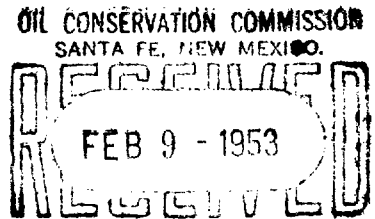


G. T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

February 6, 1953



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

Dear Jack:

In the ordinary case, when one prevails on a motion, it is best to have the order merely say that the motion is well taken and is sustained (on all or any grounds), but, in order that our question may be definitely determined, I thought it best to include in this order a statement of the grounds on which the Court sustains it. In that way we eliminate Ross Madole's contentious attitude about the sufficiency of the evidence, and pose the questions squarely for the Supreme Court to decide.

There is enclosed a copy of the suggested order, with similar copies circulated to Mr. White and Mr. Graham. After we are in agreement on the form, copies can then be circulated to Mr. Dow, Mr. Greve and Mr. Madole before presentation to Judge Harris.

It is my understanding that our discussion at the end of the hearing produced an admission from Ross Madole that for purposes of the motion he would not challenge the sufficiency of the evidence, but that if for any reason the case should be reversed and sent back to the District Court to be tried he would want, at that time, to withdraw any qualified admission as to sufficiency and be permitted to reopen that entire question. Mr. Greve was willing to stipulate as to the sufficiency of the evidence and to stand or fall on his argument of judicial review from a judicial determination. I believe, however, that Paragraph 7 accomplishes our purpose and preserves Ross Madole's question if it ever becomes available to him.

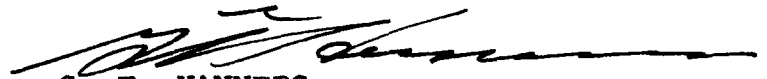
I have been delayed by other matters in the preparation

C O P Y

Mr. Jack M. Campbell  
February 6, 1953 - Page 2

of this order, and will appreciate your comments and suggestions  
at your earliest convenience.

Yours very truly,



G. T. HANNERS

GTH:mbg

CC:

Mr. L. C. White  
Gilbert White and Gilbert  
Santa Fe, New Mexico

Mr. George A. Graham  
Oil Conservation Commission  
Santa Fe, New Mexico

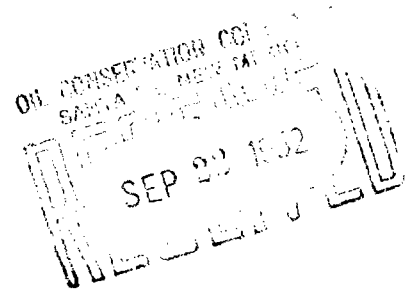
P.S. Chief Justice Lujan, in the recent case of  
Baca vs. Chaffin, No. 5484, decided January 28th, goes a little  
beyond Yarbrough vs. Montoya with his statement about "some  
evidence of probative value."

C O P Y

G. T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

September 17, 1952

M. J. UNDERWOOD



Mr. H. M. Dow  
Hervey, Dow and Hinkle  
First National Bank Building  
Roswell, New Mexico

Mid-Continent Appeal from  
Crossroads Spacing Order  
No. 9910, Lea County

Dear Mr. Dow:

In May I prepared a Motion to Dismiss the Mid-Continent appeal, and then L. C. White, George Graham and I attempted to work out a conference about the matter before the filing of my motion, but summer intervened and we generally decided to wait until fall before pressing the matter. Mr. White has prepared a motion in behalf of the Oil Conservation Commission, and I am suggesting to him that we get our motions filed and reactivate this law suit.

I have today filed my Motion to Dismiss, raising primarily the scope of judicial review, and the unconstitutionality of the statute as to the trial de novo features.

There are enclosed, four copies of the Motion for your use in distribution to your associate council.

Yours very truly,

GTH:erw

CC:

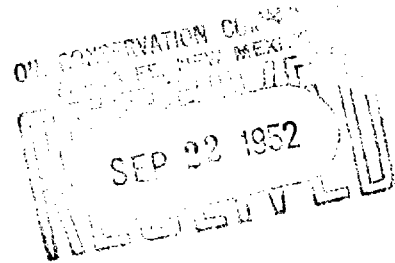
Mr. L. C. White  
Gilbert, White and Gilbert  
Santa Fe, New Mexico

Mr. George Graham  
Oil Conservation Commission  
Santa Fe, New Mexico

COPY

Case 149

September 17, 1952



Mr. L. C. White  
Gilbert, White & Gilbert  
Santa Fe, New Mexico

Mid-Continent Appeal from  
Crossroads Spacing Order  
No. 9910, Lea County

Dear Mr. White:

I believe it is time to proceed with our motions in the Mid-Continent case. I would have liked to conferred with you personally about the matter, but time and other matters have made it most difficult. I have, therefore, filed my Motion to Dismiss today, and I am enclosing a copy of the letter of transmittal to Mr. Dow.

Like you, I feel that the Court may become alarmed at the nature of the questions which the Mid-Continent petition seeks to review, but, if my motion is well taken, I think the Court will favorably incline to our view that no such extensive review was contemplated by the law, and that the Courts only function is to determine whether the Commission Order was supported by substantial evidence, and was within the authority of the Commission to make. Your Motion to Strike is well formulated, and I think it should be filed.

I am sending a copy of this letter to Mr. Campbell in order that he may formulate his plans for intervention.

I will be in Santa Fe within about a week, and will especially try to confer with you about these matters while I am there, but, in the meantime, I believe it best that our Motions get on the docket.

Yours very truly,

GTH:erw

CC:

Mr. George Graham ✓  
Oil Conservation Commission  
Santa Fe, New Mexico

C O P Y

Mr. Jack M. Campbell  
Atwood, Malone & Campbell

Case 149 Ks

Rec'd  
OCC-  
12-22-52

G. T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

EC 22 8 50 AM '52

M. J. UNDERWOOD

December 15, 1952

Mr. H. M. Dow  
Hervey, Dow & Hinkle  
Roswell, New Mexico

Mid-Continent and Magnolia Appeal  
Crossroads Spacing Case  
No. 9910, Lea County

Dear Mr. Dow:

In conversation today with Judge Harris, he advised me that he was setting the above entitled case for hearing on motions for Tuesday, January 27, 1953, at Roswell, and he asked me to advise all of you of such setting.

Yours very truly,



GTH:mb

CC:

Mr. L. C. White  
Oil Conservation Commission  
Santa Fe, New Mexico

Mr. Ross Madole  
Magnolia Petroleum Company  
Dallas 1, Texas

Mr. J. H. Crocker  
Mid-Continent Petroleum Corporation  
Tulsa 2, Oklahoma

Mr. George A. Graham ✓  
State Land Office  
Santa Fe, New Mexico

C O P Y

Case 149  
Wagon

**G. T. HANNERS**  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

April 19, 1952

M. J. UNDERWOOD

✓  
Mr. George A. Graham  
Oil Conservation Commission  
Santa Fe, New Mexico

Mr. L. C. White  
Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

On April 17th, I wrote H. M. Dow, at Roswell, about the defective service in the Crossroads case, and I have today discussed the matter with him by long distance telephone. He agreed that service of process on the Secretary of the Commission would be insufficient, or at least questionable. This morning he had additional process issued, and he will now serve the same on the Governor and the Land Commissioner.

He agreed for me to take the 30 days additional time that will be available under the new service of process.

I will communicate with you further as soon as I have completed my research on the law questions involved, and the availability of them by way of motion.

Yours very truly,



GTH:dlm

**C O P Y**

Case 149 K2

Rec'd  
OCC-  
12-22-52

G. T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

EC 22 8 50 AM '52

M. J. UNDERWOOD

December 15, 1952

Mr. H. M. Dow  
Hervey, Dow & Hinkle  
Roswell, New Mexico

Mid-Continent and Magnolia Appeal  
Crossroads Spacing Case  
No. 9910, Lea County

Dear Mr. Dow:

In conversation today with Judge Harris, he advised me that he was setting the above entitled case for hearing on motions for Tuesday, January 27, 1953, at Roswell, and he asked me to advise all of you of such setting.

