DOCKET: REGULAR HEARING - THURSDAY - FEBRUARY 14, 1963

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

ALLOWABLE:

- (1) Consideration of the oil allowable for March, 1963.
- (2) Consideration of the allowable production of gas for March, 1963, from ten prorated pools in Lea and Eddy Counties, New Mexico, also consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for March, 1963.

CASE 2694:

(De Novo)

Application of Southern Union Production Company for an amendment to the Northwest New Mexico Gas Proration Rules and Regulations. Applicant, in the above-styled cause, seeks an amendment to Order No. R-1670 as amended by Order No. R-2086, Rules and Regulations for prorated gas pools, San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico, to permit wells ordered shut-in for extended periods to make up accumulated overproduction to produce not more than 500 MCF each month during such shut-in. Upon application of Southern Union Production Company, this case will be heard de novo under the provisions of Rule 1220.

CASE 2504:

(Rehearing - Continued from December 19, 1962)

Application of Consolidated Oil & Gas Inc., for an amendment of Order No. R-1670-C, changing the allocation formula for the Basin-Dakota Gas Pool, San Juan, Rio Arriba and Sandoval Counties, New Mexico. Applicant seeks an amendment of Order No. R-1670-C to establish an allocation formula based 60% on acreage and 40% on acreage times deliverability. The Commission will hear opening statements and under the provisions of Rule 1214, and Rule 1215, may refer the presentation of evidence concerning recoverable reserves in the Basin-Dakota Gas Pool to Daniel S. Nutter, duly appointed examiner, or A. L. Porter, Jr., alternate examiner. The Commission would then hear all closing arguments.

<u>CASE 2753:</u>

Southeastern New Mexico nomenclature case calling for an order renaming, creating, abolishing and extending certain pools in Lea, Eddy, and Chaves Counties, New Mexico.

- (a) Rename the Vacuum-Abo Pool, classified as an oil pool for Abo production, to the Vacuum-Abo Reef Pool with the vertical limits of said pool changed from the entire Abo formation to the Abo Reef formation and the horizontal limits the same. This change is necessary to correct for geologic nomenclature.
- (b) Create a new oil pool for Bone Spring production, designated as the Greenwood-Bone Spring Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM Section 12: NE/4

(c) Create a new oil pool for Strawn production, designated as the Greenwood-Strawn Pool, and described as:

TOWNSHIP 19 SOUTH, RANGE 31 EAST, NMPM Section 12: NE/4

- (d) Create a new oil pool for Glorieta production, designated as the Vacuum-Glorieta Pool, comprising the SE/4 of Section 26, Township 17 South, Range 34 East, with the vertical limits thereof described as being from the top of the Glorieta as depicted at 5840 feet on the log of Socony Mobil Oil Company's State Bridges Well No. 95, located in Unit P of said Section 26, to a point 275 feet above the Blinebry marker found at 6510 feet on said log.
- (e) Create a new oil pool for Blinebry production, designated as the Vacuum-Blinebry Pool, comprising the SE/4 of Section 26, Township 17 South, Range 34 East, with the vertical limits thereof described as being from 275 feet above the Blinebry marker at 6510 feet on the above described log to the top of the Tubb formation at 7238 feet on said log.
- (f) Create a new oil pool for Abo production, designated as the North Vacuum-Abo Pool, with vertical limits defined as the Abo formation, and described as:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM Section 26: SE/4

GOVERNOR JACK M. CAMPBELL CHAIRMAN

State of New Mexico

Bil Conserbation Commission

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBÉR



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 9, 1963

Mr. Jason Kellahin Kellahin & Fox Attorneys at Law Box 1713 Santa Fe, New Mexico Re: Case No. 2504
Order No. R-2259-B
Applicant:

