

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Transcript of Hearing
October 25, 1951.

BEFORE THE
RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

BEFORE THE

OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

- - - - -

In the matter of the Special Joint
Hearing of the Texas Railroad Com-
mission and the Oil Conservation
Commission of the State of New
Mexico, on October 25, 1951.

)
)
) Case No. 316
)
)

- - - - -

Public Notice of Joint Hearing of the New Mexico Oil Conservation Commission and the Texas Railroad Commission for the consideration of problems of proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, and for consideration of adoption of Rules and Regulations relating to the commitization of small lots along the boundary common to both states into appropriate drilling units, proration in pools common to Texas and New Mexico, and other matters.

STATE OF NEW MEXICO TO:

All persons having any right, title,
interest or claim in the following
case, and notice to the public.

Public notice is hereby given that a joint meeting of the New Mexico Oil Conservation Commission and the Texas Railroad Commission will be held in Santa Fe, New Mexico, at Mabry Hall (new Capitol office building) at 10 o'clock a.m. on the 25th day of October, 1951, for the purpose of considering proration methods in oil and gas pools embracing lands within the States of Texas and New Mexico, commitization of small lots, and all other matters within the purview of the two commissions leading to the prevention of waste and protection of correlative rights, and for the purpose of issuing such Orders, Rules and Regulations with respect thereto, within the respective jurisdiction of either Commission, as the evidence presented may justify.

GIVEN under the seal of the Oil Conservation Commission
of New Mexico at Santa Fe, New Mexico, on September 28, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER,
Secretary

SEAL

- - - -

BEFORE: Hon. Ed Mechem, Governor
Hon Guy Shepard, Land Commissioner
Hon. R. R. Spurrier, Secretary
Hon. Ernest O. Thompson, Commissioner