Yours very truly,



GTH:mb

CC:

Mr. L. C. White  
Oil Conservation Commission  
Santa Fe, New Mexico

Mr. Ross Madole  
Magnolia Petroleum Company  
Dallas 1, Texas

Mr. J. H. Crocker  
Mid-Continent Petroleum Corporation  
Tulsa 2, Oklahoma

Mr. George A. Graham ✓  
State Land Office  
Santa Fe, New Mexico

C O P Y

Ugrr

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 7, 1952

Mr. G. T. Hanners, Attorney  
Lovington,  
New Mexico

Dear Mr. Hanners:

Mr. Graham asked me to relay the following information to you (in regard to your proposed conference on Case 149): that because of the Easter holidays, it was suggested that you might wish to be in Santa Fe the first week after Easter (April 13) - perhaps on the Monday or Tuesday following.

For George Graham

GG:mr

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**G. T. HANNERS**  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

April 4, 1952

Mr. George Graham  
State Land Office  
Santa Fe, New Mexico

Dear George:

Crossroads OCC Case 149

Process in Mid-Continent's appeal from the decision of the Commission in the Crossroads spacing matter has been served on the Sawyers and delivered to me for attention.

I will be glad to have a conference with you, Mr. White, Mr. Kellahin and Mr. Spurrier about the appeal in this case, because I have a theory I want to advance in opposition to the appeal. Your letter of April 3rd states that Mr. Macey will probably contact me over the week end, and I will be glad to confer with him about the matter. I will be in court on Monday and Tuesday, the 7th and 8th, and immediately thereafter I want to begin preparation for the defense of the Commission's order. I will at that time call you about the matter, and make arrangements for the conference between all of us.

Yours very truly,



GTH:dlm

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

April 3, 1952

Mr. G. T. Hanners, Attorney  
Lovington, New Mexico

Dear Tom:

RE: OCC Case 149

Charley White, Mr. Kellahin, Mr. Spurrier and I discussed yesterday the matter of appeal to the court taken by Mid-Continent and Magnolia. This office was served as of March 26, and we thought that in all probability you would wish to confer with us prior to the time the Commission responded to the pleadings.

Undoubtedly Mr. W. B. Macey, chief engineer of the Commission, will visit with you this weekend, and doubtless will carry your message to us as to when you might be in Santa Fe. If not, please let us know at your earliest convenience.

Very truly yours,

George Graham

GG:nr

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Y

U.B.M.

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

M E M O R A N D U M

C  
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Y

To: R. R. Spurrier and W. B. Macey  
From: George Graham  
SUBJECT: Case 149

Observing the material prepared in connection with the Crossroads matter, and in view of the statutes, I suggest that you cause a mimeograph to be prepared of Mid-Continent et al's petition for rehearing. This would be a great convenience to the legal staff in studying the court petition, for review preparatory for our answer.

G. G.

GG:nr

F

## 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.

# WESTERN UNION

W. P. MARSHALL, PRESIDENT

1201

## SYMBOLS

DL=Day Letter

NL=Night Letter

IT=Int'l Telegram

VLT=Int'l Victory Ltr.

The filing time shown in the date line on telegrams and day letters is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

LA04 -DA353 1

D=LLC359 PD=WUX DALLAS TEX 11 124P=

R R SPURRIER=

:OIL CONSERVATION COMMISSION SANTAFE NMEX=

=PLEASE AIR MAIL ME COPY OF ORDER IN CASE 149 AS SOON AS  
AVAILABLE=

:W E MCKELLAR JR MAGNOLIA PETROLEUM CO=

*Airmailed 3-11-52*

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

November 1, 1951

C  
O  
P  
Y  
  
Mr. Hiram M. Dow  
HERVEY, DOW AND HINKLE  
Roswell, New Mexico

Dear Mr. Dow:

RE: Case 149

The application of Mid-Continent Petroleum Corporation and Magnolia Petroleum Company for a rehearing on Case 149 has been received by the Commission and ordered filed as of October 31, 1951.

The rehearing will be scheduled by the Commission on December 19, which will allow us one day prior to our regular December 20 hearing. I will immediately prepare an order for the Commission granting the rehearing and suspending the effective date of Order R-100, as requested in your application.

With best personal regards, I am,

Sincerely,

JKmr

Jason Kellahin

cc: Mr. G. T. Hanners  
Stansell Building  
Lovington, N. M.

Mrs. U. D. Sawyer  
Crossroads, N. M.

# The Atchison, Topeka and Santa Fe Railway Company

EARL C. IDEN,  
Solicitor for New Mexico

## NEW MEXICO LAW DEPARTMENT

BRYAN G. JOHNSON,  
Attorney for New Mexico

Albuquerque, New Mexico,

November 1, 1951

File 17-33

Oil Conservation Commission  
Santa Fe, New Mexico

Gentlemen:

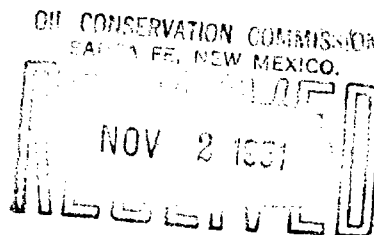
Santa Fe Pacific Railroad Company and Oil Development Company of Texas, which companies were parties in Case 149, In the Matter of Well Spacing in the Crossroads Devonian Reservoir, have been advised that Mid-Continent Petroleum Corporation and Magnolia Petroleum Company have filed an application for rehearing in connection with the Commission's Order No. R-100. We have examined this application and by this letter wish to inform the Commission that we do hereby join in this application for rehearing.

Very truly yours,

*E. C. Iden*

ECI:S

cc Mr. E. A. Paschal  
Mr. R. D. Lutton



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

October 16, 1951

Mr. G. T. Hanners, Attorney  
Stansell Building  
LOVINGTON, NEW MEXICO

Dear Mr. Hanners:

RE: Case 149

We enclose signed copy of Oil Conservation Order No. R-100,  
which derives from Case 149.

It is requested that you call this order to the attention  
of your client, Mrs. U. D. Sawyer. We will send her a  
confirming copy of the order as soon as it is prepared  
for our regular mailing.

Very truly yours,

Jason Kellahin, Attorney

JK:nr  
Ehcl.

EXECUTIVE OFFICE  
SANTA FE, NEW MEXICO

June 26, 1951, 195

Respectfully referred to

Mr. Dick Spurrier, Director  
Oil Conservation Commission  
Santa Fe, New Mexico

for such action and report as in his opinion  
may seem necessary.

E. L. M.

GOVERNOR

Remarks:

147  
Case file



OFFICE & RESIDENCE  
1306 PILE STREET

*Thank +  
For Dick Spennier*

A. L. GURLEY  
GENERAL BROKERAGE & REAL ESTATE  
P. O. BOX 211  
CLOVIS, NEW MEXICO

TELEPHONE  
DIAL-6934

JUN 18 '51

17 June 1951

Governor Edwin Mechem  
Santa Fe, New Mexico

Dear Sir:

When you were in Clovis on the 17 May 51, I ask the County Chairman to arrange a date for a few minutes with you relative to some very important business which I wanted to discuss with you. His answer to me was that you had a date in Santa Fe and could not spare the time at that time.

The business referred to was the decision on the hearing held in Santa Fe on March 21, relative to the respacing of the drilling on oil wells on Sec 27-33-34-35, Sawyer lease to the mid-continent and Gulf oil companies in the Crossroad field, Lea County, N.M. respacing from 80 acres to 40 acres as it is a matter of impossibility to make anything like the recovery from one well on each 80 acres and 40 acres is not what it should be as it has been the customary when heretofor by all companies to drill on 5 to 20 acres tracks and the agreements were reached on account of scarcity of supplies to drill on 40 acre track. Now the only retarding is the recovery of oil by them being allowed to drill one well on 80 acres tracks.

