roswell, N. M.
Artesia, N. M.
Artesia, N. M.
Santa Fe, N. M.
Roswell, N. M.
Roswell, N. M.
Albuquerque, N. M.
Albuquerque, N. M.
Artesia, N. M.
Artesia, N. M.
Artesia, N. M.
Santa Fe, N. M.
Santa Fe, N. M.
Roswell, N. M.
Roswell, N. M.
Santa Fe, N. M.
Santa Fe, N. M.

Governor Miles:

Gentlemen, the Commission is in session, and the Secretary will proceed
with the order of business.

Mr. Noble:

I am Clarence E. Noble of Harvey, Row and Noble, representing the
DeKala Agricultural Association. This is an application by the DeKala
Agricultural Association for the approval of a unit agreement to be known
as the Butter Lake Unit Agreement. The proposed unit area covers approxi-
mately 9,082.38 acres situated in Township 28 South, Ranges 23 and 26 East.
All of the lands contained in the proposed unit are lands of the United
States, with the exception of 120 acres in Section 2, Township 28N, Range
23E, which is State land. The agreement has been executed by all of the
owners of the lands and pending applications for mineral rights in the area
which are contained in the DeKala Spring Lake Highway Wildlife Refuge,
and there is a question whether lands will be turned for these lands.
The area has been surveyed and designated by the Director of the U. S. Geo-
logical Survey with the participation of the several land owners as suitable
for unitization. Under the terms of the agreement the operator is given
authority to carry on necessary operations to explore and develop the unit
area. The agreement provides for a test well to be drilled to a depth of
6,000 feet, where gas or oil is found at a lesser depth. The proposed
unit agreement follows substantially the unit agreement which have been
previously approved by the Commission. That you may have before you the
proposed unit area, here is a plat which has heretofore been filed with you.
I might say that at this time the DeKala Agricultural Association has al-
ready started a well in Section 1 which is near the center of the proposed

unit area, and at the present time the well is below 3,500 feet. The geological information upon which this unit was found was done by Dr. John Kelly, and I would like to have him sworn as a witness.

Dr. John E. Kelly, after being first duly sworn, testified as follows:

Dr. Eddies:

What is your name?

Dr. Kelly:

John E. Kelly.

Dr. Eddies:

What is your profession?

Dr. Kelly:

I am a graduate engineer and geologist, and registered to practice in the State of Texas.

Dr. Eddies:

How long have you practiced?

Dr. Kelly:

Ten years.

Dr. Eddies:

Are you presently the State Geologist?

Dr. Kelly:

That is right.

Dr. Eddies:

Are you familiar with the area involved in the proposed Miller land with Agreement?

Dr. Kelly:

I am.

Dr. Eddies:

Have you performed any work in connection with the Agreement?

Dr. Kelly:

When information furnished me by Dr. Eddies, who did the engineering work, I prepared a contour map of the area.

Dr. Eddies:

I have you furnished the geologist's Exhibit A, and ask you to state whether this is a description of the area and with the geologist's Exhibit C, the geological survey for the development of the well area.

Dr. Kelly:

It is.

Dr. Eddies:

Are you familiar with the description which has been made, and the completion of same by the well located in the agreement?

Dr. Kelly:

Yes.

Mr. Hinkle:

State whether in your opinion the area covers all or substantially all of the geological features.

Mr. Kelly:

I believe it covers all of the features as shown by the geological map and the area map.

Mr. Hinkle:

Are you familiar with the agreement?

Mr. Kelly:

Yes.

Mr. Hinkle:

State whether the operations under this agreement would have a tendency to promote the conservation of oil and gas and the prevention of waste.

Mr. Kelly:

I believe it would promote proper development in the area.

Commissioner Hinkle:

Anyone else want to be heard in this case? If not, the application is granted.

~~Mr. Hinkle:~~

The next case is No. 77 in the matter of the application of the Huguilla Petroleum Company for an order of approval of the Unit Agreement for the conservation and operation of the Black Hills Petroleum Unit Area within Sections 17 and 18 South, Range 20 and 20 East, N.M.P.M., containing 17,000.00 acres, more or less, Garcon County, New Mexico.