R E G I S T E R

George F. Singletary
Railroad Commission of Texas

Jack K. Baumel
Railroad Commission of Texas

R. L. Boss
Gulf Oil Corporation
Roswell, New Mexico

Jack M. Campbell
Atwood, Malone & Campbell
Roswell, New Mexico

E. S. Grear
Gulf Oil Corporation
Box 787
Roswell, New Mexico

M. H. Soyster
U. S. Geological Survey
Hobbs, New Mexico

Foster Morrell
U. S. Geological Survey
Roswell, New Mexico

George W. Selinger
Skelly Oil Company
Tulsa, Oklahoma

J. N. Dunleavy
Skelly Oil Company
Hobbs, New Mexico

J. D. Cooper
Skelly Oil Company
Tulsa, Oklahoma

W. F. Bailey
Skelly Oil Company
Tulsa, Oklahoma

Stanley W. Crosly
Independent
Roswell, New Mexico

B. M. Keohane
Independent
Box 522
Roswell, New Mexico

Glenn Staley
N. M. Oil & Gas Eng. Co.
Hobbs, New Mexico

Lewis H. Bond
Stanolind Oil and Gas Co.
Forth Worth, Texas

Oliver Seth
Seth and Montgomery
Santa Fe, New Mexico

W. A. Scott
Shell Oil Company
Hobbs, New Mexico

R. B. Kelly
The Pure Oil Company
Fort Worth, Texas

Raybourne Thompson
The Pure Oil Company
Fort Worth, Texas

M. H. L. Keener
The Pure Oil Company
Fort Worth, Texas

Jack T. Duree
The Pure Oil Company
Fort Worth, Texas

Paul N. Colliston
Continental Oil Company
Houston, Texas

W. E. Hubbard
Humble O and R Co.
Houston, Texas

R. S. Dewey
Humble O and R Co.
Midland, Texas

Harvin L. Landua
Ralph Lowe
Box 832
Midland, Texas

Joseph D. Kennedy
J. C. Maxwell, Inc.
Fort Worth, Texas

Wm. E. Bates
The Texas Company
P.O. Box 1270
Midland, Texas

George Hirschfeld
~~N. M. Oil and Gas Engr. Comm.~~
Hobbs, New Mexico

E, P. Keeler
Magnolia Pet. Company
Dallas, Texas

S. P. Hannifin
Magnolia Pet. Company
Roswell, New Mexico

Brantley Jackson
Magnolia Pet. Company
Roswell, New Mexico

Homer Dailey
Continental Oil Company
Midland, Texas

R. S. Blynn
O. C. C.
Hobbs, New Mexico

Ross Madole
Aurora Gasoline Company Box 547
Roswell, New Mexico

G. D. Simon
Aurora Gasoline Company
Midland, Texas

Jack Shier
Aurora Gasoline Company
Midland, Texas

John M. Kelly
Independent
Roswell, New Mexico

Charles H. Corlett

Betty Wistrand
Oil Conservation Commission
Santa Fe, New Mexico

Eugene A. Chavez
Oil Conservation Commission
Santa Fe, New Mexico

Jason Kellahin
Oil Conservation Commission
Santa Fe, New Mexico
George Graham
Oil Conservation Commission
Santa Fe, New Mexico

- - - - -

NOTICE OF HEARING
PERTAINING TO OVERLAPPING FIELDS
BETWEEN THE STATES OF NEWMEXICO AND TEXAS

- - - - -

NOTICE IS hereby given to the public and all interested persons that a joint Hearing will be held at ten a.m., OCTOBER 25, 1951, in Mabry Hall, Capitol Building, Santa Fe, New Mexico, between the New Mexico Oil Conservation Commission and the Railroad Commission of Texas for the purpose of hearing evidence and determining what rules and regulations should be adopted by Texas and New Mexico for those fields that overlap from New Mexico into Texas and from Texas into New Mexico.

PURSUANT To said Hearing, the Railroad Commission of Texas will adopt such rules, regulations, and orders as in its judgment the evidence submitted may justify.

RAILROAD COMMISSION OF TEXAS
Olin Culberson, Chairman
Ernest O. Thompson, Commissioner
W. J. Murray, Jr., Commissioner

(SEAL)

MR. SPURRIER: The meeting will come to order, please. As you all know, this is a joint meeting of the Texas Railroad Commission and the New Mexico Oil Conservation Commission. The advertisement has stated what we are to consider here, and in the interest of time, I won't go into those details. And at this time, I would like to turn the meeting over to General Thompson.

GEN. THOMPSON: Thank you. It is a great pleasure, Governor, to come out here, gentlemen of the Commission, and sit with you co-operatively, in this joint enterprise. As everyone knows, but to be stated for the record, the Dollar-Hyde Field and the East Hobbs Field, and the Scarborough, and the P. S. L., are all presently extending over the line of both of the States of New Mexico and Texas, or approaching the point where they will extend across the line. So, in order that we may have uniform rules and regulations governing the recovery and the conservation of oil and gas in each separate state, the Governor of New Mexico has invited the Texas Railroad Commission to join with the Conservation Commission of New Mexico in this joint effort. This effort is authorized by law in the **Enabling Act** passed by the Congress approving the Interstate Oil Compact, which is a treaty between the oil producing states whereby each of them agrees to pass proper conservation laws as their legislatures see fit and keep those laws in effect in order to prevent waste in the production of oil and gas in any form. This Compact states specifically that the states may use jointly their police powers

in order to prevent physical waste in the production of oil and gas to the end that the greatest possible amount of oil and of gas shall be produced over the life of each respective field.

This meeting we are having here in this beautiful room today as guests of the State of New Mexico, and its Conservation Commission and its Governor, is an example of this co-operative effort that was contemplated when the Interstate Oil Compact was formed and approved by the Congress some 15 years ago.

In order that everyone may understand what we are doing here today, we are simply getting acquainted and meeting to contemplate an actual hearing on these fields that are across the state lines, or about to cross state lines, and there will come out of this conference here today a formal order ordering a hearing at a date and place made certain in the Notice of Hearing given timely, certainly ten days or more before the hearing, an order will be issued setting a hearing for these respective fields, probably all at the same time and place so that testimony can be adduced and presented on each field to the end that proper rates of flow and proper spacing patterns can be prescribed if they are not presently prescribed and satisfactory.