We hope to have your decision on these particular points at your earliest possible convenience.

Very truly yours,

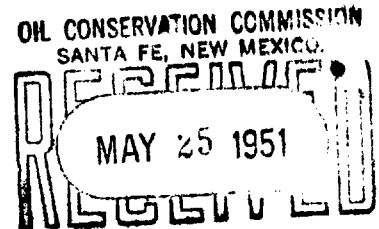
*A. L. Gurley*

A. L. GURLEY



G.T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

May 22, 1951



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

Dear Mr. Spurrier:

Case No. 149 - Crossroads

There is enclosed a suggested order for use by the Commission in disposing of the Crossroads Case No. 149.

It is my thought that unless the testimony affirmatively showed that the 80 acre pattern would accomplish the ultimate recovery of all recoverable oil from the pool, would efficiently drain the entire geographical area of the pool, would prevent waste, would be fair to the royalty owners in such pool and would protect correlative rights, then the operators have failed to justify the continuation of the 80 acre pattern. It is also my thought that not only have the operators failed to justify the continuation of the spacing pattern, but the evidence, particularly that with reference to the undeveloped portion of the north side of the field, affirmatively shows that the 80 acre pattern has not and will not prevent waste and has not and will not bring about the recovery of all of the recoverable oil in the pool or be fair to the royalty owners.

In preparation of the enclosed suggested order I have refrained from particularizing as to the deficiencies in the evidence, because if the evidence be deficient in any of the particulars above suggested or if it be deficient in any other manner, then the adoption of a blanket order such as I have suggested would be supportable by any one ground, but would not be so narrowly restricted. It is for that reason that I have made only one finding of fact, that the evidence submitted is insufficient to prove that the 80 acre exception should be further continued in effect.

I do not wish to appear presumptuous in this matter, but I thought it proper to explain my views in the

Mr. R. R. Spurrier  
May 22, 1951 #2

matter. If the Commission determines the case favorably to our contention, I will be glad to work with your legal department in the preparation of such final order as may be proper, and, on the other hand, if the Commission determines the case unfavorably to our contention, I will be glad to confer with your legal department about the preparation of any such final order.

Yours very truly,



G. T. HANNERS

GTH:igb

Encl.

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, ON ITS OWN MOTION,  
FOR THE PURPOSE OF RECONSIDERING:

ORDER NO. 779 MADE BY THE OIL CONSERVA-  
TION COMMISSION OF THE STATE OF NEW  
MEXICO IN CASE NO. 149 ON JULY 27, 1948,  
UPON THE APPLICATION OF MID-CONTINENT  
PETROLEUM CORPORATION, ESTABLISHING THE  
80-ACRE DRILLING PATTERN AND PRORATION  
UNIT FOR THE CROSSROADS DEVONIAN FIELD  
BELOW 12,000 FEET, LEA COUNTY, NEW MEXICO

CASE NO. 149

ORDER

BY THE COMMISSION:

This case came on for hearing before the Commission on November 21, 1950, pursuant to proper notice, at which time the operating companies Mid-Continent Petroleum Corporation, Magnolia Petroleum Company and Oil Development Company of Texas-Santa Fe Pacific Railroad Appeared by their attorneys and other representatives, and the royalty owners U. D. Sawyer and Dessie Sawyer appeared in person and by their attorney, and at which time other interested companies and individuals appeared by their attorneys or representatives; and, after due consideration of all evidence submitted, the Commission continued the case until further data and information be furnished by the operating companies; and this case then came

on for further hearing before the Commission, pursuant to proper notice, on March 21, 1951, at which time the same operating companies and royalty owners appeared by their attorneys and other representatives and at which time other interested companies and individuals appeared by their attorneys or representatives. The Commission, after consideration of all evidence submitted and the arguments of counsel and statements of interested parties, FINDS:

1. That the Commission has jurisdiction of the parties to and the subject matter of this case.

2. That Order No. 779 in Case No. 149, dated July 27, 1948, which provided for the 80 acre spacing pattern and drilling units in the Crossroads Devonian Field below 12,000 feet, was adopted and promulgated by the Commission as an exception to the general 40 acre spacing pattern and drilling unit as theretofore established and promulgated by the rules and regulations of this Commission.

3. That the evidence submitted is insufficient to prove that said Order No. 779 should be further continued in effect.

IT IS THEREFORE ORDERED:

That order No. 779 in this Case No. 149, dated July 27, 1948, be and the same hereby is cancelled, set aside and held at naught.

DONE at Santa Fe, New Mexico, this the \_\_\_\_\_ day  
of \_\_\_\_\_, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

\_\_\_\_\_ Chairman

\_\_\_\_\_ Member

\_\_\_\_\_ Secretary

May 11, 1951

C  
O  
P  
Y  
  
Mr. Tom Hanners  
Attorney at law  
Lovington, New Mexico

Dear Mr. Hanners:

In response to your telephone call to Mr. Utz, I wish to say that I do not feel free, without Mr. Dow's consent, to send you the single copy of the suggested order drawn by Mr. Dow.

However, we certainly would like to have your suggestions based upon the testimony given at the Crossroads hearing.

Sincerely,

bpw

Secretary and Director

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

May 2, 1951

C  
O  
P  
Y  
  
Mr. Tom Hanners  
Attorney at Law  
Lovington, New Mexico

Dear Mr. Hanners:

Since we have received only yesterday a version of an order for Case 149, being an order favoring 80-acre spacing, prepared by the law office of Hervey, Dow and Hinkle, we felt that it was only fair that you should be able to present your version.

Please advise.

Very truly yours,

RRS:bpw

Secretary and Director



G. T. HANNERS  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

May 5, 1951

Mr. R. R. Spurrier  
Oil Conservation Commission  
Post Office Box 871  
Santa Fe, New Mexico

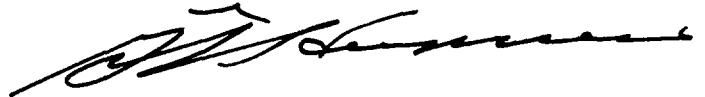
Dear Mr. Spurrier:

Case No. 149 - Crossroads

This will acknowledge receipt of your  
letter of the 2nd relative to the Crossroads  
case.

I will be glad to prepare and submit  
a proposed order for the consideration of the  
Commission and I will do so the early part of the  
coming week and forward the same to you.

Yours very truly,



GTH:igb

J. M. HERVEY  
HIRAM M. DOW  
CLARENCE E. HINKLE  
W. E. BONDURANT, JR.  
GEORGE H. HUNKER, JR.

WILLIAM C. SCHAUER

LAW OFFICES  
HERVEY, DOW & HINKLE  
ROSWELL, NEW MEXICO

April 30, 1951

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

Dear Dick:

In the same order that lawyers often draft Orders for Courts to file in cases, I enclose herewith a draft of the Order in the Crossroads Pool, providing the Commission adopts the theory of Mid-Continent, etc.

Of course, if the Commission does not adopt the Mid-Continent, etc. theory, it will write its own Order, but in event the Commission finds for us, we submit a proposed draft of the Order of the Commission.

Regards.

HERVEY, DOW & HINKLE

By

HMD:gb  
Encl.

*Have meeting on this  
with Gov. & Guy*

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  
RECONSIDERING:

*ok as to  
ferry only  
H. J. [unclear]*

CASE NO. 149  
ORDER NO. 779

ITS ORDER NO. 779 ENTERED ON  
JULY 27, 1948, IN CASE NO. 149,  
ESTABLISHING 80 ACRE SPACING  
AND PRORATION UNITS FOR THE  
CROSSROADS DEVONIAN POOL BELOW  
12,000 FEET IN LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter first came on for hearing before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", on November 21, 1950, at 10 o'clock a. m. in the city of Santa Fe, New Mexico.

On the 29th day of December, 1950, after the Commission had fully considered the testimony offered at the aforesaid hearing held on the 21st day of November, 1950, made and entered its order continuing said hearing to March 20, 1951, and the Commission in its said order of December 29, 1950, directed that further information be presented to the Commission.