Mr. Hinkle:

I am Charles E. Hinkle of Hurley, New and Hinkle, and an attorney for the applicant, the Huguilla Petroleum Company. This is the application of the Huguilla Petroleum Company for the approval of the proposed Black Hills Petroleum Unit Agreement. The unit agreement which has been filed with the Commission contains a plat which shows the proposed unit area. The proposed unit area contains approximately 17,000.00 acres. All of the lands are lands of the United States, except certain lands aggregating 2,000.00 acres. The unit agreement has been signed by the owners of oil and gas leases covering all of the lands, except the owners of two leases, which are a very small portion of the unit area. The area involved in the agreement was approved by the Director of the U. S. Geological Survey and the Secretary of the Interior, as the proper for unitization. The agreement designated the Huguilla Petroleum Company as the unit operator, and under the terms of the unit is given power to carry on all work necessary for the conservation of the area. The agreement agrees to commence a well within six months after the approval, and drill the well to a depth of 7,000 feet, where gas or oil is found at a lesser depth. The form follows substantially the same form as has been approved by this Commission and the Commissioner of Public Lands. Mr. Harry Hinkle, the District Land Man for Huguilla, is here, and I would like to have him testify.

Mr. C. E. Hinkle, after being first duly sworn, testified as follows:

Mr. Hinkle:

Please state your name.

Mr. Hinkle:

C. E. Hinkle.

Mr. Nichols:

Where do you reside?

Mr. Hamilton:

Bernal, New Mexico.

Mr. Nichols:

What is your official position?

Mr. Hamilton:

District Land Man for Magnolia Petroleum Company.

Mr. Nichols:

How long have you been with the Magnolia Petroleum Company?

Mr. Hamilton:

20 years.

Mr. Nichols:

Are you familiar with the so-called Hickey Lake Anticline Unit Agreement in Grant County, New Mexico, which is the subject of the proposed unit agreement?

Mr. Hamilton:

Yes, sir.

Mr. Nichols:

Do you know whether any geological investigation has been made of this area?

Mr. Hamilton:

Several years ago such an investigation was made by J. E. Bailey.

Mr. Nichols:

Did Mr. Bailey make a report in connection with the report of the designation of this area before the U. S. Geological Survey?

Mr. Hamilton:

He did, yes.

Mr. Nichols:

I have you furnished the report of Mr. J. E. Bailey, marked Exhibit A, on the Hickey Lake Anticline, Grant County, and ask you whether it is a duplicate of the report filed with the application.

Mr. Hamilton:

It is.

Mr. Nichols:

Does that map show the geological structure involved?

Mr. Hamilton:

Yes.

Mr. Nichols:

Do you know whether the unit area covers all of the structures, according to the plan?

Mr. Hamilton:

It does.

Mr. McBride:

Are you familiar with the terms of the unit agreement?

Mr. Mansfield:

Yes, sir.

Mr. McBride:

State whether in your opinion the operations under the proposed unit agreement, if a discovery is made, would tend to promote the conservation of oil and the prevention of waste.

Mr. Mansfield:

I believe it would. Yes, sir.

Govermor Wilson:

Anyone else want to be heard in this case? The application is granted. Next case.

Mr. Livingston:

The next case is No. 75 in the matter of the application of the Petroleum Products Refining and Producing Company for an order of approval of an underground oil and gas well location in Section 34, T. 22N, R. 9W, Range 9W, Township 22N, Range 9W, New Mexico, well No. 45, to be located in the south-east-south-east quarter of said section, 1200 feet East of the center section line, 100 feet North of the South line.

Mr. Smith:

My name is J. C. Smith, and I appear for the Petroleum Products Refining and Producing Company. This is an application to drill this well that I located on this date. The field and the development began many years ago, and was drilled on a 16-acre spacing. The oil wells were not so located as to be in the center of each 16-acre tract. The proposal of this location is to drill 600 feet East of the well already drilled. The lease is a State lease, and nobody would be hurt by the location. I would like to have Mr. McBride approve.

Mr. W. E. McBride, after being first duly sworn, testified as follows:

Mr. Smith:

Your name, please.

Mr. McBride:

W. E. McBride.

Mr. Smith:

You are an officer of the Petroleum Products Refining and Producing Company?

Mr. McBride:

Yes, sir.

Mr. Smith:

What is your position?

Mr. McBride:

Vice-President.

Mr. Smith:

You know the general location of these wells in the Range 9W, do you not?

Mr. McBride:

Yes.

Mr. Seth:

That development began many years ago?

Mr. McBride:

I think back in 1900 or 1909.

Mr. Seth:

This application today is to drill the well marked on this plat?