So, we contemplate that from this hearing a notice will go out specifically covering these various fields. The notice of this hearing today, you have a copy gentlemen of that, so that we could put the notice of the New Mexico Conservation

Commission and the Texas Commission both in the record at this point with your permission, so that the record will show how this effort has started and that it is the will of the two Commissions and the operators concerned that we have a further hearing. I am sure that will be agreeable.

We have the Federal Government represented here by Mr. Morrell, and I have asked him if he will be kind enough, and the Conservation Commission of New Mexico asks the same, to give us some observations. If you will be kind enough to do that we will appreciate it.

MR. MORRELL: Thank you, General.

GEN. THOMPSON: Just have a seat there in the place where your picture was taken.

MR. MORRELL: General Thompson and Governor Mechem and Members of the New Mexico Oil Conservation Commission and the Texas Railroad Commission:

As a representative of the Geological Survey, we feel that a joint meeting such as you are having at the present time to consider matters involving two states should be very advantageous to the operators and for the benefit and protection of interest of the respective states. To that end I think you should be congratulated.

GEN. THOMPSON: Thank you very much.

MR. MORRELL: As a matter of interest to the operators and to the respective Commissions, as to the position taken by the

Geological Survey, as represented through our Roswell office, we would like to introduce into the record and read for the benefit of the operators' representatives present at this hearing, a letter addressed by myself to the New Mexico Oil Conservation Commission and to the Texas Railroad Commission, dated August 31, 1951.

GEN. THOMPSON: We would love to have that in the record. Will you read it at this time for the benefit of those who haven't seen this letter.

MR. MORRELL: The United States of America owns the mineral rights to many lots as delineated by Public Land Surveys along the eastern portion of the State of New Mexico adjoining the state line between New Mexico and Texas. These lots extend usually one-fourth mile north and south and vary in width from 58 feet to 1,759 feet east and west. (That description of lots extends from 8 south to 26 south inclusive within New Mexico.) The lots vary in size from as little as 2.12 acres to more than 55.00 acres. Federal oil and gas leases have been issued for most of these lots under the Mineral Leasing Act of February 25, 1920 (41 Stat. 437), as amended.

In the interest of conservation of oil and gas, and of limitation in use of steel during the present emergency, it is desirable that satisfactory arrangements be initiated to avoid drilling of unnecessary wells, and at the same time protect correlative rights and equities involved.

This subject was previously reviewed during an informal conference with members of the two State regulatory bodies in Midland, Texas, several years ago but no decisions were reached. As recent discoveries of oil and gas have been made in Texas at locations 660 feet or less from the state line, some of which locations offset Federal oil and gas leases, it is desirable that definite plans be formulated to cover drilling and proration matters affecting these Federal leases at the earliest practical date.

As a practical approach to this subject, it appears to this office that the Federal leases in New Mexico should be operated and developed consistent with the general practices of the industry within New Mexico, and so far as possible consistent with the rules and regulations of the New Mexico Oil Conservation Commission. To this end it would seem best that the smaller lots be communitized with the adjoining full 40-acre tracts to the west. Where the lots are of medium size, possibly from 20 to 30 acres, it may be desirable to communitize two of such lots for a drilling and proration unit that would more closely approximate a normal 40-acre unit rather than to communitize such lots with the adjoining 40 acres and have an excessive amount of acreage comprise a drilling and proration unit. The larger lots could be considered as acceptable units for drilling purposes.

(That is the lots in the 20 to 30 acres category.)

In all cases involving individual lots or communitized lots,

it would seem proper that the proration allowable in New Mexico should be based on a factor being the ratio of the acreage of the lot or communitized tract to 40 acres, applied to the normal 40-acre allowable for the particular pool.

The difference in proration methods between the State of New Mexico and the State of Texas presents an additional problem. If legal and subject to reasonable administration, it would appear that a common oil and gas reservoir or pool embracing lands in the two states should be subject to the same proration rules and regulations. It has been suggested that if the pool or field is first discovered and developed in the State of New Mexico, that the extension into the State of Texas might be governed by the New Mexico proration schedules as adopted for that pool or field by the Texas Railroad Commission. Likewise, for a pool or field first discovered in the State of Texas and later extended into New Mexico, the New Mexico portion might be governed by applicable proration rules and regulations of the Texas Railroad Commission to be adopted by the New Mexico Oil Conservation Commission for that particular pool or field.

