

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 17, 1961

PHONE CH 3-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

ALBUQUERQUE, NEW MEXICO

IN THE MATTER OF:)

Application of Shell Oil Company for an)
amendment of Rule 1114. Applicant, in)
the above-styled cause, seeks an amend-)
ment of Rule 1114 to provide for a re-)
vised Form C-115 to be used for manually)
prepared monthly production reports, and)
to provide for Form C-115-EDP to be used)
for reports prepared by mechanical data)
processing equipment as an alternative to)
the revised Form C-115.)

Case 2276

BEFORE: Mr. A. L. Porter
Mr. Murray Morgan

TRANSCRIPT OF HEARING

MR. MORRIS: Application of Shell Oil Company for an
amendment of Rule 1114.

MR. PORTER: As this case shapes up now, it appears
that Shell Oil Company and the Commission witness will put on
testimony, Shell preparing the machine reporting and Mr. Nutter
will go on the stand for the Commission Staff and testify con-
cerning the manual report which will be made out by the type-
writer. I'm not going to call for appearances in the case; of
course, that doesn't preclude testimony by anybody else who de-
sires to present it. I'm not going to call for appearances in



the case at the beginning, but you'll be given an opportunity to make a statement at the close of the case.

MR. LOAR: Mr. Chairman, I am J. A. Loar, attorney for Shell Oil Company from Midland. Mr. Oliver Seth has also entered an appearance in this case.

MR. PORTER: Yes, sir, Mr. Seth's letter has been entered in the case file.

MR. LOAR: We would like to call as our witness Mr. Joe Bailey.

MR. PORTER: Mr. Bailey, will you stand and be sworn?

(Witness sworn.)

JOE A. BAILEY

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. LOAR:

Q Mr. Bailey, for the record will you please state your name and your position?

A Joe Allen Bailey, employed by Shell Oil Company as a data processing specialist.

Q How long have you been employed by Shell in connection with data processing?

A For almost four years. I have been employed primarily in connection with the efficient use of electronic data

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processing equipment.

Q Will you state briefly your educational background for this type of work?

A I have degrees in mathematics, in physics from the University of Texas.

MR. LOAR: Mr. Chairman, are there any questions concerning the witness's qualifications?

MR. PORTER: His qualifications are acceptable.

Q (By Mr. Loar) Mr. Bailey, have you prepared, or have you had prepared under your supervision, the proposed form which Shell has asked the Commission to adopt for the electronic data processing?

A I have.

Q Have you also prepared a filled-in sample of such a form?

A Yes, I have.

Q Is the broken up form there on the board, is that an exact duplicate of the form that you have prepared?

A That's an enlargement of the form which we are presenting.

Q Are these copies of forms that you have referred to as having prepared?

A Yes, sir.

MR. LOAR: For the record, we would offer these into

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evidence if we may.

MR. PORTER: Yes, sir.

MR. LOAR: We have distributed copies to the interested people here.

MR. PORTER: Would you like to offer them in evidence at this time or at the close of his testimony?

MR. LOAR: We can wait until the close of the testimony.

(Whereupon, Shell's Exhibits A and B were marked for identification.)

Q (By Mr. Loar) First I'll ask you to summarize briefly, if you will, what economic benefits might result from the use of an electronic data processing in making such a report.

A Well, it's my opinion that through the use of a continuous form, and data processing equipment preparing the statements on that form, that we can, as producers, and the State of New Mexico also can realize savings both from a processing standpoint, that is fewer man hours required in extracting, in the case of the State, in extracting information off the form, and in the case of the producer supplying the information to the state.

I believe you'll find that a smaller volume of paper would be required by continuous listing of pool and leases on these forms.

Q Will you now, referring to the exhibit which I have just had marked as our Exhibit B, that is the form that has been

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filled in with a sample report, will you describe how the form will actually work and explain it, if you will, in general terms?

A As I visualize it, and as I recommend its use, we should like to print across the top in the spaces given for that purpose, the reporting company, address, the month and year and the page number. Then, in the body of the report print first the pool name and the county in which the pool is located, followed by the leases in alphabetical order under the pool, the pools being printed in alphabetical order.