Mr. McBride:

That is well No. 40. The known minerals there are the minerals we anticipate drilling, but this is well No. 1 here.

Mr. Seth:

I would like to have this plat marked for attention.

(NOTE: The plat at this point was marked Exhibit A for the record).

Mr. Seth:

The location you seek for this well is merely to keep it at 600 feet?

Mr. McBride:

Yes, and to correct some of the previous locations and in drilling additional wells we can try to keep them all within the proper spacing. They will all be the same distance from each other. We may have to come in and ask for another irregular spacing if it is necessary.

Mr. Seth:

Are all the wells on the same State lease owned by your Company?

Mr. McBride:

Yes, sir.

Mr. Seth:

I believe that is all.

GOVERNOR HILTON

Anybody else want to be heard in this case? The application is granted.

Mr. Livingston:

The next case is No. 79. The petitioner, through his attorneys, Elmer and Sanchez, has requested that the hearing date upon this petition be vacated and that said petition be set down for a hearing at some future time, owing to the fact that the petitioner, with other operators in the Pecos River Gas Field, is endeavoring to formulate a spacing plan to present to the Commission.

The next case is No. 80 in the matter of the petition of Operators' Committee under Midland Cooperative Regulating Agreement for amendment to Order No. 405, as amended by Order No. 595 of the Commission, to provide for the raising of back allowances from the Midland Cooperative Regulating Agreement.

Mr. Cochran:

My name is John E. Cochran, Jr. I represent Maljamar Cooperative Representing Agreement. This is a matter in which the Maljamar Cooperative Representing Agreement asks that Order 483, as amended by Order 993 of this Commission to provide for the running of back allowable from the Maljamar Cooperative Representing Agreement. Order 483 entered by the Commission in Case 36 on November 14, 1942 was the order which approved the Maljamar Cooperative Representing Agreement and approved certain in-pet wells and provided for the distribution on allowable on in-pet wells to the other wells. Order 993 entered by the Commission on January 8, 1945 amended the original order and set up an allocation protection plan for the area. Before that order was entered, and while the study was being made, it was agreed that in the interest of conservation at that time no back allowable would be allowed the area, and there was written on February 11, 1944 a letter by Mr. Kelly, then State Geologist, which provided that no back allowable be run from leases in the Maljamar area. Since that time, however, the allocation plan approved has been so successful that the operators feel that it would not be detrimental to the properties to run some back allowable which occurred for the reasons I will tell you. During November Mike Rafterman, Inc., who was a substantial crude buyer from the area had two such wells, and the Mike discontinued purchasing crude oil from a large number of leases in the area, and following that several operators had no pipe line connections, and a substantial back allowable accumulated by reason of having no outlet for the oil. As of June 1 there were approximately 20,000 barrels of back allowable which have not been run from certain leases within the area. This back allowable is in some instances unproduced, and in some cases has been produced and is in storage. All of the operators in the area feel that they should be allowed to run currently to the pipe line companies purchasing the oil a back allowable at a rate not to exceed the rate the Commission allowed the State generally. All operators of leases and wells in this area feel that the way this should be handled would be for individual operators to make application to the Operators' Committee which is the manager of the pipeline and designate the time and the amount of back allowable that they feel should be run during a certain month, which would not exceed the back allowable figure set for other parts of the State by the Commission. This would amount to probably a barrel a day per well, and in some instances three barrels a day per well, and where the oil is in storage a request would be made for permission to run this to the pipe line company, not to exceed ten barrels per day. After the applications have been made to the Operators' Committee by the operators, the operators feel that the Chairman of the Operators' Committee of the Maljamar Cooperative Representing Agreement should petition the Commission, or its deputies, administratively for authority to run back allowable during the current month. The reason for suggesting the matter be handled thus is when an operator makes application for back allowable the Operators' Committee will have an opportunity to study the request, and if it is in the interest of conservation the Chairman of the Operators' Committee could file the application with the Commission or its deputy. Due to the fact that the back allowable had its origin about the first of December, the Maljamar Representing Agreement asked that the Commission permit it to follow this procedure in requesting authority to run back allowable starting December 1, 1944. Mr. William J. Wright, Engineer for the Maljamar Cooperative Representing Agreement is here, and if the members of the Commission would care to ask him any questions he may be sworn. Do you have any questions you want to ask him?

Governor Miles:

Yes, will you bring him forward?

