

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 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. 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 P. 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.

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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.

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#### 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