Under each lease, then, on this form, we should print, as specified, the well number, the unit letter, section, township, range and well status in the column so provided. Should this lease have a state land lease number, or federal lease number, it would be printed in the column immediately to the left of that lease name.

Back to the well, reporting the well line, we would print the production, the liquids and gas only on a well basis, then, after reporting all the wells on the lease, we would take a lease total, printing the total lease production for both the liquids and gas and then use the columns on the right-hand half of the form for disposition.

In the example we have marked as Exhibit B, the Terry-Blinebry Pool is a case in which commingling is being done, so that the disposition of the oil on a lease basis is not made

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on the individual lease total lines, but, rather, we have a reference to the battery which is physically located on the Plumley Lease and is named the Plumley Battery. When the lease productions for this battery have been filled out completely, then we print the battery total and will, at that time, show the total liquids and gas produced, or run from that battery, as well as the disposition from the battery.

Then, we will continue printing on this same form on a lease basis as long as we have leases remaining in that pool. So, we will print the total number of leases in the pool, and I now refer to the second page of Exhibit B in which Taylor Glen is the last lease reported in the Terry-Blinberry Pool. We now immediately print a new field name, which, in this case, is the Townsend-Wolfcamp and repeat the process.

By reporting the field continuously, as shown in this exhibit, we avoid the amount of time that would be necessary to eject the page to the top of the next form, which, in the case, which in some cases in high speed printers we would be able to completely report the field concerned before we would be able to get to the top of the next page.

So, I recommend printing continuously one field after another without regard to going to a new form for each field.

Q By such a continuous reporting would you effect a considerable saving in paper and space and so forth?



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A Yes, in my opinion we would.

Q As distinguished from filing one separate sheet for each of these, that is reporting on a lease basis?

A That's correct.

Q And it would be your recommendation that the Commission, if this form were adopted, that the instructions for the use of it permit such continuous reporting?

A Yes. I would recommend that the instructions for the use of this form include the permission to report leases as shown in this example.

Q Now, as to the size of the form that you all have proposed, that would not necessarily fit all printing machines, would it?

A I would have to say that there's a good possibility that all printers would not be able to use this form. This form would be 14-7/8 inches wide and 11 inches deep, and would contain 114 print positions, which is well below current number of print positions on our printers. They're on a piece of equipment that had sufficient hardware to produce the form, would also have sufficient number of print positions to print the form.

Q Would it be your recommendation that the Commission authorize the filing of such a form in such size as would fit the machine which was doing the printing on it?

A Yes, I would. I would recommend submitting the copy



to the Commission in its continuous fan fold form just as it comes off the printer rather than it being detached.

Q What I meant to bring out was that we are not making a point about the particular dimensions of this form that we have here, the form could be used, could it not, in a little bit different size, of course, with the same columns and the same arrangement, it could be prepared in a different size to fit other type printing machines, is that correct?

A That's correct, but the 14-7/8 by 11 is a standard form, it could be reduced, well, it appears by several inches, and still fit some printers, but the 14-7/8 by 11 is standard.

Q Mr. Bailey, are you familiar with the monthly reports that are required to be filed with respect to federal lands, to be filed with the United States Geological Survey?

A I have looked at some of these forms, yes.

Q Do you know how Shell's office in Midland is now reporting to the United States Geological Survey office? Are they using the federal form or are they using the present C-115 form?

A I believe that I've seen copies of the C-115 which have been filed in lieu of the federal form that we're submitting to the United States Geological Survey.

Q Do you know whether or not other operators are also filing in the United States Geological Survey office the same way?

A It's my understanding that several others are.

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Q If this EDP form were approved, could it be used still to file the form substantially the same as the present C-115 for the purposes of filing with the United States Geological Survey office?

A Yes, I think the form could be used. We would have, of course, in this instance, I believe only one lease per page for any pool, but I can't see that this is any restriction. We would just, every time we would print a pool name and lease name we would print all the wells on the lease and instead of printing the next lease in the pool immediately afterward, we would merely eject the page and print the pool name and the new lease name out. So, it would be possible and quite easy to print one lease per page on this form.