Mr. William J. Wright, after being first duly sworn, testified as follows:

Mr. Cochran:

Will you state your name?

Mr. Wright:

William J. Wright.

Mr. Cochran:

Where do you live?

Mr. Wright:

Maljamar.

Mr. Cochran:

What is your occupation?

Mr. Wright:

Project engineer for the Maljamar Cooperative Reprocessing Agreement.

Mr. Spurrier:

Mr. Wright, give us an approximation of what percent of the production of any one well would this additional production be; that is, what the back allowable would constitute.

Mr. Wright:

From a daily run it should not exceed 15% of daily allowable, which would be from 1 to 3 barrels per day.

Mr. Cochran:

Mr. Wright, in your opinion, if the method of making up back allowable, as is usually outlined, is followed, would that constitute underground water?

Mr. Wright:

Definitely not.

Mr. Livingston:

Back to what period of time is it desired that back allowable be ~~re-~~
~~mitted to run?~~

Mr. Wright:

December 1, 1945.

Governor Miller:

Anyone else want to be heard in this case? If not, the application is granted.

Mr. Livingston:

The next case is in the matter of the petition of the Gayburg Oil Company of New Mexico, Operator of Gayburg Cooperative and Unit Agreement, for an order for transfer of allowable from in-pet wells to other wells of said basin located in the unit area of Gayburg Cooperative and Unit Agreement, Sibley County, New Mexico.

Mr. Miller:

I am Edward Miller of the Gayburg Oil Company, Artesia. The Gayburg Oil Company is the operator of a unit agreement located on Government lands. In connection with this unit cooperative agreement we are operating a reprocessing plant. The last several months we have converted ~~the~~ the allowable wells to in-pet wells situated in the NE 1/4 of Section 26, Township 17, Range 20, the well known as Gayburg-Wiley 9-6. The other well, Western Production Company-Wiley 12-6, is located in NE 1/4 Section 26, Township 17, Range 20. These wells were top allowable wells at the time they were put on as in-pet wells, and since then we have been losing that allowable, and we request this allowable be transferred to other wells situated on the same basic lands. The NE 1/4 land lease covers the NE 1/4 Section 26, NE 1/4 Section 26, NE 1/4 Section 26, Township 17, Range 20. The Western-Wiley C lease covers the NE 1/4 and the NE 1/4 of Section 26, NE 1/4 Section 26, all of Section 26, except the NE 1/4 and the NE 1/4 of Section 26, all in Township 17, Range 20. Mr. E. J. Ward, Vice-President of the Gayburg Oil Company, is present, and I would like to have him heard.

Mr. R. J. Heard, after being first duly sworn, testified as follows:

Mr. Miller:

Your name is --

Mr. Heard:

R. J. Heard.

Mr. Miller:

Where do you reside?

Mr. Heard:

Arbuckle.

Mr. Miller:

How connected with the Langberg Oil Company?

Mr. Heard:

Was President.

Mr. Miller:

Mr. Heard, you have been in charge of the drilling and protection of these subject wells?

Mr. Heard:

Yes.

Mr. Miller:

Do you know that these wells are capable of producing top unit oilfields at the time they were converted to injection wells?

Mr. Heard:

Yes.

Mr. Miller:

In your opinion, if the wells were converted to producing wells at this time, would they produce top unit oilfields?

Mr. Heard:

Yes.

Mr. Miller:

Do you think this unit oilfields could be produced from other wells on this same basic lease without water?

Mr. Heard:

Yes.

Mr. Miller:

Is there any question you want to ask Mr. Heard?

Mr. Langberg:

Approximately how many wells do you intend to allocate this in-pet production to, Mr. Heard?

Mr. Heard:

Approximately 17 wells on the basic lease, and I think around 12 or 14

on the other.

Mr. Spurrer:

Then that would be about 2 or 3 barrels per day per well, would it not?

Mr. Heard?

Yes, sir.

Mr. Spurrer:

This would be something less than 10% of each well's production?

Mr. Heard:

Yes, sir.

Mr. Miller:

We are requesting the Commission to make up back allowances on these wells, beginning May 1, 1914; that is, on these two subject in-pet wells. We are also requesting the Commission to reserve jurisdiction in this case, that they may act administratively in the case of conversions, etc.

Mr. Spurrer:

You mean by that you contemplate drilling more in-pet wells?

Mr. Miller:

Yes, that is right. There are more wells being drilled at the present time on these leases, and it is our intention to convert these to in-pet wells.

