

ILLEGIBLE

FILE NO. 240, MT. CATH. 7-1-40

REPORT OF THE COMMISSIONERS OF THE LAND DEPARTMENT
RE: PETITION FOR ORDER OF PRORATION

FINDINGS

1. That the petitioners, Aston & Fair, C. A. Schaurich, and Honorable Earl A. Hatch, with others, are the owners of certain oil producing wells in the Loco Hills Field, Eddy County, New Mexico, to-wit:

Aston & Fair - Schaurich-State Well No. 3, NMSW 32-178-30E
Aston & Fair - Schaurich-State Well No. 4, NMSW 32-178-30E

That said Schaurich-State Well No. 4 is a gas input well within the Loco Hills Pressure Maintenance Project.

2. That R. W. Fair - Kinfolks Trust-State Well No. 3, SMSW 32-178-30E and Aston & Fair-State Well No. 6B - SMSW 32-178-30E are owned by R. W. Fair, Aston & Fair and their associates.

3. That under Order No. 339, the Loco Hills Pressure Maintenance Order of this Commission, it is permissible to take the allowable for Schaurich Well No. 4, used as an input well, from Schaurich Well No. 3, which are both located upon the same lease, and that is now being done.

4. That all four wells involved herein are upon separate forty-acre tracts or proration units, all in one basic ownership, that of the Common Schools of the State of New Mexico.

5. That the owners, Kinfolks Trust State Well No. 3, Aston & Fair-State Well 6B, are agreeable to dividing the allowable for the gas input well, Schaurich-State Well No. 4 among the following:

Schaurich-State Well No. 3
R. W. Fair - Kinfolks Trust-State No. 3
Aston & Fair Well 6B

6. That to permit the division of the allowable for said input well to be made as petitioned for will work no hardship upon the royalty owner, but will more equitably adjust the allowable among the wells herein described than is now distributed in that all such allowable is now required to be taken from Schaurich-State Well No. 3.

IT IS THEREFORE ORDERED BY THE COMMISSION:

That the allowable lost by said Schaurich State Well No. 4 by reason of its use as a gas in-put well shall be permitted to be divided among said Schaurich-State Well No. 3, R. W. Fair - Kinfolks Trust-State Well No. 3 and Aston & Fair Well 6B, more particularly described by proration units in the findings hereinabove, in such proportions as will not cause injury to the wells and as long as agreeable to the respective well owners. No well, however, shall be allowed to produce over twice the top or unit allowable.

That this order shall become effective on the first day of the proration month next succeeding the month in which said Order is adopted.

CASE NO. 41

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF ASTON & FAIR, C. A. SCHEURICH, AND CARL A. HATCH FOR AN EXCEPTION TO ORDER NO. 339, THE LOCO HILLS PRESSURE MAINTENANCE ORDER, IN ORDER THAT THE OWNERS OF SCHEURICH STATE WELL NO. 4, UPON THE NESW 32-17S-30E, USED AS A GAS INPUT WELL, SHALL BE PERMITTED TO TAKE THE LOST ALLOWABLE FOR SUCH INPUT WELL; BY DIVIDING SUCH LOST ALLOWABLE AMONG ASTON & FAIR - SCHEURICH STATE WELL NO. 3, NWSW 32-17S-30E, UPON THE SAME LEASE, AND THE FOLLOWING WELLS NOT UPON THE SAME LEASE: R. W. FAIR - KINFOLKS TRUST STATE WELL NO. 3, SNNW 32-17S-30E, AND ASTON & FAIR STATE WELL 65, SENW 32-17S-30E.