Q Is this form also designed for reporting production on a lease basis as distinguished from a well basis, if ever that were permitted?

A Yes, sir. We have, some thought has been given to that in case that should arise. The column for lease name is such that it's long enough to print the lease name and there would be no interference to the right of that for the other columns on a lease basis. In other words, there on the Exhibit B, the example where we have lease total, if we were printing on a, purely on a lease basis, the lease name would appear there and the lease total, the values would be printed to the right on the same line.

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So, I can see no problem, I can see no need to change the form or adopt a new form, if that should be necessary at some later date, to show the lease reported.

MR. LOAR: I believe we have no further direct questions, Mr. Chairman. We would like formally to offer into the record our Exhibits A and B.

MR. PORTER: Without objection, Shell's Exhibits A and B will be admitted to the record.

Does anyone have any questions of Mr. Bailey?

MR. MORRIS: One question.

MR. PORTER: Mr. Morris.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Bailey, to clarify the record, you are proposing the revised Form C-115 EDP for reporting on a well basis and not a lease basis at this time, is that correct?

A That is correct.

Q And this form is to be used optionally as an alternative to the Form C-115 for manually reporting lease production?

A That is correct. We chose to submit an EDP form for that option because it's not necessarily the case that with electronic data processing equipment that a manual form is as efficient as an EDP form; it is designed specifically for that purpose.



Q The form that you are proposing does not change substantially the figures that would be reported under the present C-115, is that correct?

A Change substantially, let's see, some columns are added which are not on the other form, and, I believe, one column has been deleted; two columns have been deleted, one of which is gravity and the other of which is under and over production. In my opinion, this does not substantially alter the figures which we are currently reporting.

MR. MORRIS: Thank you, Mr. Bailey. No further questions.

MR. PORTER: Does anyone else have a question? Mr. Nutter.

BY MR. NUTTER:

Q Mr. Bailey, do some printing machines use paper wider than 14-7/8 inches?

A They are capable of using paper wider than that. In most cases we're privileged with using variable width paper, everything from something in the order of three and a half inches to a form greater than fifteen inches.

Q You stated that this form, as laid out here on your exhibit, had 114 print positions, is that right?

A That's correct.

Q Do some printers use a larger size type, that in order

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to get 114 print positions they would have to go to a wider paper?

A I'm not familiar with any of that nature. This is by many almost standard such as end type with standard typewriters. I think in most data processing equipment that the size of type is standardized. Now, let me stipulate that some printers have only 100 print positions and that's all they can print on one line, but most of this equipment that has only 100 print positions would not be, in my opinion, would not have the hardware necessary to accumulate the figures, would not have the counter positions necessary to accumulate these figures anyway, so that equipment, for the purposes of this machine, would be inadequate. I mean for the purposes of this form, inadequate.

Q Would it be reasonable for the Commission, in view of the filing problem, would it be reasonable for the Commission to limit the maximum size on which these forms could be used?

A Yes.

Q Say to 14-7/8 inches?

A Yes, I think that would be reasonable.

Q I think in your direct testimony you stated it might be possible to use a smaller size paper?

A Yes.

Q To get the same data on?

A That's correct. I point to the margins on either side of the form which we have used as an exhibit. You will notice

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margins on either side of the form that are not used at all. The reason we do have the wide margins is to take advantage of the 14-7/8 by 11 standard form size.

Q The blocked in area is a little bit larger than 11 inches, isn't it, Mr. Bailey?

A That may be due to the reproduction of these forms itself, but the actual size would be 11 inches.

Q It would? A Yes.

Q Of the blocked-in area?

A In depth, pardon me.

Q The area which is outlined by the line on your form, would that be 11 inches maximum width?

A No. That is not the 11 inches. The 11 inches is from the top of the page to the bottom and the 14-7/8 would be from the heavy dark line on the left to the outside heavy dark line on the right.

