



Case 362 *KS*
Worm

SHELL OIL COMPANY

MIDLAND AREA

MAILING ADDRESS
P. O. BOX 1509
MIDLAND, TEXAS

GENERAL OFFICES
PETROLEUM BUILDING
MIDLAND, TEXAS

April 18, 1952

Subject: Case 362j - Extension of Hare-Simpson Pool

New Mexico Oil Conservation Commission
State Capitol Building
Santa Fe, New Mexico

Gentlemen:

With reference to the formal order to be entered in this case, under the agreement made at the hearing on April 15, 1952, that the matter of the final determination of the extension to the Hare-Simpson Pool there proposed might be deferred for six months and that Fullerton Oil Company, whose Federal Elliott No. 1 was drilled when it was more than one mile from the Hare-Simpson Pool, would recognize and operate under, during the interim, the Hare-Simpson allowable, we think that the problem of future wells that are located within one mile of the Fullerton Federal Elliott No. 1 but not within one mile of the limits of the Hare-Simpson Pool as they are now delineated will probably arise and should be considered in drafting the order. It occurs to us that the simplest way to deal with the problem would be to extend the Hare-Simpson Pool to include the lands described in the Commission's motion in this case but to provide expressly that this extension is a temporary one and that the matter will be considered further in six months. You will recall that when the agreement was being discussed, there was some discussion as to how the matter would be handled and that you said that you would take it under advisement. However, the above mentioned problem of wells that may be drilled during the six month deferment of a final disposition was not then called to your attention. We don't wish to quibble about the name under which the matter is handled, however, and as long as it is handled so as to cover the problem mentioned above, it will be satisfactory to us.

We are sending a copy of this letter to Mr. W. D. Girand, Jr., who represented Fullerton Oil Company in case 362j and made the agreement on its behalf so that he may know of this suggestion and make such contribution as he may wish to the solving of the problem mentioned.

Very truly yours,

SHELL OIL COMPANY

By

Richard L. Hughston
Richard L. Hughston, Attorney

RLH:MK

cc: Mr. W. D. Girand, Jr.
Hobbs, New Mexico

cc: Mr. W. A. Scott, Hobbs, N.M.

APR 21 1952

W. D. GIRAND, SR.

NEAL & GIRAND

LAWYERS
NEAL BUILDING
HOBBS, NEW MEXICO

April 24, 1952

Oil Conservation Commission of New Mexico,
State Capitol Building,
Santa Fe, New Mexico.

Attention: Mr. R. R. Spurrier.

In re: Case 362-J, Extension
of Hare-Simpson Pool.

Gentlemen:

The writer has received a copy of a letter addressed to you from Richard L. Hughston, attorney for the Shell Oil Company, making some proposals as to the handling of the above matter. The recommendation of Mr. Hughston is not acceptable nor does it conform with the statement made by the writer at the calling of the above case.

When the Commission called Case No. 362-J there was considerable discussion of the allowable of the Fullerton Federal Elliott No. 1 as against the allowable of wells located in the Hare-Simpson Pool. The writer announced to the Commission in open hearing that if Case No. 362-J were continued for six months and a temporary pool designation were made in Case No. 338 creating a temporary pool known as the Terry-Simpson Pool, that the Fullerton Oil Company would fix the allowable of the temporary pool at the present allowable of the Hare Pool.

We cannot consent to a temporary extension of the Hare-Simpson Pool to cover the Fullerton well. The Commission is fully advised that the principal question involved in the above case as well as in Case No. 338 is one of a reservoir condition, and it is our opinion and has been at all times that the Fullerton Federal Elliott No. 1 is in a distinct pool from the area now included in the Hare-Simpson Pool.

It is our opinion that a temporary pool designation should be made so that during the six month period of continuance of the temporary pool designation any wells drilled within the area designated as well as wells within one mile of the exterior boundaries thereof should be regulated by the allowable fixed for the temporary pool regardless of the completion depth of such well or wells. If this is not done, we can readily see the possibility of additional wells being completed at a depth equal to or greater than the Fullerton Federal Elliott No. 1 and the producer thereof seeking to procure or establish an allowable based on total depth, resulting in a penalty to the Fullerton Oil Company by reason of its voluntary reduction of its allowable.

We again urge the designation of a temporary pool known as the Terry-Simpson pool covering the area supported by the Fullerton Oil Company in the hearing in Cause No. 338 and upon the creation of this temporary pool, the Fullerton Oil Company will immediately recommend an allowable for the pool equal to the present allowable of the Hare-Simpson Pool, otherwise, we urge our motion for a continuance and a rehearing in Cause No. 338.

Respectfully submitted,

NEAL & GIRAND,

BY: 

G/lc

cc: Fullerton Oil Company, Hobbs, New Mexico,
Attention: Mr. Kenneth Midkiff;
Mr. Ralph Fitting, c/o Fitting & Jones, Attorneys at
Law, Midland, Texas;
Shell Oil Company, Midland, Texas,
Attention: Mr. Richard L. Hughston.