Consolidated Oil & Gas, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC X

All appearances

OTHER ATT appearances

SEE ATTACHED MAILING LIST

- Mr. Ted Stockmar Holme, Roberts, More, Owen and Stockmar Attorneys at Law 1700 Broadway - 2112 Tower Building Denver 2, Colorado
- Writern Building 4150 East Mexico Avenue Denver 22, Colorado
- Mr. Jason Kellahin Kellahin & Fox Attorneys at Law Box 1713 Santa Fe, New Mexico
- Mr. J. J. Lacey
 Tenneco Oil Company
 P. O. Box 1714
 Durango, Colorado
- Mr. Howard Bratton Hervey, Dow & Hinkle P. O. Box 10 Roswell, New Mexico
- Mr. George Selinger Skelly Oil Company P. O. Box 1650 Tulsa 2, Oklahoma
- Mr. P. J. Farrelly Compass Exploration Company 101 University Boulevard Denver 6, Colorado
- Mr. Roy C. Jeter
 Western Natural Gas Company
 823 Midland Tower
 Midland, Texas
- Mr. Wm. Federici Seth, Montgomery, Federici & Andrews Box 828 Santa Fe, New Mexico
- Mr. Hume Everett, Attorney P. O. Box 636
 Casper, Wyoming

- Mr. Ben Howell
 El Paso Natural Gas Company
 Box 1492
 El Paso, Texas
- Mr. Kenneth Swanson
 Aztec Oil & Gas Company
 920 Mercantile Securities Building
 Dallas, Texas
- Mr. Guy Buell
 Pan American Petroleum Corporation
 Box 1410
 Fort Worth, Texas
- Pubco Petroleum Corporation First National Bank Bldg. Albuquerque, New Mexico
- Mr. Bob Wynn
 Delhi-Taylor Oil Corporation
 Fidelity Union Tower
 Dallas 1, Texas
- Mr. George Eaton
 Pan American Petroleum Corporation
 P. O. Box 480
 Farmington, New Mexico
- The Atlantic Refining Company Post Office Box 379
 Durango, Colorado
- Mr. Booker Kelly Gilbert, White & Gilbert P. O. Box 787 Santa Fe, New Mexico
- Mr. Phil McGrath
 U. S. Geological Survey
 Box 959
 Farmington, New Mexico
- Mr. A. F. Holland
 Caulkins Oil Company
 1130 First National Bank Building
 Denver, Colorado

- Mr. John S. Cameron, Jr. Tidewater Oil Company P. O. Box 1404
 Houston 1, Texas
- Bruce Anderson Oil & Gas Properties Suite 930 The Petroleum Club Building Denver 2, Colorado
- Mr. E. B. Granville
 The Frontier Refining Company
 4040 East Louisiana Avenue
 Denver 22, Colorado
- Mr. Sam Sims
 Kay Kimbell Oil Operator
 P. O. Box 1540
 Fort Worth, Texas
- Mr. E. S. Morris, Vice Pres.
 Pioneer Production Corporation
 P. O. Box 2542
 Amarillo, Texas
- Mr. John J. Redfern 1203 Wilco Building Midland, Texas
 - Mr. Carl W. Smith
 Southwest Production Company
 207 Petroleum Club Plaza
 Farmington, New Mexico
 - Mr. Thomas M. Hogan
 District Superintendent
 The British American Dil Prod. Co.
 P. O. Box 180
 Denver 1, Colorado
 - Mr. Bob Black
 Proration Department
 Texaco Inc.
 P. O. Box 3109
 Midland, Texas