Q Now, another thing I wanted to ask you, Mr. Bailey, would it be your proposal, in running these things through the machine, that you would complete one county and then go to the next county and list the pools in each county alphabetically or would you list all your pools alphabetically and lease alphabetically without regard to county?

A Well, we would do this as per the instructions of the Commission. It could be handled either way with equal ease, and



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this would be at the convenience of the Commission.

MR. NUTTER: I believe that's all, thank you.

MR. PORTER: Mr. Kellahin.

MR. KELLAHIN: Jason Kellahin for Continental Oil Company.

BY MR. KELLAHIN:

Q Mr. Bailey, would you recommend that the Commission furnish these forms or would you anticipate that each operator would furnish his own forms?

A Well, you put me on the spot here.

Q Well, let's rephrase the question.

A I wasn't qualified for that question.

Q I don't want to put you on the spot. Could I ask you this question, then, on the basis of your experience with data processing equipment, would you find that the columns would exactly coincide for each type of equipment or would there have to be an adjustment later on?

A I think we should be safer having each reporting company provide their own forms just for that very reason. I agree with you that there is a possibility that the actual print positions might not line up exactly. We are speaking of some pretty critical values here as far as spacing is concerned.

MR. PORTER: Would you like for me to answer that question, Mr. Kellahin?

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MR. KELLAHIN: No, sir.

MR. PORTER: To clear it up, Mr. Kellahin, we anticipated, we have had a lot of discussion of this, that those who reported on machines would supply their own forms for the very reason that you are attempting to bring out here. It would be very very difficult to print the forms on the kind of equipment we have anyway.

Any further questions? The witness may be excused.

(Witness excused.)

MR. PORTER: Mr. Nutter.

(Witness sworn.)

DAN NUTTER

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Will the witness please state his name and position?

A Dan Nutter, Chief Engineer for the Oil Conservation Commission.

Q Mr. Nutter, in connection with this application of Shell Oil Company for a revised Form C-115 for mechanical data processing equipment, have you taken the opportunity to revise our existing Form C-115 that is used for reporting the monthly production manually?



A Yes, sir, I have.

Q Have you prepared your revised Form C-115 as an exhibit?

A Yes, sir, I have. At the outset I would like to say that I'm not particularly advocating the adoption of this form. My entire testimony is directed with the thought that if the Commission should see fit to adopt this style of reporting, this format of the C-115 for the machine accounting, then it would possibly be also adaptable to typewriter prepared forms.

Shell, in their application, has taken the C-115, they've omitted a couple of columns, being gravity, method of determining how much oil came from each well on the lease, whether it's been test, meter or estimate, how much water came from each well, whether by test, meter or estimate or drawoff. They have also omitted the gravity from the form and the total capacity of the storage tanks on the lease.

Now, I'm assuming that if the Commission should see fit to adopt the form with those omissions, that it might also see fit to adopt the typewriter C-115 with the, more or less the same format.

Q At this point let me ask you your opinion as to whether the deletions from our present C-115 can be made without sacrificing essential information from our files.

A Yes, sir, I think they more or less can. I have got some copies of C-115's, the old form here for the Commissioners,

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and on that form I have encircled in red the things that are omitted from the C-115. The county isn't there, I think as long as the township and range and the section number of the well is given, we pretty well know what county it's in.

The gravity, of course, is circled in red. This gravity is not always an accurate figure. Whether that's cause for it to be omitted or not I don't know. As I mentioned before, the method of determining production of oil and water for each well is omitted and the capacity of the lease storage tanks is circled in red. That lease storage tank figure is not essential. Shell also, in their form, and we have also omitted the overproduced underproduced status of the lease, the reason for this being that the Commission in there, the production or the status of the lease, does accept this figure anyway. It's a computation that's determined by the computer that the Commission has, and there's no point in putting it on there if it's not being used.

I would like to go into this C-115 which we have prepared for typewriting reporting. Mr. Bailey had 114 print positions on his machine. We have taken an 8½ by 11 piece of paper and we only get 88 printing positions on a pica size typewriter, which we have to size the thing to, because a lot of people do have the large size type on their typewriters. We couldn't use all of the columns that Shell had on their form because of this 88 plus typewriter positions that we have got, so we've omitted a

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couple of columns that Shell carries on their form.