As we must take appropriate action to protect the Federal interests involved, this office suggests that the matter be given your earnest and early consideration, and that we be advised of your findings.

It may be desirable that the two State regulatory bodies hold a joint open hearing on the subject. Some informal discussions might also be informative and helpful. To this end

I shall be glad to discuss the subject with representatives of both Commissions at any convenient place, having in mind either Santa Fe or Roswell, New Mexico, Midland or Austin, Texas.

GEN. THOMPSON: Now, that letter will be made a part of this record of this hearing and gives the background for this hearing, which we deeply appreciate.

MR. MORRELL: With your permission, I have and will be glad to enter into the record one additional letter written by the District Engineer, M. H. Soyster of Hobbs, New Mexico, at my suggestion to Mr. R. S. Magruder, as applicable to a particular case.

GEN. THOMPSON: Yes, we would like to have it.

MR. MORRELL: Although this is not up for immediate consideration because there is no hearing/a particular problem.

GEN. THOMPSON: But it will pose the problem.

MR. MORRELL: Yes, it will pose the problem.

GEN. THOMPSON: And it can be covered by a specific hearing.

MR. MORRELL: This is the letter. The records of this office show that you are the owner of the above described Federal lease embracing Lots 1 and 2, section 33, T. 24S, R. 38E, 14.45 acres in Lea County, New Mexico and that these lands are now subject to drainage of oil by dually completed oil wells No. G-9 and G-10 Cowden of Cities Service Oil Company located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$, section 15, Block A-52, PSL Survey, Andrews County, Texas. Well No. G-9 is reported to have been

completed April 29, 1951, in the Devonian formation for an initial production of 810 barrels of oil per day from the interval 7890-7935' and on May 13, 1951, in the Clearfork formation for an initial production of 468 barrels of oil per day from the interval 6535-6690'. Well No. G-10 is reported to have been completed July 9, 1951, in the Clearfork formation for an initial production of 864 barrels of oil per day from the interval 6608-6754', and on July 10, 1951, in the Devonian formation for an initial production of 1104 barrels of oil per day from the interval 8000-8035'.

Please inform this office within 15 days of the receipt of this letter of your intentions as to compliance with the provisions of the above numbered oil and gas lease and with the Oil and Gas Operating Regulations regarding protection of the leasehold from drainage.

In view of the smallness of the tracts involved, drilling of wells thereon may not be permitted in the absence of an acceptable showing that the Federal interests could not be adequately protected by communitizing the lots with the two 40-acre tracts immediately to the west. In the interest of the conservation of steel during the present emergency, such action would prevent the drilling of unnecessary wells.

It is suggested that you make application to the New Mexico Oil Conservation Commission for a hearing to provide for an increased allowable based on the acreage of such communitized tract compared to a normal 40-acre tract. This increased

allowable would be the interest that you as leasee of Las Cruces 069752 would have in the two wells needed to be drilled in the E NW $\frac{1}{4}$, sec. 33 to protect that land as well as the subject lease from drainage by wells on the Cities Service Oil Company, Cowden lease.

Communitization agreements in general should be limited to single drilling units, that is a 40-acre tract plus a small additional lot. However, if you prefer, this Department has no objection to receiving and submitting to Washington for consideration a single agreement including two such drilling units involving normal 40-acre tracts in the same legal quarter section plus the adjoining lots if both units are considered proven acreage and include land in the same Federal lease.

GEN. THOMPSON: We are grateful for these two letters for they do pose the problem to be presented, and we assure^{you}/they can easily be met. The Government's interest is like any other land owners' interest, and it is to the interest of the Texas and New Mexico Commissions that every land owner be satisfied.

MR. MORRELL: That is right.