Pursuant to notice by the Commission, duly made and published, setting April 27, 1943, at ten o'clock, A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the Coronado Room, La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN J. DEMPSEY, Governor of New Mexico, Chairman
HON. JOHN M. KELLY, State Geologist, Secretary
HON. R. E. 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>
R. E. Adams	Cities Service Oil Co.	Bartlesville, Okla.
D. C. Albers	The Ohio Oil Co.	Midland, Texas
W. D. Mitchell	Gulf Oil Corp.	Hobbs, N. M.
G. H. Gray	Repollo Oil Co.	Midland, Texas
Floyd Brett	do	Ft. Worth, Texas
H. E. Berg	Tidewater Assoc. Oil	Midland, Texas
L. F. Shiplet	The Texas Co.	Midland, Texas
E. H. Holcomb	Great Western Prod., Ind.	Lubbock, Texas
Geo. P. Livermore	do	Lubbock, Texas
Francis C. Wilson	Wilson Oil Co.	Santa Fe, N. M.
Neville G. Penrose		Ft. Worth, Texas
Glenn Staley	Proration Office	Hobbs, N. M.
Leo Fry	Stanolind	Hobbs, N. M.
R. W. O'Neill	Phillips Pet. Co.	Odessa, Texas
D. R. McKeithan	do	Bartlesville, Okla.
Colin C. Rae	Skelly Oil Co.	Tulsa, Okla.
George W. Selinger	do	Tulsa, Okla.
H. B. Hurley	Continental Oil Co.	Ft. Worth, Texas
E. H. Griswold	N.M.P.U.	Midland, Texas
R. Van A. Mills	Continental Oil Co.	Ponca City, Okla.
C. C. Cragin	Western Gas	El Paso, Texas
W. B. Davis	do	Jal, N. M.
Bert Aston	Franklin Pet.	Roswell, N. M.
C. A. Scheurich	do	Clovis, N. M.
A. M. McCorkle	Lea Co. Oper. Com.	Ft. Worth, Texas
D. W. Bodie	Cities Service Oil Co.	Hobbs, N. M.
Edgar Kraus	Atlantic Refining Co.	Dallas, Texas
J. O. Seth	Lea Co. Oper. Com.	Santa Fe, N. M.
Guy Shepard	State Treasurer	Santa Fe, N. M.
Roy Yarbrough	State Oil & Gas	Hobbs, N. M.

Wilton E. Scott	Cities Service Oil Co.	Hobbs, N. M.
Fred M. Clement	Continental Oil Co.	Hobbs, N. M.
Leo R. Manning	State Land Office	
P. D. Groomon, Jr.	The Texas Co.	Midland, Texas
L. C. Thomas	The Texas Co.	Midland, Texas
John E. Miles		Santa Fe, N. M.
H. A. Kiker, Atty.	Southern Union Prod.Co.	Santa Fe, N. M.
Van Thompson	do	Dallas, Texas
M. C. Parrish, Jr.	do	Santa Fe, N. M.
C. C. Campbell	Texas Pacific Coal & Oil	Midland, Texas
O. F. Hedrick	do	Midland, Texas
Niven Baird	Ameridan Republics Corp.	Artesia, N. M.
R. V. Fitting, Jr.	Shell Oil Co.	Midland, Texas
J. D. Hudgins	State Tax Com.	Santa Fe, N. M.
R. S. Dewey	Humble Oil & Rfg. Co.	Midland, Texas
Ed Downing	Magnolia	Kermit, Texas
J. H. Moore	Shell Oil Co.	Hobbs, N. M.
F. E. Heath	Sun Oil Co.	Dallas, Texas
Frank Patten	P.A.W.	Washington, D. C.
John J. O'Malley		
M. Albertson	Shell Oil Co., Inc.	Houston, Texas
Foster Merrill	U.S.G.S.	Roswell, N. M.
Ernest A. Hanson	do	Roswell, N. M.
W. E. Hubbard	Humble Oil Co.	Houston, Texas
H. J. Kemler	Shell Oil Co.	Midland, Texas
A. E. willig	The Texas Co.	Ft. Worth, Texas
E. C. Dahlgrin	Interstate Oil Compact Com.	Oklahoma City, Okla.
S. P. Hannifin	Magnolia	Roswell, N. M.
D. A. Powell	Drilling & Exploration Co.	Hobbs, N.M.
Bond D. Jones	Geologist	Amarilla, Texas
G. H. Card	Stanolind O. & G. Co.	Ft. Worth, Texas
C. V. Milligan	Amerada Petroleum Corp.	Tulsa, Okla.