~~Commissioner Miller:~~

Anyone else want to be heard in this case? If not, the petition is granted.

Mr. Livingston:

The next case is No. 51 in the matter of the application of I. E. Westbrock for an order of approval of an irregular oil and gas well location in Section 22, T. 2N., Range 12W., N.M.P.M., McKinley County, New Mexico for I. E. Westbrock-Guthrie & Pacific Railroad Company Well No. 1, which location is 1204 feet south of the North line and 2011 feet west of the East line of said section. This well started off as a water well, and came to be using up as an oil well.

Mr. Egan:

My name is E. C. Egan, and I would like to have Mr. I. E. Westbrock and Mr. E. C. Henshaw sworn.

Mr. E. C. Henshaw, after being first duly sworn, testified as follows:

Mr. Egan:

Your name is E. C. Henshaw?

Mr. Henshaw:

Yes.

Mr. Egan:

You are connected with the Santa Fe Pacific Railroad Company?

Mr. Henshaw:

I am Land Commissioner at Albuquerque.

Mr. Idema

You are familiar with this application of I. K. Westbrock?

Mr. Hammon:

Yes.

Mr. Idema

The Santa Fe Pacific Railroad Company is the owner of the land on which this well is located?

Mr. Hammon:

Yes.

Mr. Idema

Show to the Commission Mr. Westbrock's activities with reference to this land, particularly with reference to grazing leases prior to the time he acquired the oil lease.

Mr. Hammon:

Mr. Westbrock is a livestock operator in this part of Hall County, and in connection with his livestock operations entered into a contract with a driller to drill him a deep water well, and when he got down a certain distance there was some showing of oil, and he immediately stopped his work on his water well and said that there might be some advantage in attempting to get an oil well out of this prospect.

Mr. Idema

You are familiar with the location of the well?

Mr. Hammon:

It is in Section 22, Township 20 North, Range 11 West. It is in the SW of the NW.

Mr. Idema

I believe as shown by the petition, it is 274 feet South of the quarter section line 40-acre subdivision line. Is that correct?

Mr. Hammon:

That is about it. I think it is 274 feet South of the quarter line and 229 feet East of the West line of that 40-acre tract.

Mr. Idema

Stated in another way, it is 1994 feet South of the North line and 2411 feet West of the East line?

Mr. Hammon:

Yes, sir.

Mr. Idema

Did the grazing lease Mr. Westbrock had prior to an oil showing in the water well embrace other lands than this?

Mr. Hammon:

Yes, as I recall, it took in all oil holdings in that township.

Mr. Idema

He still has the grazing lease?

Mr. Hunsbury:

He has a purchase contract for the purchase of the surface rights.

Mr. Idem:

After the showing you gave him an oil and gas lease on certain lands for the purpose of protecting him in drilling the well, further with the hope that he might get oil or gas?

Mr. Hunsbury:

Yes.

Mr. Idem:

It covers 160 acres surrounding this prospect?

Mr. Hunsbury:

Yes.

Mr. Idem:

Does your company own all of the acreage adjacent to this particular acreage?

Mr. Hunsbury:

We own immediately adjacent. Section 16 adjoining to the Northwest is a school section. We own the others in the immediate vicinity.

Mr. Idem:

Generally speaking, how far is this from any other producing oil and gas well?

Mr. Hunsbury:

Approximately 15 or 16 miles Northwest of any present production.

Mr. Idem:

Do you know the depth of the water well?

Mr. Hunsbury:

Approximately 1100 feet.

Mr. Idem:

Do you know of any possible objection in permitting this well to be drilled in this location?

Mr. Hunsbury:

No.

Mr. Idem:

I think that is all.

Governer Wilson:

What is the approximate distance from this well to the corner of the school section you speak of?

Mr. Hunsbury:

About 2000 feet approximately to the Southeast corner of the school section.

Mr. Idema

Mr. Westbrock, will you take the stand?

Mr. Westbrock, after being first duly sworn, testified as follows:

Mr. Idema

Your name is I. K. Westbrock?

Mr. Westbrock:

Yes, sir.

Mr. Idema

You are the petitioner in this matter?

Mr. Westbrock:

Yes, sir.

Mr. Idema

Where do you live?

Mr. Westbrock:

Georgetown.

Mr. Idema

How long have you lived there?

Mr. Westbrock:

20 years.

Mr. Idema

You are a rancher in that country?