GEN. THOMPSON: We appreciate ever so much your appearance and accept our gratitude for your coming here.

Any operator who wishes to make a statement for this record, we would be glad to have it at this time. Don't all stand back. Anyone who wishes to make a statement for the record will be most welcome. We would also appreciate if you would write your name on a piece of paper and pass it to the reporter so

that you can have your name in this account of this meeting.

MR. RAYBURN THOMPSON: Mr. Rayburn Thompson. Governor Mechem, General Thompson, and Members of the Commission, I represent the Pure Oil Company, one of the operators in the Dollar-Hyde Field, which is very **imminently** extending over into the State of New Mexico. We feel that it is **most** important for a great many reasons, that the Texas and New Mexico Commissions agree to agree. We feel that you ought to have a pact on that, that regardless of the differences there might be between you in any particular field, that those differences will be so compromised that you will have uniform rules for the development and production from a field.

GEN. THOMPSON: Would it not follow, Mr. Thompson, if you will pardon the interruption, at a hearing where sound engineering data was given in testimony, that the two commissions, jointly meeting, would naturally arrive at the same conclusion?

MR. THOMPSON: Yes, sir.

GEN. THOMPSON: Under sound **testimony**.

MR. THOMPSON: Yes, sir.

GEN. THOMPSON: You may proceed.

MR. THOMPSON: I feel that is true. And, of course, when the reservoirs were laid down there were no state lines, and state lines shouldn't be in our opinion recognized as any reason for treating a **common** reservoir differently in different states. And we feel it is most important that uniform rules be adopted so that everybody will be protected in the common reservoir.

GEN. THOMPSON: You look with favor on this effort then.

MR. THOMPSON: Yes, sir. We feel not only should these two bodies have common rules so that each man will get his fair share of the oil, we think you should go further and see no one uses more than his share of the reservoir energy. I think you have said that conservation is the wise utilization of the reservoir energy.

GEN. THOMPSON: That is what the experts tell me.

MR. THOMPSON: Yes, sir. And we feel that you should give serious consideration to that. We hope that you will call a hearing on the Dollar-Hyde Field in the very near future to issue joint rules. We feel that some of the reservoirs already extend into New Mexico. We subscribe generally to what Mr. Morrell says, and we feel delay might cause delay in development along that line, which we don't like to see, and I know you all don't like to see. We are very pleased that the joint action has been initiated.

GEN. THOMPSON: Couldn't you even say that the Federal Government's attitude as that of a land owner is admirable?

MR. THOMPSON: It certainly is.

GEN. THOMPSON: So, it is a three-part meeting. Thank you Mr. Thompson.

Anyone else. This is a nice record to get in to. It won't cost a cent. The Court Reporter is taking it down. I hope you are all writing the names of the companies you represent and your address. Put your office address so that people can write

you. So that you will all be on the first page of the transcript.

Anyone else?

MR. SELINGER: General, after I sign the register, I will have something to say.

GEN. THOMPSON: All right, while we wait breathlessly.

(Laughter.) We have been honored, ladies and gentlemen, by the attendance this morning of Major General Corlett.

(Applause.) General will you rise. We are glad to have you here present very much. Us military men have to stick together.

Who else, while we are waiting for Mr. Selinger.

MR. SELINGER: I am now ready to speak since officially I am in the record.

GEN. THOMPSON: Give your name and representation.

MR. SELINGER: I am George W. Selinger, and I represent Skelly Oil Company.

GEN. THOMPSON: Your address.

MR. SELINGER: Tulsa, Oklahoma. Firstly, General, I want to say to the Governor and the New Mexico Commission as well that these lots Mr. Morrell is speaking about lie exclusively on the New Mexico side. I know of no such lots on the Texas side. The problem of the size of units is now under consideration by the New Mexico Commission with respect to the size. And also the method of allocation. I feel that probably the New Mexico Commission will probably come up with a very satisfactory answer

with respect to these lots that Mr. Morrell has talked about.

Secondly, I want to advise this Commission, both Commissions, that insofar as Dollar-Hyde and East Hobbs, of which our company has acreage and a producing well -- there is one well now in the process of completion in the Hobbs Pool on the New Mexico side of the East Hobbs Pool. It was completed, or in the process of completion by the Aurora Gasoline Company.