On March 20, 1951, the Commission, by agreement of all parties, further continued the hearing until March 21, 1951.

The cause came on second hearing on March 21, 1951, in Santa Fe, New Mexico.

NOW, on this \_\_\_\_\_ day of \_\_\_\_\_, 1951, the Commission having before it for consideration all of the testimony adduced at the hearing held on November 21, 1950, and the hearing held on March 21, 1951, as well as testimony introduced July 15, 1948, and records and exhibits filed with the Commission subsequent to the month of June, 1948, and being fully advised in the premises:

FINDS:

(1) That on July 15, 1948, the Commission entered its original Order No. 779 in Case No. 149 after the discovery well had been completed in the Devonian formation in the Crossroads Pool at a depth below 12,000 feet in Lea County, New Mexico; that on said date, to-wit: July 15, 1948, other wells were in process of drilling to said Devonian formation in said

Crossroads Pool, but no such wells had been completed on the date the Commission issued its Order No. 779 in Case No. 149 on July 15, 1948.

(2) That the Commission retained jurisdiction in its Order No. 779, Case No. 149 for the purpose of issuing further and additional orders as might be necessary to meet changed conditions, ~~etc.~~

(3) That at the time the Commission on its own motion called a hearing for purposes of reconsidering its Order No. 779, the operators in Crossroads Pool, Lea County, New Mexico, had completed eight wells into the Devonian formation; five of which were completed as commercial producers of oil and three of which were completed as wells unproductive of oil and for that reason plugged and abandoned in the Devonian formation.

(4) That as a result of supplemental testimony adduced at the hearings held on November 21, 1950, and March 21, 1951, and records and exhibits then offered it appears that extensive geological and engineering studies have been made of the Devonian reservoir in the Crossroads Pool, Lea County, New Mexico; that cores from Devonian producing section have been taken, examined, studied and analyzed; that from time to time since completion of the discovery well in the field bottom hole pressures in the wells, both flowing and shut-in, have been taken by best recognized and most authentic methods now known to the industry; that the evidence, without contradiction, that such shut-in bottom hole pressures, according to the tests taken and the testimony offered, have remained practically constant in the reservoir; that the source of energy within the reservoir is an admitted active water drive; that the interference tests taken establish actual communication between wells by actual pressure measurements; all of which the Commission so finds.

(5) ~~(4-172)~~ Evidence before the Commission proved that one well will economically and efficiently drain eighty (80) acres in the Crossroads Devonian Reservoir.

6 ~~(5)~~ That from geological and engineering studies and tests made and conducted pertaining to reservoir conditions and performance in the Devonian section of Crossroads Pool, Lea County, New Mexico, from the time of the completion of the discovery well to the present time this Commission finds that the pool has been developed in an orderly and efficient manner without waste and without disturbance to correlative rights; that such plan of development will adequately and efficiently deplete and drain the reservoir of recoverable oil without committing waste; and without requiring directly or indirectly the drilling of more wells than are reasonably necessary to secure for each lessee, operator and royalty owner, his or its proportionate part of the production from the reservoir; all as provided for under the provisions of Section 3, Chapter 168 of the laws of New Mexico, 1949.

IT IS THEREFORE ORDERED:

(1) This Order applies only to the Devonian formation common source of supply in Crossroads Pool, Lea County, New Mexico, and located within the confines of the West One-Half ( $W\frac{1}{2}$ ) of Section 26, all of Section 27, East One-Half ( $E\frac{1}{2}$ ) of Section 28, East One-Half ( $E\frac{1}{2}$ ) of Section 33, all of Section 34, West One-Half ( $W\frac{1}{2}$ ) of Section 35, all in Township 9 South, Range 36 East, Lea County, New Mexico, and shall apply to any well drilled within or outside of the area spaced herein to the same common source of supply as an extension thereof. All wells hereafter drilled shall be on the pattern provided for herein.

(2) That 80-acre spacing and drilling units be established as hereinafter provided for the production of oil and gas from the Devonian formation underlying the area as hereinabove set forth.

?  
(3) That each governmental quarter section be divided into two rectangular spacing units by a line drawn through such quarter section, all as shown on a plat attached hereto, and made a part hereof, and marked Exhibit "A", with the wells to be drilled, one in the center of the northeast quarter and one in the center of the southwest quarter of each quarter section, all as shown on Exhibit "A"; however, if surface conditions justify, locations may be made within a radius of 150 feet from the centers thereof, provided further, however, that the units within a quarter section, as established by this order as shown on Exhibit "A", may be changed by agreement of the operators within said quarter section upon proper showing to the Commission.

?  
(4) That the allowable be assigned on the basis of proration units as herein established, and any proration unit of less than the normal one-half of a governmental quarter section as the result of an exception granted by the Commission after notice and hearing, shall be assigned an allowable in proportion to the assignable acreage of that unit as it bears to the normal one-half of a governmental quarter section.

✓  
?  
(5) That the daily oil allowable of a normal unit of one-half of a quarter section assigned to the discovery well and all other wells hereafter drilled and produced in accordance with the terms of this order shall be the proportional factor of 6.75 times unit allowable until such time as the Commission may issue such further and additional orders as may be deemed necessary.

(6) All rules, regulations and orders heretofore issued by this Commission which may conflict herewith are superseded.

(7) The Commission retains jurisdiction to grant exceptions to this order where necessary to protect substantive rights; and to regulate the flow of wells where necessary to

correct inequalities; all after notice and public hearing.

DONE at Santa Fe, New Mexico, this \_\_\_\_\_ day of  
\_\_\_\_\_, 1951, and effective this date.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## CLASS OF SERVICE

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# WESTERN UNION

1201

## SYMBOLS

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VLT=Int'l Victory Ltr.

W. P. MARSHALL, PRESIDENT

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R R SPURTER=

BOX 871 SANTAFE NMEX=

PLEASE ADVISE BY COLLECT TELEGRAM AS TO COMMISSION'S DECISION  
IN CROSSROADS WHEN SAME IS OFFICIAL. I SINCERELY APPRECIATE  
YOUR COURTESY AND COOPERATION IN THIS MATTER=

ED MCKELLAR MAGNOLIA PETROLEUM CO=

OIL CONSERVATION COMMISSION  
SA  
MAR 29 1951  
RECEIVED

10:50 a.m.

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

February 8, 1951

Mr. William E. McKellar, Jr.  
Magnolia Petroleum Company  
Dallas, Texas

RE: Case 149 - Crossroads Devonian pool

Dear Ed:

This is in reply to your letter of January 16 about which I have done considerable thinking.

Your first comment about Finding No. 2 is certainly correct.

The comment on Finding No. 3 you say: "...is completely erroneous in that detailed engineering testimony was presented at the hearing ...". Finding No. 3 does not say whether Magnolia presented detailed information or not, and I, therefore, believe that you are presumptuous in arriving at that conclusion.

As you know, this case has been one of the worst problems I have ever had. I feel that in controversies of this nature that it is well for the Commission to build as complete a record as possible. No criticism is intended -- or was intended -- of your presentation of testimony, but if the items are available, the Commission would like to have permeability and porosity figures, percentage saturation, direction of water drive, and any other pertinent reservoir characteristics which you have available.

If the Commission's findings and our Order No. R-45 reflected upon your presentation, then I certainly want to take this opportunity to apologize, for no reflection was intended.



Mr. William E. McKellar, Jr.

February 8, 1951

page - 2 -

The testimony which the various companies have presented since the very beginning of Case No. 149 has not been disregarded in the light of the fact that the spacing is still set at 80 acres.

If you come to Santa Fe for the February 20th hearing, I hope we can discuss this.