Mr. Westbrock:

Yes, sir, I have been a rancher there 20 years.

Mr. Idema

You have heard Mr. Manning's testimony. Was it correct in all respects?

Mr. Westbrock:

Yes, sir.

Mr. Idema

You might desire to continue the drilling of this well with the hope of getting oil and gas?

Mr. Westbrock:

Yes, I would like to prospect for it.

Mr. Idema

It was begun as a water well?

Mr. Westbrock:

Absolutely. Near the center of this township.

Mr. Idema

At what depth did you encounter this oil and gas showing?

Mr. Westbrock:

1092 feet.

Mr. Idem:

Is that where the well stands today?

Mr. Westbrock:

Yes, sir. There is quite a bit of oil comes off the water when you draw it.

Mr. Idem:

So far as you know, would it make a commercial well at this time?

Mr. Westbrock:

I do not know. There is quite a little showing, and the driller states it may be a commercial well.

Mr. Idem:

I believe that is all, unless the Commission has some questions.

Mr. Spawford:

One question, Mr. Westbrock. You have a lease. How do you have a plugging bond?

Mr. Westbrock:

The bond is accompanying my petition here.

Mr. Livingston:

Mr. Westbrock has on file a \$2500 corporate surety bond to go to a depth of 1000 feet, but the bond has not been accepted until the Commission grants its order.

Mr. Idem:

Based on that showing, we ask that the petition be granted.

Governor Miles:

Anyone else want to be heard on this case? If not, the application is granted. Nothing discussed.

I certify that the above is a transcript of the proceedings in this matter as taken from my shorthand notes.

Mary E. Martin

Mary E. Martin, Stenographer

PETROLEUM PRODUCTS RFG. AND PRODUCING CO.

McKINLEY COUNTY
NEW MEXICO

May 21, 1946

TELEGRAMS:
PREWITT, NEW MEXICO
VIA GALLUP, N. M.

MAILING ADDRESS
PREWITT, NEW MEXICO

Case 78

N.M. Oil Conservation Commission
Santa Fe, New Mexico

Attn: Mr. Carl B. Livingst.
Chief Clerk and Legal
Adviser

Dear Carl:

This will acknowledge receipt of your letter
May 20, 1946, reference Case No. 78. Application Petroleum
Products Rfg. and Producing Co. for approval of irregular
oil and gas well.

Yours very truly,

Ray McElathlin
Ray McElathlin,
President

EMC:js

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10:00 A. M., June 7, 1946:

Case 78.

In the matter of the application of the Petroleum Products Refining and Producing Company for an Order of approval of an irregular oil and gas well location in Section 36, T. 18N, R. 9W, Hospah Field, McKinley County, New Mexico, Well No. 48 to be located in the Southeast-Southwest-Southeast quarter of said section, 1220 feet East of the center section line, 330 feet North of the South line.

Given under the seal of said Commission at Santa Fe, New Mexico on May 20, 1946.

OIL CONSERVATION COMMISSION

By:

R. R. Spurrier

R. R. Spurrier, Secretary

SEAL

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

W. W. Staley
Peroration Office
Hobbs, New Mexico

Dear Glenn:

Notice of Publication - Case Nos. 76, 77,
78, 79, 80 and 81.

Enclosed is notice of the above-captioned hearings,
which is self-explanatory.

Will you please acknowledge receipt of this notice?

It will be appreciated if you will check with the
Hobbs Daily News-Sun to determine whether they have
published the notice in the matter of Case No. 80.
They are sometimes a bit slow about the publication
of such notices, and it is urgent that Case No. 80
be published at the earliest possible date.

With kindest personal regards.

Very truly yours,

Chief Clerk and Legal Adviser

Encl
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NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10:00 A. M., June 7, 1946:

Case 76.

In the matter of the application of the Delta Agricultural Association, Inc. for an order of approval of the Unit Agreement for the development and operation of the Ritor Lake Unit Area within T. 18N, Ranges 25 and 26 East, N.M.P.M. containing 9,422.36 acres, more or less, Chaves County, New Mexico.

Case 77.

In the matter of the application of the Imperial Petroleum Company for an order of approval of the Unit Agreement for the development and operation of the Hink Hills Unit Area within Townships 17 and 18 South, Ranges 19 and 20 East, N.M.P.M. containing 17,424.44 acres, more or less, Chaves County, New Mexico.

Case 78.