Thirdly, insofar as the Dollar-Hyde Pool is concerned, Skelly Oil Company has the only producing well on the New Mexico side. It is completed in the Ellenberger production, and our company is in the process of drilling some additional wells. The hearing, if it had gone into the merits would, in my opinion, would have been a premature one insofar as the lack of definite information on the New Mexico side was concerned. We too, look with much favor on particular hearings covering each field, but I will be frank to say so far as our company is concerned in the Dollar-Hyde, and I imagine the Aurora Gasoline Company is similarly situated with respect to the New Mexico side of the East Hobbs, that information is presently lacking as to any definite information to be presented to the Commissions.

GEN. THOMPSON: Do you anticipate it will be different from the characteristics of the Dollar-Hyde Field on the Texas side?

MR. SELINGER: General, in our opinion, on the Dollar-Hyde Field, particularly three or four reservoirs are separate and

distinct from the Texas side.

GEN. THOMPSON: A specific hearing would go into that in detail.

MR. SELINGER: Yes, sir.

GEN. THOMPSON: When do you think the hearing should be had?

MR. SELINGER: We have only one well on the New Mexico side. It will be 60 to 90 days before we complete additional wells on which we can give complete information to both Commissions.

GEN. THOMPSON: Your thought is the information is too meager at the moment for full consideration?

MR. SELINGER: Yes, sir, so far as the East Hobbs and Dollar-Hyde Fields are concerned. But we would welcome individual hearings on both fields, but we think there should be sufficient information, particularly on the New Mexico side, before your bodies can come up with any particular action.

GEN. THOMPSON: But you don't object to our having these preliminary clearing-the-way meetings like we have here today.

MR. SELINGER: No, sir, we think they are very good.

GEN. THOMPSON: And Santa Fe is a nice place to have them.

MR. MADOLE: General Thompson.

GEN. THOMPSON: Yes, sir.

MR. MADOLE: My name is Ross Madole, attorney of Hobbs, representing the Aurora Gasoline Company. We do not intend to inject anything into this hearing except to acknowledge the fact

that we are in accord with the general principle of meeting. And in view of George's statement, we wish to state we are fully in accord with the principle announced by Mr. Morrell and consented to by Mr. Thompson. And feel all we want is a fair share of the oil and that there should be uniformity from the Texas and New Mexico sides. And that the well in the East Hobbs Field, of which there is some questions as to what formation we are now in, is the beginning of a new pool for that particular area. In addition though, we are now in the process of -- will have spudded in today or tomorrow -- a Clearfork test, which is offset in Texas by production. And we feel that in view of the imminence of the question, the matter should be given immediate consideration. And that hearing, specific hearing, discussed this morning should be called at an early date.

GEN. THOMPSON: Anyone else. Please don't hesitate.

MR. CAMPBELL: Col. Thompson, Governor Mechem, and Members of the Commissions. Jack M. Campbell, Roswell, New Mexico, statement for the Gulf Oil Corporation.

Gulf Oil Corporation takes the position that at such time development indicates with reasonable certainty one or more common sources of supply crossing the state line between Texas and New Mexico, that an equitable formula for proration then be worked out. We recommend that once consideration of the problem is required there definitely be a common basis of
in Texas
spacing/and New Mexico. Gulf has no objection to communitization

with reference to irregular tracts along the state line now offset by production in the Dollar-Hyde Field, providing a fair and equitable basis can be worked out.

GEN. THOMPSON: Thank you very much.

Who will be next? Anyone that has the urge, please make your statement. Let's move right along. Mr. Baumel, will you explain about the tollerance feature we have in our rules and regulations? He is our Chief Engineer for the Texas Railroad Commission.