Sincerely,

RRS:bpw

Secretary and Director

# MAGNOLIA PETROLEUM COMPANY

A SOCONY-VACUUM COMPANY

## LEGAL DEPARTMENT

DALLAS 1, TEXAS

January 16, 1951

WALACE HAWKINS  
GENERAL COUNSEL  
EARL A. BROWN  
ROY C. LEDBETTER  
RAYMOND M. MYERS  
CHAS. B. WALLACE  
R. T. WILKINSON, JR.  
JACK VICKREY  
FLOYD B. PITTS  
SAM H. FIELD  
WILLIAM E. McKELLAR, JR.  
ASSISTANTS

Re: Case No. 149 - Crossroads Devonian Pool

Oil Conservation Commission of New Mexico  
P. O. Box 871  
Santa Fe, New Mexico

Gentlemen: Attention - Mr. R. R. Spurrier, Secretary

Your attention is respectfully directed to Order No. R-45 entered December 29, 1950, in the above-entitled cause. It is impossible to reconcile said order with the certified transcript of the hearing conducted before your commission at Santa Fe November 21, 1950. It is evident from the published findings of fact that the transcript reporter failed to furnish the commission with a complete record of the testimony which transpired at this hearing.

Finding No. 2 makes no mention of what disposition, if any, was made of Mid-Continent Petroleum Company's motion to dismiss. Finding No. 3 is completely erroneous in that detailed engineering testimony was presented at the hearing on Magnolia's Santa Fe 1-C well and on the Oil Development Company's Santa Fe well. Both these tests produce from the Crossroads Devonian formation. Yet your finding No. 3 states that "the testimony adduced at said hearing related only to Mid-Continent wells in the Crossroads pool . . . ."

It is certainly highly irregular to have qualified expert witnesses completely disregarded in matters of this nature. In the particular case No. 149, where the engineering testimony presented by all operators concerned was unanimous and uncontroverted in that 80-acre spacing in the Crossroads Devonian pool would prevent waste and preserve correlative rights, it is amazing to learn that this testimony was completely disregarded by the commission. Such a finding is extremely perplexing when viewed in light of the splendid

January 16, 1951

record which this commission has established from its inception.

Order No. R-45 makes no disposition of the basic matter involved in case No. 149, but summons the operators to appear before the commission on March 20, 1951. Inasmuch as Magnolia has appeared before the commission on two occasions and presented all the evidence which we had available on this pool, we are at a loss to determine what additional information is desired on March 20th. It would greatly aid our engineers and geologists in the preparation of their evidence if the commission would advise as to the specific questions they desire to be answered on this pool. On two previous occasions uncontroverted engineering data has been presented on Crossroads Devonian. Witnesses have been cross-examined by royalty interests and by the commission. However, it is apparent that the commission desires answers to additional questions, otherwise there would be no reason to again summon the operators to Santa Fe at a great expenditure of time, effort, and money.

I would greatly appreciate any enlightenment which the commission members, its staff, or attorneys would care to offer in this regard.

Yours truly,

*William E. McKellar, Jr.*

William E. McKellar, Jr.

WEM:jt

## CLASS OF SERVICE

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# WESTERN UNION

W. P. MARSHALL, PRESIDENT

1220

## SYMBOLS

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R R SPURRIER, SECTY=

OIL CONSERVATION COMM SANTA FE NMEX=

REFERRING TO NOTICE OF HEARING TO BE HELD NOVEMBER 21ST TO RECONSIDER ORDER NUMBER 779 WHICH PROVIDES EIGHTY ACRE SPACING FOR CROSSROADS DEVONIAN FIELD, LEA COUNTY, WE, AS PART OWNERS WITH MID-CONTINENT PETROLEUM CORPORATION OF LEASES IN THIS FIELD STRONGLY URGE THAT EIGHTY ACRE SPACING FOR DRILLING AND PRORATION BE RETAINED AND NO AMENDMENTS BE MADE TO ORDER 770. REDUCED SPACING WOULD INVOLVE RUINOUS EXPENDITURES FOR ADDITIONAL DEVELOPMENT AND WOULD BE PARTICULARLY BURDENSOME AT THIS TIME IN VIEW OF SHORTAGE OF CASING AND TUBING. FURTHER, IT WOULD NOT SERVE INTERESTS OF CONSERVATION, AS PERMEABILITY AND STRONG WATER DRIVE WOULD ENABLE ONE WELL TO EFFECTIVELY DRAIN EIGHTY ACRES. RESPECTFULLY URGE ORDER 779 BE RETAINED UNCHANGED=

DELTA GULF DRILLING CO J ZEPPA PRESIDENT=

21 779 770 779=

ILLEGIBLE

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

October 27, 1950

SANTA FE NEW MEXICAN  
Santa Fe, New Mexico

Re: Notice of Publication  
Cases 149, 237, 238,  
239, 240, 241, and 242.

Gentlemen:

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

UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment, please submit statement in duplicate, and sign and return the enclosed voucher.

PLEASE PUBLISH NOT LATER THAN NOVEMBER 7, 1950.

Very truly yours,

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

R. R. Spurrier  
Secretary-Director

RRS:bw  
encl.

October 27, 1950

HOBBS NEWS SUN  
Hobbs, New Mexico

Re: Notice of Publication  
Cases 149, 238, 239,  
240 and 241.

Gentlemen:

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

UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment, please submit statement in duplicate, and sign and return the enclosed voucher.

PLEASE PUBLISH NOT LATER THAN NOVEMBER 7, 1950.

Very truly yours,

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

R. R. Spurrier  
Secretary-Director

RRS:bw  
encl.

November 1, 1950

Mr. H. M. Dow  
Mr. Clarence E. Hinkle  
Hervey, Dow and Hinkle  
Roswell, New Mexico

Gentlemen:

In reply to Mr. Dow's wire of November 1, we enclose herewith, copy of the Application of U. D. Sawyer, and also additional copies of our Notice of Publication.

The Notice of Publication was mailed to you on Saturday, October 28, and we cannot understand why this was not received by your office.

Very truly yours,

R. R. SPURRIER  
SECRETARY-DIRECTOR

RRS:bw  
encls.

## CLASS OF SERVICE

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WESTERN  
UNION

1201

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W. P. MARSHALL, PRESIDENT

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R R SPURRIER=

OIL CONSERVATION COMMISSION SANTA FE NMEX=

PLEASE SEND US COPY OF SAWYER'S APPLICATION TO CHANGE SPACING  
FROM EIGHTY ACRES TO FORTY ACRES. ALSO COPY OF THE NOTICE OF  
HEARING WHICH WE UNDERSTAND HAS BEEN SET FOR NOVEMBER  
TAFITY-FIRST=

HIRAM M DOW=

*Aren't Hervey*

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE





# SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN  
VICE PRESIDENT

E. A. JENKINS  
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

November 17, 1950

H. J. GIBBONS  
CHIEF ENGINEER

G. W. SELINGER  
PRORATION ATTORNEY

J. H. McCULLOCH  
CHIEF CLERK

Re: Case 149

Hearing: November 21, 1950

Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Gentlemen:

We are in receipt of copy of notice issued for Case 149 for the purpose of considering Order 779 as it applies to the Crossroads-Devonian Pool, of Lea County, New Mexico. The notice is from the State of New Mexico to a number of parties and to other persons who may have an interest in the matter.

Skelly Oil Company drilled one dry hole in this field and was a party along with other operators in securing 80-acre drilling and proration units in this field which resulted in issuance of Order 779, dated July 27, 1948.

This notice, which we have recently received, states that Case 149 was being called under authority of Section 8 of Order 779, dated July 27, 1948, which section provides:

"The Commission retains jurisdiction in this case for the purpose of issuing such further and additional orders as may be necessary to meet changed conditions, preclude inequities and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon a public hearing, after notice as provided by law."

The notice calling the hearing for November 21st specifically states it is to re-consider Order 779, and that the Commission would rescind and cancel said order unless Mid-Continent or any other interested party should show good cause why the order should be continued further in effect. This is not in line with Section 8 of Order 779, since such order contemplates modifications only on changed conditions.