The first one that we had to omit was the column of gas lift under disposition of gas. So, we feel that gas lift gas could be included in the column on there, and down at the bottom of the form we have included an additional gas disposition code being G for gas lift. Some of you might not have the form which we finally prepared. We do have available for distribution two kinds, the one that doesn't have the examples filled in on it and the one that has examples filled in. The one that has the five leases on the one form is the one that we're considering. It's a revision of the previous revision.

We also ran into a little shortage of space in disposition of oil, so we omitted barrels to pipeline and barrels to truck and changed it to barrels to transporter. The transporter is coded into a three digit column and you can tell by the name of the transport whether it's a trucker or pipeline anyway. I don't think there's any necessity for breaking it down into whether it's barrels to pipeline or barrels to trucks.

On the example that we've prepared we have five leases here which can be included on one sheet of paper. I have given the Commission five C-115's which would have to be prepared, five separate sheets of paper under the existing C-115. All five of those are consolidated on one form here. John Smith, the chief clerk, had to sign five pieces of paper here he has to sign one

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on this one.

I believe that outside of savings in work to the operators that there will be a savings in work to the Commission, people that file, tabulate, punch and assort these C-115's. There also should be a substantial savings, as Mr. Bailey pointed out, in paper by the adoption of a form similar to this.

Q Mr. Nutter, do you propose that the -- maybe I am going to put you on the spot here. Do you propose that the Commission furnish the Form C-115 for manual reporting as they have in the past?

A Yes, sir. Right now the Commission is printing approximately 40,000 C-115's for distribution every month, and I think they can decrease that number of forms that have to be printed considerably. I think the Commission should furnish the one for typewriter preparation but not the one for machine preparation.

Q You are recommending merely a change in the Form C-115, you are not recommending that we go to lease reporting base your--

A My example has production by wells on it.

Q Do you have anything further you would like to add to your testimony?

A Yes, sir. Since this is a radical departure from the standard or the old customary way of reporting production, I think maybe it ought to be on a trial basis. Therefore, I would recommend to the Commission that if they could adopt this for

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say one company that would be willing to try the form out for a period of maybe three months to determine how it will work before we print up a hundred thousand of the things to distribute to the industry, and everybody go into the use of the form and find out it doesn't work. I think it would be fair to try it out on a trial basis. That would apply to the typewriter form is what I'm talking about, that it be put on a trial basis. Maybe the other one should be put on a trial basis, I don't know. For the typewritten form I would recommend that one company try it for three months before it would be adopted by the industry.

Q Do you have anything further?

A No, sir.

Q Did you prepare Exhibit No. 1?

A Yes, and also 2 A, B, C and D.

Q You intend to offer those as exhibits also?

A Yes.

MR. MORRIS: At this time we offer Exhibits Nos. 1 and 2 in evidence. That concludes the direct examination.

MR. PORTER: Without objection the exhibits will be admitted. Does anyone have any questions? Mr. White.

MR. WHITE: Charles White, representing Texaco.

BY MR. WHITE:

Q As a matter of information, how does the Commission file the C-115 reports, by lease or by pool?



A They're filed by companies.

Q Assuming the Commission adopts the proposed forms when the Commission sends out the monthly reports to the operators, the IBM reports, how do you plan to extract the data and how will that be reported?

A How is that again?

Q When the Commission sends out the monthly reports to the operators on the IBM sheets, how do you plan to extract the data and how will that be, by pool or lease?

A How do you mean that?

MR. PORTER: I think he means the statistical book which is published by the Engineering Committee.

Q You send out the IBM and then we get the printed copy from the Commission, as I understand it?

A The Commission computer tabulates the storage and the status of the well. They make plates which they furnish to the oil and gas engineering company, which in turn prepares the statistical report.

Q Will it be reported in the same manner?

A No, sir, it actually isn't, it's arranged by pool. Well, first of all by county and by pool, by operator and by lease alphabetically.