MR. BAUMEL: In Texas, in those fields mentioned at the start of the hearing, we had 40-acre units with 20-acre tollerance on the last well drilled. This permits any acreage which is less than 40, or if you have a 65 or 75 acres, you can incorporate that in the part of your tollerance and be given credit for that acreage. It is a pretty well-known fact that it is immaterial what allocation formula you have across the state line as long as each well will receive the same allowable on the unit to prevent drainage. That is all that really counts as to what allocation formula --

GEN. THOMPSON: Together with proper gas-oil ratios and other waste prevention features.

MR. BAUMEL: That's right. If we have the same gas-oil ratios and the same spacing and the same proration units, it will give the same allowable on both sides of the state line.

GEN. THOMPSON: You mean acres considered in the allowable,

each allowable for the acres.

MR. BAUMEL: Yes, sir.

GEN. THOMPSON: It would cover Mr. Morrell's formula.

Mr. Singletary, do you have an observation to make? He is one of our engineers.

MR. SINGLETARY: In the questions which will arise in the allowable across state lines, I might cite a specific example which recently happened between Louisiana and Texas. In Louisiana the allowable was considerably more than the allowable normally granted in the State of Texas. However, for this reservoir, which did extend across the state line, we granted an allowable equal to that, in effect, in Louisiana. It would be a matter of co-operation between the states.

GEN. THOMPSON: Thank you. Anyone else?

MR. MADOLE: Col. Thompson, as a matter for the record, if I might be permitted to ask Mr. Baumel a question.

GEN. THOMPSON: Yes. Stand up, Jack.

MR. MADOLE: In the area generally involved is the acreage ownership fairly uniform so that there would be, assuming that you followed the Texas rule, would there be any exception to Rule 37 in that particular area?

MR. BAUMEL: In that particular area of West Texas, the acreage is in sections of 640 and usually owned by one company. Rule 37 is involved only if you have acreage less than 40-acre proration units of spacing. And the spacing is 660 and 1320,

which means in the center of 40 acres. If you want an exception it would take 37.

MR. MADOLE: What I have particular reference to, is there any small ownership of land.

MR. BAUMEL: There is no small ownership in West Texas in these fields involved here.

GEN. THOMPSON: Anyone else? Speak right up. Anyone. Is it possible that so many people here and none will speak at all and get into the record. I stated awhile ago it is absolutely free. Would the Magnolia be willing to make a statement whether they like this plan or not, are we on the right track or not?

MR. KEELER: E. P. Keeler, Magnolia Petroleum Company. We are in agreement with the statement made by Mr. Thompson and we certainly believe that wherever we have a common reservoir overlapping the state line, such a reservoir should be treated under some specific set of rules and regulations that will apply to both sides of the line.

GEN. THOMPSON: Having each state adopt identical rules and regulations, that is what you have in mind?

MR. KEELER: Yes, sir. I think that is about all I have to say.

GEN. THOMPSON: The Humble.

MR. HUBBARD: My name is W. E. Hubbard for the Humble.

Humble is in full accord with the aims and purposes of you gentlemen.

GEN. THOMPSON: We would like to have a testimonial from anybody about these rules. Anyone else? Say something. If not this meeting is going to be over pretty quick. It looks like the purpose we came for is clearly outlined and there is no dissent. Mr. Spurrier, do you have something you wish to put in the record? Any comments or statement or anything?

MR. SPURRIER: None, except I think you have handled it in your usual expert style, General, and I think if there are no further comments, the meeting can be adjourned.

GEN. THOMPSON: Mr. Shepard.

MR. SHEPARD: No, sir.

GEN. THOMPSON: Is there no one else that wishes to get into this record. After every meeting the fellow says, Boy, I could have told them. Here is your opportunity. Continental Oil Company?

MR. COLLISTON: Paul M. Colliston representing Continental Oil. We would like to go on record as heartily endorsing the purpose and principles of this meeting.

GEN. THOMPSON: Anyone else?

MR. HANDYWAY: I am H. L. Handyway representing the W. H. Black Drilling Company. We have Clearfork production on the Texas side of the East Hobbs pool and we are certainly generally in accord with the uniform regulations and uniform ways of prorating allowables in this reservoir.