Skelly Oil Company, although having no present production in the field, is interested in the principal of the maintenance of a drilling and spacing unit in line with facts disclosed at a proper hearing. We believe those facts were indicated at the hearing held July 27, 1948. We are interested further in believing that the Commission does not expressly limit a proration unit to 40 acres regardless of the depth and other factors presented to it.

Section 13(b) of Chapter 168 of the Laws of 1949 provides:

"No owner of a property in a pool shall be required by the Commission directly, or indirectly, to drill more wells than are reasonably necessary to secure his proportionate part of the production. To avoid the drilling of unnecessary wells a proration unit for each pool may be fixed, such being the area which may be efficiently and economically drained and developed by one well. The drilling of unnecessary wells creates fire and other hazards conducive to waste and unnecessarily increases production costs of oil or gas or both to the operator and thus also unnecessarily increases the cost of products to the ultimate consumer."

From a procedural standpoint, if the hearing is called by the complaint of any interested party, we believe that Rule 1212 with respect to re-hearings would cover the matter, which rule of procedure is in line with Section 19(a) and (b) of the 1949 Act, and the burden would be upon the complaining party to introduce evidence to show of any changed condition since the issuance of Order 779 was supported by competent legal evidence at the July 27, 1948, hearing.

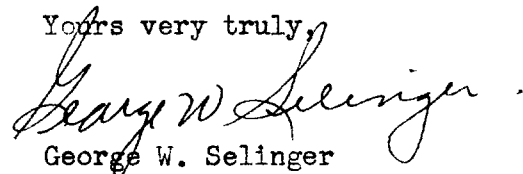
However, if the hearing is called by the Commission itself in the form of what we assume to be a show cause order it is, to say the least, most unusual, considering the fact that this order has been in effect in excess of two years and a number of wells, both producing and dry, have been drilled, and it would appear to be more of a re-hearing than one of rescission and cancellation, which certainly is not contemplated even under Section 8 of Order 779. This being true, the delay would appear to us to be one covered by Rule 1212 and Section 19(a) and (b) of the Act.

Our position, therefore, is that Order 779 became a final order subject only to modification of amendments based on changed conditions assuming the burden of indicating such changes rests upon the parties desiring such change. We believe that the Commission should not arbitrarily fix a limit of 40 acres as a proration unit for wells disregarding depth and other factors as a matter of principal in the state, and, secondly, we

November 17, 1950

firmly are convinced that if Order 779 is to be amended, same should be done only upon a showing by complaining parties that such order should be amended. We are opposed to any rescission and cancellation of existing spacing rules and substituting no spacing rules whatsoever. We, therefore, urge upon the Commission to continue Order 779 as established on July 27, 1948, and only modify and amend upon a proper showing in accordance with the Act, particularly Section 13(b), and the existing rules and regulations of this Commission.

Yours very truly,

  
George W. Selinger

GWS:ot

cc-Mid-Continent Petroleum Corp.  
Tulsa, Oklahoma

Mr. Dunlavey

# MAGNOLIA PETROLEUM COMPANY

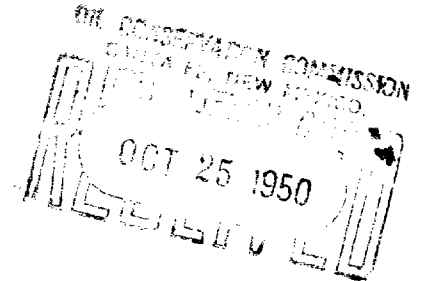
A SOCONY-VACUUM COMPANY

## LEGAL DEPARTMENT

DALLAS 1, TEXAS

WALACE HAWKINS  
GENERAL COUNSEL  
EARL A. BROWN  
ROY C. LEDBETTER  
RAYMOND M. MYERS  
CHAS. B. WALLACE  
JACK VICKREY  
R. T. WILKINSON, JR.  
FLOYD B. PITTS  
SAM H. FIELD  
WILLIAM E. MCKELLAR, JR.  
ASSISTANTS

October 23, 1950



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

Dear Dick:

Information has recently been received that a U. D. Sawyer and Dessie Sawyer have made application to the New Mexico Oil Conservation Commission to reopen the evidence in the matter of Case No. 140 and Order No. 779, July 27, 1948.

Magnolia Petroleum Company is strongly opposed to any action which will modify or rescind Order No. 779. In order that we may appear before your commission in this matter, I especially request that you mail me a copy of the hearing notice as soon as this case is set for hearing.

Yours truly,

*William E. McKellar, Jr.*

William E. McKellar, Jr.

WEMcK/bcb

October 16 , 1950

Mr. Pete Porter  
Oil Conservation Commission  
Hobbs, New Mexico

Dear Pete:

Evidently there was a misunderstanding on Case 149 among the legal department your office and our office. The order is not to be published; to remain in the case file only. Therefore, nothing will be circulated except the Sawyer application, which we are enclosing.

Thanks for reminding us of your dilemma.

Very truly yours,

bpw

Secretary and Director

# New Mexico

## OIL CONSERVATION COMMISSION

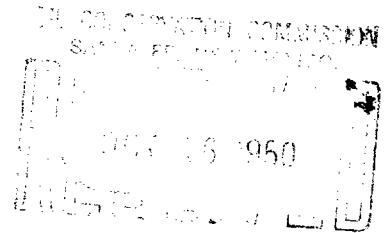
GOVERNOR THOMAS J. MABRY  
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD  
MEMBER

STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO  
October 11, 1950



Oil Conservation Commission  
Mrs. Betty Wistrom <sup>and</sup>  
Box 871  
Santa Fe, New Mexico

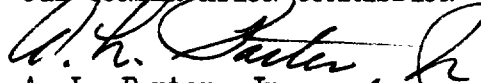
Dear Mrs. Wistrom:

Please refer to our letter of October 2nd with which we enclosed the material on Case # 149 for you to supply the dates and signatures and return to us.

We will appreciate your prompt attention to this matter as we would like to make distribution of this publication as soon as possible.

Yours very truly,

OIL CONSERVATION COMMISSION

  
A. L. Porter, Jr.  
Proration Manager

ALP/cd

New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY  
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD  
MEMBER

STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 1545  
HOBBS, NEW MEXICO  
October 2, 1950

Oil Conservation Commission  
Mrs. Betty Whistron  
Box 871  
Santa Fe, New Mexico

Dear Mrs. Whistron:

As per our telephone conversation of this date, I am returning herewith the publication to which I referred for signatures and dates. This publication has already been typed on stencils which are being held for the signatures and dates.

In accordance with your instructions we are inserting order number R-32 under case number 235 which has to do with the matter of application of E. B. Clark & C. B. Christie for designation of a gas pool.

Yours very truly,

OIL CONSERVATION COMMISSION

A handwritten signature in dark ink, appearing to read "A. L. Porter, Jr.", is written over the typed name.

A. L. Porter, Jr.  
Proration Manager

ALP/cd

# PHILLIPS PETROLEUM COMPANY

## PRODUCTION DEPARTMENT

C. P. DIMIT  
VICE PRESIDENT  
H. H. KAVELER  
ASS'T. TO VICE PRESIDENT

BARTLESVILLE, OKLAHOMA

March 15, 1951

L. E. FITZJARRALD  
GENERAL SUPERINTENDENT  
J. M. HOUGHIN  
ASS'T. GEN'L SUPT.  
H. S. KELLY  
CHIEF ENGINEER

In re: Hearing to Reconsider Order No. 779  
Set for March 20, 1951

The Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention of Mr. R. R. Spurrier, Secretary

Gentlemen:

The Oil Conservation Commission of the State of New Mexico has set for hearing on March 20, 1951, the matter of reconsideration of Order No. 779 in Case No. 149 entered July 27, 1948, establishing 80-acre spacing pattern and proration unit for the Crossroads Devonian Pool below 12,200 feet in Lea County, New Mexico.