Q That would be, that means it would be continued in the future under the new system?

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A Yes, I presume it would be.

MR. WHITE: Thank you.

MR. PORTER: Mr. Bauer, as the head of our machine department, do you see the necessity for any change in the order of the information, Mr. Bauer?

MR. BAUER: From the operator or in our presentation?

MR. PORTER: No, Mr. Bauer, in the report that we publish.

MR. BAUER: No, there would be no reason to change.

MR. PORTER: Thank you. Does anyone else have a question of Mr. Nutter?

MR. LOAR: One minor question.

BY MR. LOAR:

Q Mr. Nutter, on the abbreviated designations of the transporter and purchaser, I assume that you would contemplate that the Commission would furnish a list of the proper designation?

A That's currently carried in the oil and gas engineering report every month. However, in the event that an operator wasn't a member of the Oil and Gas Engineering Committee, he wouldn't have an access to the abbreviation. I think they can be appropriately put in the proration schedule in some manner and kept up-to-date in that manner.

MR. PORTER: Mr. Ramey, did he check with you on that?

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MR. RAMEY: He didn't check with me, but we can probably manage it though.

MR. PORTER: Does anyone else have a question of the witness? Mr. Bushnell.

BY MR. BUSHNELL:

Q Mr. Nutter, in your form, as to the typewritten form, do you ^{have knowledge} ~~acknowledge~~ whether the USGS would accept a copy of that form?

A No, sir, I don't have any actual direct knowledge. I presume it would be in the same position that the Shell form would be on that and what the answer is to the Shell form, I don't know.

MR. BUSHNELL: That's all.

A I don't see any reason why they shouldn't accept it because it's on 8½ by 11 sheet of paper. You can file one lease on this revised form if you want to. One lease takes one line of typing across here, as we have done. We have got a single well lease takes one line and you can use this sheet of paper to type one line on if it's necessary. But you can also use it to get five leases on if it's permissible.

MR. PORTER: Mr. Anderson in the audience, would you care to comment on that question, Mr. Anderson?

MR. ANDERSON: John M. Anderson, Geological Survey.

Any remarks that I have here apply only to the acceptability of this proposed form to be submitted to the Survey in lieu of our

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Form 9129, I believe. As far as either the typewritten sheet or the sheet made up on electronic equipment, we would have to limit the data to one lease for each sheet. All of our accounting is done by leases, all of our filing is done by leases. So, if we had as a heading a particular federal lease listing the wells and their production, and the disposition of the production by leases, as indicated, I believe, on both of these, we feel that that would give us sufficient information, but we would not be able to have more than one lease on any one sheet.

Another thing that occurs, also, our Form 9239, I believe, also provides for data on drilling wells where some of the operators are now submitting C-115 in lieu of our monthly report of operations, and which we accept. They are submitting additional of our forms showing drilling wells. There's one question that I have as to the size of the sheet for electronic data, it might be difficult to fit it into our filing system, but we would be willing to give it a try and if we can use it, it would be acceptable. If not, why we might have to ask for typewritten sheets or make some arrangement by which we could fit it into our filing system.

The omission of gravity from the sheets, I believe. we can live with. We have other information from which we can get the gravity of oil from any particular well or any group of wells. So far as we are concerned, we are willing to give it a try if

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it is adopted by the Commission.

MR. PORTER: Thank you, Mr. Anderson. Does anyone else have any comments on the form or any statement to make? Mr. Gordon.

MR. GORDON: J. C. Gordon, Mobil Oil Company. Socony Mobil supports the principle of using electronic data processing equipment for providing a statistical data. We would favor the continuation of well production form of reporting and we would like to recommend to the Commission that they consider the use of a numbered code in those columns which are for a purchaser and transporter in order to keep the right-hand side of the form going on a numerical side of the printer, not require the printer to go back and forth from letters to numbers.

MR. PORTER: Anyone else?

MR. MORRIS: I have a telegram from Gulf Oil Corporation concurring with Shell Oil Company's application in Case 2276 for a revised Form C-115 for manual production reports and Form C-115 EPD for reports prepared by electronic data process equipment.

