

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
September 15, 1955

IN THE MATTER OF:

CASE NO. 278

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
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ALBUQUERQUE, NEW MEXICO

MR. MACEY: Section (b) on page 8 should read: "Within 30 days after the adoption of this order and thereafter, on or before January 31st of each year --".

MR. GURLEY: One other correction, in Section (c) of the same page, that word "five-year", I believe, should be deleted in the third line, because regarding the projection of the development of the plans, because down in the last sentence it says the projection shall not cover less than 3 nor more than a 5-year development program.

MR. MACEY: Section (c) should read: "Within 30 days after the adoption of this order and thereafter, on or before January 31st of each year, each potash operator shall furnish two copies of a projection of development plans in the form of a plat, which plat shall be for the confidential use of the Commission and for inspection by any affected oil or gas operator. The projection shall cover not less than 3 nor more than a 5 year development program."

Does anyone have any questions concerning these rules?

MR. WHITE: Mr. Charles White, representing the Texas Company. Under Article VII, the location for the wells, before the commencing of any drilling operations for oil or gas within the potash area, the well operator must first furnish a plat or map of the proposed well to all potash operators within a radius of one mile of the proposed location. If the potash operator objects, the matter is referred to the Secretary-Director of the Commission for the purpose of arbitration. If they cannot reach a satisfactory arbitration settlement, then the matter is referred to the Commission for hearing after due notice. This procedure is set forth in the last paragraph of that particular Section, and it appears to the Texas Company that

there is an undue and unnecessary burden being placed upon the oil operator. After written notice of intention to drill is given to all operators within a radius of one mile of the proposed well, any such potash operator could, without cause, object and unduly delay such drilling operation and possibly bring about a forfeiture of the drilling lease, although such potash operator may not intend to open mine his holdings for as long, possibly, as twenty years.

We believe that the potash operator within the area who has an open mine or contemplates such operations within a reasonable time should have and be given the right to voice his objections to such proposed well, but not one who merely holds a potash lease, and who has no intention of developing the same.

In order to avoid this injustice upon the oil operators, we respectfully submit to the Commission the following amendment for its consideration. This amendment would be added at the end of the first paragraph contained in Section VII. We would strike the period and insert a comma, and add the following: " -- and only a potash operator who has open mine workings or contemplates such operation within a radius of one mile of the proposed well, as evidenced by their development plan, shall have the right to object to such intention to drill."

By this amendment, notice of intention to drill shall be given to all potash operators, but only those operators who have open mine operations and intend to develop the property can enter an objection. We respectfully submit that amendment.

MR. MACEY: Does anyone have any objections of Mr. White? Does anyone have anything further in this case?

MR. MALONE: Ross Malone for Gulf Oil Corporation. Gulf

feels that the proposal that has been submitted by the Texas Company is a reasonable restriction upon the right to protest, and would contribute to the fairness of the operation of the rules; and therefore recommends to the Commission that it be adopted.

MR. MACEY: Anyone else? If nothing further, I would like to incorporate the revised rules as amended by Mr. Gurley's suggestion into the record in this case. We will take the case under advisement.

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C E R T I F I C A T E

STATE OF NEW MEXICO)
: SS.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF, I have affixed my hand and notarial seal this 20th day of September, 1955.


Notary Public - Court Reporter

My Commission Expires:
June 19, 1959.