In the matter of the application of the Petroleum Products Refining and Producing Company for an order of approval of an irregular oil and gas well location in Section 34, T. 18N, R. 26E, Range 26 East, N.M.P.M., Chaves County, New Mexico, well No. 48 to be located in the southeast-southeast-southeast quarter of said section, 1220 East East of the center section line, and East North of the South line.

Case 79.

In the matter of the application of the Southern Union Production Company for an order providing for 140-acre spacing for gas wells in the Feltner Basin Field, consisting of Sections 34 and 35, T. 34N, R. 12W, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13, T. 34N, R. 12W, Sections 7, 17, 18, 19, 20 and 21, T. 34N, R. 12W, N.M.P.M., San Juan County, New Mexico.

Case 80.

In the matter of the petition of Operators' Committee under Maljamar Cooperative Representing Agreement for amendment to Order No. 495, as amended by Order No. 503 of the Commission, to provide for the running of back allowances from the Maljamar Cooperative Representing Area.

Case 81.

In the matter of the petition of the Grayburg Oil Company of New Mexico Operator of Grayburg Cooperative and Unit Agreement for an order for transfer of allowance from in-pat wells to other wells of same basic leases in the unit area of Grayburg Cooperative and Unit Agreement, Eddy County, New Mexico.

Given under the seal of said Commission at Santa Fe, New Mexico on May 20, 1946.

OIL CONSERVATION COMMISSION

By:

R. R. Spurrier, Secretary

STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

Mr. Ray McGlothlin, President
Petroleum Products Refining and Producing Company
Prewitt, New Mexico

Dear Ray:

Re: Case No. 78, Application of Petroleum
~~Products Refining and Producing Company~~
for approval of an irregular oil and gas
well.

The above-captioned case has been set for hearing at
Santa Fe, New Mexico on June 7, 1946 at 10:00 A. M.

Will you please acknowledge receipt of this notice?

With kindest personal regards.

Very truly yours,

Chief Clerk and Legal Adviser

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STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

AIR MAIL - SPECIAL DELIVERY

The Gallup Independent
Gallup, New Mexico

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 blanks are enclosed.

Very truly yours,

Chief Clerk and Legal Adviser

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STATE BUREAU OF MINES & MINERAL RESOURCES

Box 871

Santa Fe, New Mexico

JOHN M. KELLY
DIRECTOR

May 20, 1946

The Santa Fe New Mexican
Santa Fe, New Mexico

Gentlemen:

Re: Notice of Publication - Case Nos. 76, 77,
78, 79, 80 and 81.

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
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The necessary blanks are enclosed.

Very truly yours,

Chief Clerk and Legal Advisor

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Encl

CLASS OF SERVICE
This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

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(35)

SYMBOLS	
DL	Day Letter
NL	Night Letter
MC	Deferred Cable
NET	Cable Night Letter
Ship Radiogram	

A. N. WILLIAMS
PRESIDENT

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MAY 15 1 EXTRA-EDQ PREVIOUS NMEX 16 221P

CARL S. LIVINGSTON

CARE NMEX OIL CONSERVATION COMMISSION

MAY 16 PM 2:40

PLEASE SET DOWN FOR HEARING OUR WE LL NUMBER 48 AT THE
EARLIEST DATE POSSIBLE

RAY MCGLATHLIN PRESIDENT PETROLEUM PRODUCTS REFINING
AND PRODUCING CO.

78

ASB

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

PETROLEUM PRODUCTS RFG. AND PRODUCING CO.

McKINLEY COUNTY
NEW MEXICO

May 14, 1946

MAILING ADDRESS
PREWITT, NEW MEXICO

TELEGRAMS:
PREWITT, NEW MEXICO
VIA GALLUP, N. M.

Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The undersigned herewith submits its formal application to drill the following well for oil and gas to be located at irregular location as follows in Section 36, Township 18 North, Range 9 West - Hoshah Field, McKinley County, New Mexico.

Well No. 48 - to be located in the Southeast - Southwest - Southeast quarter of said section, 1220' East of the center section line. 330' North of the South line.

The reason for this application is that during the early days of the field there were a few wells drilled on irregular locations. Therefore, it will be necessary to continue this drilling pattern in order to have waste and conserve oil and effect proper drainage of the reservoir.

Yours very truly,

PETROLEUM PRODUCTS RFG. AND PRODUCING CO.

Ray McGlothlin
Ray McGlothlin, President

RMG:js