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, 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. 41

In the matter of the application of Aston & Fair, C. A. Scheurich, and Carl A. Hatch for an exception to Order No. 339, the Loco Hills Pressure Maintenance Order, in order that the owners of Scheurich State Well No. 4 upon the NESW 32-17S-30E, used as a gas input well, shall be permitted to take the lost allowable for such input well; by dividing such lost allowable among Aston & Fair - Scheurich State Well No. 3, NWSW 32-17S-30E, upon the same lease, and the following wells not upon the same lease; R. W. Fair - Kinfolks Trust State Well No. 3, SWNW 32-17S-30E, and Aston & Fair State Well 65, SENW 32-17S-30E. This case is set for 10 o'clock A.M., April 27, 1943.

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 March 29, 1943.

Given under the seal of said Commission at Santa Fe, New Mexico, on April 9, 1943.

OIL CONSERVATION COMMISSION

BY (Sgd) John M. Kelly
Secretary."

BY MR. LIVINGSTON: The Commission is now ready to proceed.

BERT ASTON,

being first duly sworn, to tell the truth, the whole truth, and nothing but the truth, testified as follows:

Governor, Members of the Committee, Gentlemen: It so happens that in the organization of the Loco Hills Pressure Maintenance program there were certain factors that probably were not handled as they should have been at the start, which is only natural in a cooperative of that type, and the outstanding injustices has to do with input wells. The wells used for input of gas should be, in some manner, compensated for the loss of the oil they would otherwise produce. The lease on the $N\frac{1}{2}SW\frac{1}{4}$ of 32-17S-30E was, in my opinion, the most flagrant case of injustice, and therefore we have proposed to the Commission that an equitable order be promulgated to cover that, in the hope that perhaps that might be a little in the right direction in other parts of the field, which might be suffering from the same injustices, and in order that equity might be more nearly done. I would suggest that the 160-acre base lease, which is a State lease covering the $S\frac{1}{2}NW\frac{1}{4}$ of 32-17S-30E and the $N\frac{1}{2}SW\frac{1}{4}$, being one basic State lease, be considered as a unit of 160 acres, and that the oil lost by virtue of using this well as an input well be distributed to other wells on that 160 acres, in such manner that no well would make up more than double its allowable. In other words, without the observation of the Commission and their knowledge, no well,-- the Commission would direct that these wells in

some equitable manner to make up the allowable, rather than one well, which has been the policy up until the temporary order was written, in express cooperation.

The organization is in favor of some such arrangement. From the production standpoint, we all know that when one well pulls double the capacity, the whole object of the pressure maintenance is defeated, because the object of pressure maintenance is equal pressure throughout the field, and if one bore hole pulls more than the other wells, the wells around would be hurt by unequalized pressure in that area.

BY MR. KELLY: Did the temporary order of this Commission, issued in January, help the situation?

A It seems to me it has. The immediate area under consideration seems to be one of the most effective pressure areas in the field.

BY THE GOVERNOR: And you are asking us to make permanent the temporary arrangement?

A To make permanent the temporary order, with the possibility that it might have to be equalized within the 160 acres at any time.

BY MR. RODGERS: The entire 160 acres is one lease?

A One basic lease, yes sir.

BY MR. KELLY: Any questions anyone wishes to ask the witness?
I move the commission take the matter under advisement.

Witness excused.

C E R T I F I C A T E

I hereby certify that the foregoing and attached three and a half pages of typewritten matter are a true, correct and complete transcript of the shorthand notes taken by me in Case No. 41, on the 27th day of April, 1943, and by me extended into typewriting.

Witness my hand this 6th day of May, 1943.

Esther Barton