MR. PORTER: Mr. White.

MR. WHITE: If the Commission please, Texaco would like to put on some testimony.

MR. PORTER: You'll have to do that after lunch. I think we will recess the hearing until one-thirty.

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(Whereupon, a recess was taken.)

MR. PORTER: The hearing will come to order, please.

Mr. White.

MR. WHITE: Would you care to have the witness sworn?

MR. PORTER: Yes, sir.

(Witness sworn.)

J. E. ROBINSON

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WHITE:

Q Mr. Robinson, will you state your full name and who your employer is?

A J. E. Robinson, Jr. and I'm employed by Texaco, Inc.

Q Are you familiar with the manner in which Texaco prepares its existing C-115 forms?

A Yes, I am.

Q Are you also acquainted with the problem that might be faced in adopting the new proposed form?

A Yes, I am.

Q Does Texaco concur with the EPD form proposed by Shell?

A Yes, we concur with the machine report as proposed by Shell as long as it can be utilized and be used by all recognized EDP machines. Along in that light, we would like to support

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Shell's application for this particular form.

Q Does Texaco plan on converting from manual to electronic data processing machines?

A We plan to continue reporting by our manual method unless the requirement was changed to report on a lease basis rather than a per well basis, and if that requirement is ever changed, then we would probably convert to the machine reporting then.

Q Would it be economical for you to convert on a well basis at the present time?

A Not at this time, not with our equipment.

Q What do you think is the purpose of revising the manual form?

A Well, it would appear to me that the purpose here probably in converting the manual form is for a matter of simplicity and uniformity and trying to duplicate the manual report with the report that Shell has proposed for their machines.

Q Does Texaco agree with the proposed manual form?

A No, sir, we don't exactly agree with it. We have our own reasons for preferring to stay with the present manual reporting.

Q Would you state the reasons to the Commission?

A Well, first of all, we see no particular advantage in converting to the new form as proposed here. We object to the

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arrangement of the lease field and well number and the location data as proposed on the new form, and we prefer to have a separate report for each lease since we actually file our reports on a lease basis, and we will continue reporting on a lease basis.

However, along with the well number, the lease name and what not, we would like to keep these items as the predominant feature of the report and not have the lease name with the number overlapping columns on this form. We believe that it actually loses some of its identity and is probably not as easily read as our previous form. It would take a little bit more time in reading this report than the old form where we have it in columns, and we have no overlapping on the columns there.

Now, also, since we do file our C-115 by leases, the USGS accepts the copy of the C-115. They require that you report on a well basis and a lease basis with only one lease being submitted on an individual sheet, so if the new form is adopted, assuming that the USGS will accept this new form, we would still have to submit individual reports on federal leases.

Since we will be having to file with the USGS individual reports, and we have a pretty large percentage of our leases being federal leases, we prefer staying with the old form and maintaining it, since we believe that actually it's a better form than the new proposed form here.

Q Do you have any further statements?

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A No, sir, that's all.

MR. WHITE: That concludes our testimony.

MR. PORTER: Does anyone have any questions of Mr. Robinson? Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Assuming it is difficult to find the name of a lease on this form where you have five leases on a single sheet of paper, if Texaco were to follow what you have mentioned that you would like to prepare just one lease on a sheet of paper, it wouldn't be difficult to find the name of one lease on there, would it?

A No, sir. But actually what we do, we preprint all of our constant information on an individual sheet for a lease and we may preprint maybe a year's supply with all constants being preprinted and then at the end of the month when we file it we only, since we have our preprinted information, we only fill the variables on the form and, of course, we could do it on this new form too, but since we file all of our reports on a lease basis, we feel that the present form, when you pick it up, you have the predominant features right at the top and it's, this method here, to us, is just a little easier read and we feel that we can keep track of the report just a little bit easier than we can the other.

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Q What color do you preprint in?

A Sir?

Q What color do you preprint in?

A In black.

Q You preprint in black?

A Yes, sir.

Q You would be able to file this report if one lease were printed on the report, you would be able to file it by lease though, wouldn't you?