GEN. THOMPSON: We have present this morning Mr. Bryan of Houston Texas. I took him with me to the World Petroleum Congress in Paris, France, in 1937, as my technical adviser. He is a man that has followed the industry all of his life. Recently, this summer, I took him to the Hague to the Third World Petroleum Congress. Certainly he ought to be able to get up and say something.

MR. BRYAN: General, as you told the people, I just came for the trip and didn't expect to say anything. But I am certainly glad to see we have a good many people interested in the oil industry, and to see New Mexico and Texas co-operating in this matter as Louisiana and Texas have done and as has been done in Oklahoma and Kansas. I think it is exactly what the industry wants.

GEN. THOMPSON: Give them a word or two about the meeting at the Hague.

MR. BRYAN: Of course, the primary purpose of the meeting and the idea is -- I didn't know I was going to make this little statement, and I believe the General wants to leave at noon -- we had 2300 technicians registered at the Hague and others that did not. They were the people that work in the technical side of production and of course, refining and some marketing. There is a great deal of ~~valuable~~ information presented there. Papers by people from all over the world. Many from the United States, but also many from Europe. I think you people might be interested

in obtaining copies of them as they are released in the Fall. General Thompson had the privilege there of setting the tone for that entire meeting, which was most helpful. He pointed out we were there to discuss and exchange information concerning methods of operating all over the world, and not for political purposes. Well, that became most important very shortly because within the hour, the Russians marched in and wanted to know why their Government hadn't been invited. And fortunately we were able to say governments weren't invited but the oil societies were and their societies were invited to the meeting. G

GENERAL THOMPSON: And we did get 7 Russians in that night.

MR. BRYAN: Well, they got into the country but didn't quite attend the meetings. They sent men from the embassy to do that, but they never said a word. It was a difficult situation for awhile, but fortunately it cleared up in the morning and the meetings went off in a very pleasant way. The companies you represent had a great deal to do with entertaining and most of us had representatives there. So, your companies know about it and you know about it.

GENERAL THOMPSON: Thank you very much. Anyone else?

MR. SCOTT: W. A. Scott of Shell Oil Company. Shell would like to go on record as commending both Commissions for the thought behind this meeting, and we are in full accord with the position and feel certain a proper solution can be worked out for any field that may cross state lines.

GEN. THOMPSON: The Shell Home Office you know is there at the Hague, and they were the host in a measure to the World Petroleum Congress, and did a magnificent job of pleasing everybody. So many different languages and different views to meet by the Shell showed it was a worthwhile organization.

What is was was just a meeting like this, petroleum engineers, geologists and refiners and technicians of every conceivable sort. Those meetings are planned years ahead. The papers are submitted five or six months ahead to a group of Proctors. Nobody reads a paper or delivers a paper. The papers are read and submitted to the Proctors who familiarize themselves with the papers and quiz the authorities. It is a very intelligent way of getting to the meat of the papers. No time is wasted at all. They have various sections and only those interested go to these meetings. Maybe one hundred meetings going on simultaneously. Here sits the authority who wrote the paper at a table and those that want to quiz him come around and an interpreter is there, and any paper that interests you, you can go and talk to that man about the point that attracted your interest, or maybe you differed with him. So it was a new approach to discussion, and a very interesting one.

Anyone else? Any company or any individual who wishes to say something? We would like to have it. If not, we will ask His Excellency, the Governor, to close this meeting. Governor, will you honor us?

GOVERNOR MECHEM: General, we appreciate very much your coming here on this mutual problem. We know we can and will work it out. We have improved conditions considerably. And we will meet you at any time and place and discuss the matter and work out the problems confronting us. Thank you, sir.

GEN. THOMPSON: Thank you, Governor. It has been a pleasure to come here. We hope we can come as often as the situation arises, and Texas extends the same kind of invitation to its sister state. Thank you gentlemen. The meeting is adjourned.

- - - -

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

I HEREBY CERTIFY that the foregoing and attached transcript of hearing before the New Mexico Oil Conservation Commission and the Texas Railroad Commission, taken at Santa Fe, New Mexico, on October 25, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico this 13 day of November, 1951.

E. E. Guler
REPORTER