As a lease owner in New Mexico and the owner of potentially productive acreage in the vicinity of the Crossroads Pool, Phillips Petroleum Company urges The Oil Conservation Commission of the State of New Mexico to retain the provisions of its Order No. 779 as issued on July 27, 1948. We respectfully submit that the Commission in this instance should give consideration to the depth of production, to the fact that the reserve in-place in the Devonian formation can be efficiently drained by one well to 80-acres, and that the drilling of more than one well to each 80-acres will, in our opinion, constitute an unwarranted use of steel in a very critical time of shortage.

We respectfully offer this statement to the Commission in support of the present 80-acre spacing order, with the additional thought that unless a well-spacing program suited to the conditions found to exist in the deep reservoirs in New Mexico can be obtained, there will be a decline in exploration for and development of those deeper reservoirs.

Yours very truly,

  
C. P. Dimit

CPD:MN

cc Mid-Continent Petroleum Corp.  
Tulsa, Oklahoma  
Attention of Mr. A. E. Pierce



NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder, of the following public hearing to be held November 21, 1950, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the Capitol (Hall of Representatives).

STATE OF NEW MEXICO TO:

Mid-Continent Petroleum Corporation  
Tulsa, Oklahoma  
Magnolia Petroleum Company  
Dallas, Texas  
Gulf Oil Corporation  
Tulsa, Oklahoma  
Santa Fe Pacific Railroad Company  
Amarillo, Texas  
Oil Development Company of Texas  
Santa Fe Pacific Railroad Company  
Amarillo, Texas  
U. D. Sawyer and Dessie Sawyer  
Crossroads, New Mexico  
To all other persons who may have an interest  
in the matters herein set forth:

Case 149 (under authority of Section 3, Order No. 779, dated July 27, 1948)

In the matter of the hearing called by the Oil Conservation Commission of the State of New Mexico upon its own motion for the purposes of:

1. Reconsidering Order No. 779 made by the Oil Conservation Commission of the State of New Mexico, in Case No. 149 on July 27, 1948, upon the application of Mid-Continent Petroleum Corporation, establishing the 80-acre drilling pattern and proration unit for the production of oil from the Devonian formation below 12,000 feet in the Crossroads Devonian Field of Lea County, New Mexico.
2. Rescinding and cancelling said Order No. 779 unless the Mid-Continent Petroleum Corporation, applicant for the aforementioned order, or any other interested parties, show good cause why the same should be further continued in effect.

GIVEN under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on October 27, 1950.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*R. R. Spurrer*  
R. R. SPURRER, SECRETARY

SEAL

ILLEGIBLE

# **MID-CONTINENT PETROLEUM CORPORATION**

GENERAL OFFICES TULSA 2, OKLA.

A. E. PIERCE  
VICE PRESIDENT

November 27, 1950

Subject: Additional Data requested  
at Crossroads Devonian Pool  
Hearing, November 21, 1950.

*Case 149*

State of New Mexico  
Oil Conservation Commission  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier, Secretary

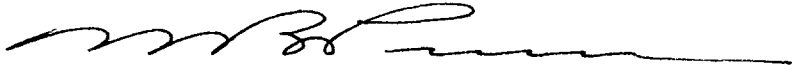
Dear Mr. Spurrier:

At the subject hearing, you no doubt recall, you requested that I send whatever additional data we might have in the way of porosity and permeability tests on our Devonian wells in the Crossroads Field.

We enclose a copy of these tests for your file. Only three samples were tests on the U. D. Sawyer "A" No. 1 and only seventeen samples were tests on the Dessie Sawyer No. 1. We did not core the U. D. Sawyer "D" and the cores taken from U. D. Sawyer "B" No. 1 were not in the Devonian.

Yours very truly,

MID-CONTINENT PETROLEUM CORPORATION



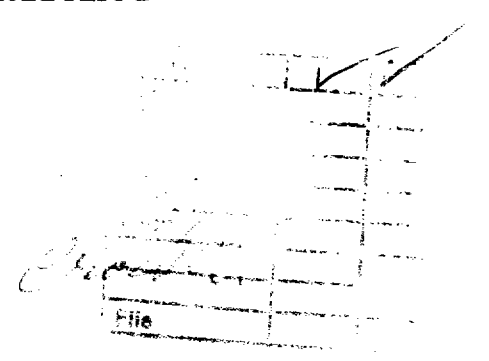
M. B. Penn

MBP:mp

# PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

March 15, 1951



In re: Hearing to Reconsider Order No. 779  
Set for March 20, 1951

The Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention of Mr. R. R. Spurrier, Secretary

Gentlemen:

The Oil Conservation Commission of the State of New Mexico has set for hearing on March 20, 1951, the matter of reconsideration of Order No. 779 in Case No. 149 entered July 27, 1948, establishing 80-acre spacing pattern and proration unit for the Crossroads Devonian Pool below 12,200 feet in Lea County, New Mexico.

As a lease owner in New Mexico and the owner of potentially productive acreage in the vicinity of the Crossroads Pool, Phillips Petroleum Company urges The Oil Conservation Commission of the State of New Mexico to retain the provisions of its Order No. 779 as issued on July 27, 1948. We respectfully submit that the Commission in this instance should give consideration to the depth of production, to the fact that the reserve in-place in the Devonian formation can be efficiently drained by one well to 80-acres, and that the drilling of more than one well to each 80-acres will, in our opinion, constitute an unwarranted use of steel in a very critical time of shortage.

We respectfully offer this statement to the Commission in support of the present 80-acre spacing order, with the additional thought that unless a well-spacing program suited to the conditions found to exist in the deep reservoirs in New Mexico can be obtained, there will be a decline in exploration for and development of those deeper reservoirs.

Yours very truly,

A handwritten signature in cursive script, which appears to read 'C. P. Dimit'.

C. P. Dimit

CPD:MN

cc Mid-Continent Petroleum Corp.  
Tulsa, Oklahoma  
Attention of Mr. A. E. Pierce ✓

Ex. 1



# SKELLY OIL COMPANY

PRODUCTION DEPARTMENT

J. S. FREEMAN  
VICE PRESIDENT

E. A. JENKINS  
GENERAL SUPERINTENDENT

TULSA 2, OKLAHOMA

H. J. GIBBONS  
CHIEF ENGINEER

G. W. SELINGER  
PRORATION ATTORNEY

J. H. MCCULLOCH  
CHIEF CLERK

November 17, 1950

Re: Case 149

Hearing: November 21, 1950

Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Gentlemen:

We are in receipt of copy of notice issued for Case 149 for the purpose of considering Order 779 as it applies to the Crossroads-Devonian Pool, of Lea County, New Mexico. The notice is from the State of New Mexico to a number of parties and to other persons who may have an interest in the matter.

Skelly Oil Company drilled one dry hole in this field and was a party along with other operators in securing 80-acre drilling and proration units in this field which resulted in issuance of Order 779, dated July 27, 1948.

This notice, which we have recently received, states that Case 149 was being called under authority of Section 8 of Order 779, dated July 27, 1948, which section provides:

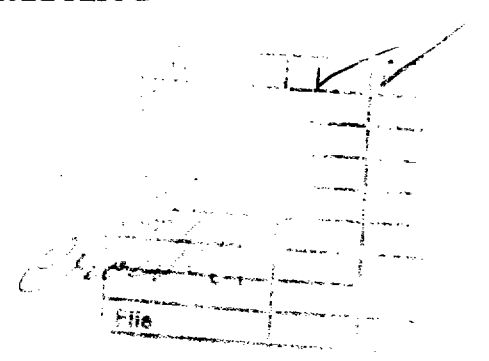
"The Commission retains jurisdiction in this case for the purpose of issuing such further and additional orders as may be necessary to meet changed conditions, preclude inequities and preserve correlative rights; all upon the motion of the Commission or upon the petition of any interested operator upon a public hearing, after notice as provided by law."

The notice calling the hearing for November 21st specifically states it is to re-consider Order 779, and that the Commission would rescind and cancel said order unless Mid-Continent or any other interested party should show good cause why the order should be continued further in effect. This is not in line with Section 8 of Order 779, since such order contemplates modifications only on changed conditions.

# PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

March 15, 1951



In re: Hearing to Reconsider Order No. 779  
Set for March 20, 1951

The Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Attention of Mr. R. R. Spurrier, Secretary

Gentlemen:

The Oil Conservation Commission of the State of New Mexico has set for hearing on March 20, 1951, the matter of reconsideration of Order No. 779 in Case No. 149 entered July 27, 1948, establishing 80-acre spacing pattern and proration unit for the Crossroads Devonian Pool below 12,200 feet in Lea County, New Mexico.

As a lease owner in New Mexico and the owner of potentially productive acreage in the vicinity of the Crossroads Pool, Phillips Petroleum Company urges The Oil Conservation Commission of the State of New Mexico to retain the provisions of its Order No. 779 as issued on July 27, 1948. We respectfully submit that the Commission in this instance should give consideration to the depth of production, to the fact that the reserve in-place in the Devonian formation can be efficiently drained by one well to 80-acres, and that the drilling of more than one well to each 80-acres will, in our opinion, constitute an unwarranted use of steel in a very critical time of shortage.

We respectfully offer this statement to the Commission in support of the present 80-acre spacing order, with the additional thought that unless a well-spacing program suited to the conditions found to exist in the deep reservoirs in New Mexico can be obtained, there will be a decline in exploration for and development of those deeper reservoirs.

Yours very truly,

A handwritten signature in cursive script, which appears to read "C. P. Dimit".

C. P. Dimit

CPD:MN

cc Mid-Continent Petroleum Corp.  
Tulsa, Oklahoma  
Attention of Mr. A. E. Pierce ✓

Ex. 1

Skelly Oil Company, although having no present production in the field, is interested in the principal of the maintenance of a drilling and spacing unit in line with facts disclosed at a proper hearing. We believe those facts were indicated at the hearing held July 27, 1948. We are interested further in believing that the Commission does not expressly limit a proration unit to 40 acres regardless of the depth and other factors presented to it.

Section 13(b) of Chapter 168 of the Laws of 1949 provides:

"No owner of a property in a pool shall be required by the Commission directly, or indirectly, to drill more wells than are reasonably necessary to secure his proportionate part of the production. To avoid the drilling of unnecessary wells a proration unit for each pool may be fixed, such being the area which may be efficiently and economically drained and developed by one well. The drilling of unnecessary wells creates fire and other hazards conducive to waste and unnecessarily increases production costs of oil or gas or both to the operator and thus also unnecessarily increases the cost of products to the ultimate consumer."

From a procedural standpoint, if the hearing is called by the complaint of any interested party, we believe that Rule 1212 with respect to re-hearings would cover the matter, which rule of procedure is in line with Section 19(a) and (b) of the 1949 Act, and the burden would be upon the complaining party to introduce evidence to show of any changed condition since the issuance of Order 779 was supported by competent legal evidence at the July 27, 1948, hearing.

However, if the hearing is called by the Commission itself in the form of what we assume to be a show cause order it is, to say the least, most unusual, considering the fact that this order has been in effect in excess of two years and a number of wells, both producing and dry, have been drilled, and it would appear to be more of a re-hearing than one of rescission and cancellation, which certainly is not contemplated even under Section 8 of Order 779. This being true, the delay would appear to us to be one covered by Rule 1212 and Section 19(a) and (b) of the Act.

Our position, therefore, is that Order 779 became a final order subject only to modification of amendments based on changed conditions assuming the burden of indicating such changes rests upon the parties desiring such change. We believe that the Commission should not arbitrarily fix a limit of 40 acres as a proration unit for wells disregarding depth and other factors as a matter of principal in the state, and, secondly, we

November 17, 1950

firmly are convinced that if Order 779 is to be amended, same should be done only upon a showing by complaining parties that such order should be amended. We are opposed to any rescission and cancellation of existing spacing rules and substituting no spacing rules whatsoever. We, therefore, urge upon the Commission to continue Order 779 as established on July 27, 1948, and only modify and amend upon a proper showing in accordance with the Act, particularly Section 13(b), and the existing rules and regulations of this Commission.

Yours very truly,

(Signed) GEORGE W. SELINGER

George W. Selinger

GWS:ot  
cc-Mid-Continent Petroleum Corp.  
Tulsa, Oklahoma

Mr. Dunlavy

*11/11/50*

**G. T. HANNERS**  
ATTORNEY-AT-LAW  
STANSELL BUILDING  
LOVINGTON, NEW MEXICO

September 27, 1950

Mr. George Graham  
State Land Office Attorney  
Santa Fe, New Mexico

Dear George:

Crossroads 80-acre spacing

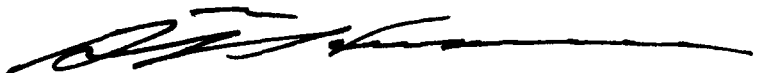
I have prepared and am here enclosing several copies of suggested Notice of Hearing in the Sawyer Crossroads 80-acre matter.

I have addressed the notice to all lessees within the Crossroads Devonian Field. The fee land is all owned by Sawyer except the railroad land. It is owned by the Santa Fe Pacific Railroad Company, and its operating Company seems to be the Oil Development Company of Texas. Magnolia Petroleum Company has leases on part of the railroad land. The Mid-Continent Petroleum Corporation is the principal party in interest, but the Magnolia and the Gulf hold some leases in the area, and the Santa Fe Pacific Railroad and its operating Company may also be interested in the matter. I think our notice runs to all the necessary parties.

I believe it would be proper for this or a similar notice of hearing be used. I think it would also be proper for the Commission to sign and file the Order which I left with your girl some days ago, and which Mr. Spurrier now has in his office. In this way, there would be a formal order on file directing that the hearing be had. I do not believe it would be necessary for anybody to be served with a copy of that Order, because the Notice of Hearing to all the interested parties gives them sufficient information of the purpose of the hearing.

If we are in accord about this matter, I will appreciate your delivering the enclosed Notice to Mr. Spurrier, along with your recommendation for their use. If there be any questions about the matter, I will be glad for you to call me by long distance about them.

Yours very truly,



GTH:hh  
Enc.

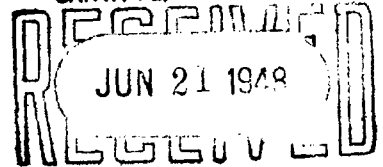


# MID-CONTINENT PETROLEUM CORPORATION

GENERAL OFFICES TULSA, OKLA.

A. E. PIERCE  
VICE PRESIDENT

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.



June 18, 1948

Operators in Crossroads Pool Area  
Lea County, New Mexico

Gentlemen:

Mid-Continent Petroleum Corporation has filed an application with the New Mexico Oil Conservation Commission regarding uniform spacing, proration units and allowable for the Crossroads Pool. We enclose a copy of the application for your files.

The date for the hearing, we understand, is tentatively set for July 15, 1948. It is our intention to have a meeting of the operators at 3 P. M. July 14, and we have arranged for a conference room at the La Fonda Hotel, Santa Fe, for this meeting. In case the date of the hearing is changed, the meeting will be held the day before the hearing.

Yours very truly,

MID-CONTINENT PETROLEUM CORPORATION

By

A handwritten signature in dark ink, appearing to read "A. E. Pierce".

A. E. Pierce, Vice President

MBP/rs

encl.

New Mexico  
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM  
CHAIRMAN

LAND COMMISSIONER GUY SHEPARD  
MEMBER

STATE GEOLOGIST R. R. SPURRIER  
SECRETARY AND DIRECTOR



P. O. BOX 871  
SANTA FE, NEW MEXICO

M E M O R A N D U M

To: R. R. Spurrier and W. B. Macey  
From: George Graham  
SUBJECT: Case 149

Observing the material prepared in connection with the Crossroads matter, and in view of the statutes, I suggest that you cause a mimeograph to be prepared of Mid-Continent et al's petition for rehearing. This would be a great convenience to the legal staff in studying the court petition, for review preparatory for our answer.

G. G.

GG:nr

*Were already talking on it  
upon*