A Yes, sir, we would.

MR. NUTTER: Thank you.

MR. PORTER: Does anyone else have a question of the witness? You may be excused.

(Witness excused.)

MR. PORTER: Anyone else desire to present testimony in this case? Any statements? Mr. Kellahin.

MR. KELLAHIN: Jason Kellahin for Continental Oil Company. Continental, at the present time, is projecting the installation of an IBM 7090 data processing equipment early next year and they concur with the recommendations which have been made by Shell in this case. In view of the fact there have been some minor changes made in the proposed form, particularly on the manual form, since it was sent out, we would request a chance to study both forms and have the opportunity to make suggestions or



recommendations in writing prior to a final decision in the case.

MR. PORTER: Mr. Buell, did you have a statement?

MR. BUELL: Yes, sir. Pan American would recommend the adoption of both the Nutter form and the Shell form.

MR. PORTER: Mr. Couch.

MR. COUCH: Terrell Couch with the Ohio. Ohio doesn't contemplate at the present time electronic processing methods in these reports. However, it appears to us that the Shell form is a step toward the simplification of handling matters in that way. We do believe that the two forms should be as nearly similar as possible and that the manual be used in conjunction with the data processing type form should be substantially the same.

We find no objection to what Mr. Nutter has recommended. In fact, our people believe that it permits, it's a little bit simpler to handle and simpler to fill in than the present form.

MR. PORTER: Mr. Anderson.

MR. ANDERSON: R. M. Anderson with Sinclair. We would like to concur with Shell in their proposed machine record form. We anticipate possibly using those forms in the future and certainly thing that's a step in the right direction.

With regard to Mr. Nutter's proposed, revised manual form, we would certainly like to wholeheartedly concur in that for the obvious reason that we will save filing so many sheets of paper to accomplish the same purpose.



MR. PORTER: Anyone else have anything to offer in this case? Mr. Howell.

MR. HOWELL: Ben Howell, representing El Paso Natural Gas Company. I understand that there is a committee of the New Mexico Oil and Gas Association generally working on forms at the present time and also believing that you learn things frequently from testing them out a bit, we feel that we certainly would concur with the suggestion that was made that the approach be made on a trial basis over about a three-month period and use at least one company for a guinea pig on this proposed change, because sometimes the actual use develops problems that hadn't been anticipated until you put them into use.

MR. PORTER: Before ruling on the case, I would like to give you a little background on this machine form in particular. We have been approached by a number of companies over the last year and a half concerning machine form. Some of the companies were in the early stages of working on the form and we began some time ago our statistical department working with our engineers to design a form which we could recommend to the industry for use for machine reporting.

The matter was brought up by Shell some time two or three months ago and they were ready to move with their machine reporting, so they came in for an audience with our people who worked with the machines and our engineering department and bringing

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their proposed form and received copies of the form which our department had worked up. They made their form conform to ours to the extent that we would get all of the information, all the essential information that we're now getting that is necessary in our operations.

As to the ruling on the case, of course, there was no opposition here today to the adoption of the machine form. Everybody seems to think it's a step forward and will be used by most of the major companies at least within the next few years. So, the Commission is going to adopt the machine form effective immediately for Shell or any other company that wants to use it.

The June production will be the first month that will be covered by the report. As to the manual form, Aztec Oil and Gas Company has agreed to use the form for a period of time as kind of a guinea pig that somebody suggested to see whether it's satisfactory from an operator standpoint and from ours, so we're going to run that trial test from now until October the 1st, at which time, if the form proves satisfactory, the form, the manual form will be adopted by the Commission, and if it doesn't prove satisfactory, in all probability it will be called back up for hearing prior to October 1st.

Of course, that doesn't preclude any operator from requesting a hearing if they so desire. But, for the time being, I mean effective immediately, the machine form will be approved for use.

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Are there any questions concerning that ruling? If not,
we will proceed to the next case, Case No. 2215.

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 New Mexico 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 24th day of May, 1961.

Ada Dearnley

Notary Public-Court Reporter

My commission expires:

June 19, 1963.

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