- Mr. H. D. Bushnell, Attorney
 Amerada Petroleum Corporation
 P. O. Box 2040
 Tulsa 2, Oklahoma
- Mr. Paul Cooter
 Atwood & Malone
 Attorneys at Law
 P. O. Drawer 700
 Roswell, New Mexico
- Mr. George L. Verity
 Verity, Burr & Cooley
 Attorneys at Law
 152 Petroleum Center Building
 Farmington, New Mexico
- Mr. Wm. J. Cooley
 Verity, Burr, Cooley & Jones
 Attorneys at Law
 152 Petroleum Center Building
 Farmington, New Mexico
- Mr. R. W. McCanne Division Manager The Ohio Oil Company P. O. Box 120 Casper, Wyoming
- Mr. Manuel Sanchez
 Attorney at Law
 Box 666
 54 Lincoln Avenue
 Santa Fe, New Mexico
- Mr. Ross Malone
 Atwood & Malone
 P. O. Drawer 700
 Roswell, New Mexico
- Driscoll & Llewellyn 3110 Southland Center Dallas, Texas
- Mr. R. C. Wynn
 Delhi-Taylor Oil Corporation
 Fidelity Union Tower
 Dallas, Texas

- Producing Company
 Box 330
 Farmington, New Mexico
- Mr. Kent B. Hampton Marathon Oil Company P. O. Box 120 Casper, Wyoming
- Mr. Wm. Ralph Stroble
 Delhi-Taylor Oil Corporation
 423 Newhouse Building
 Salt Lake City, Utah
- Mr. Richard S. Morris
 Seth, Montgomery, Federici &
 Andrews
 Attorneys at Law
 Box 828
 Santa Fe, New Mexico
- Mr. Bill Loar
 Sunray Mid-Continent Oil Co.
 Box 2039
 Tulsa 2, Oklahoma
- Mr. Frank Gorham
 Pubco Petroleum Corp.
 First National Bank Building
 Albuquerque, New Mexico

PIONEER PRODUCTION CORPORATION

P. O. BOX 2542 1363 FEB 12 A MARILLO, TEXAS



E. S. MORRIS Vice President

February 11, 1963

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: Case 2504 (Rehearing) February 14, 1963
Application of Consolidated Oil & Gas, Inc.
for amendment of allocation formula
in Order No. R-1670-C.

Gentlemen:

Pioneer Production Corporation presently operates 33 wells in the Basin Dakota Pool and has varying interests in 22 additional wells in the same pool, that are operated by others. As an operator in the Basin Dakota Pool, we hereby wish to go on record as opposing any change in the method of allocating production from the wells in this field. We are still of the opinion that the present allocation formula, as provided by Rule 9 (C) of Commission Order No. R-1670, dated May 20, 1960, and as amended by Commission Order No. R-1670-C, dated November 4, 1960, is fair and equitable and comes closer to protecting the correlative rights of all concerned than that proposed by Consolidated Oil & Gas, Inc.

We respectfully request that the Commission deny the application of Consolidated Oil & Gas, Inc. and leave the allocation formula for the Basin Dakota Pool as it is.

Yours very truly,

E. S. Morris

ESM:dc



MAIN OFFICE OCL.

CONTINENTAL OIL COMPANY

P. O. Box 3312 Durango, Colorado February 6, 1963



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

Gentlemen:

Continental Oil Company wishes to be on record supporting the application of Consolidated Oil and Gas Company in Case 2504 to change the gas allocation formula to 60% acreage and 40% acreage times deliverability. It is our contention that the emphasis on deliverability in the present formula results in economic waste. An operator often spends many thousands of dollars sandfracing a well to increase the deliverability in order to obtain a bigger allowable. This increase in deliverability is not needed to meet the current demands since the allowable is much less than the deliverability. Thus, in order to be competitive, an operator must waste many thousands of dollars developing deliverability of gas that connot be sold. The oil industry today must take every opportunity to reduce their costs and the elimination of the waste in developing large gas deliverabilities is one way the industry can reduce its overall costs. For this reason, Continental supports the reduction in deliverability as a factor for computing gas allocations.

Very truly yours,

H. D. Haley

District Superintendent

Durango District

Production Department

HDH/cb

cc: Mr. R. E. White, Continental Oil Company, Denver, Colorado (2)

ATWOOD & MALONE

LAWYERS

JEFF D.ATWOOD (1883-1960)
ROSS L.MALONE
CHARLES F. MALONE
RUSSELL D. MANN
PAUL A.COOTER
BOB F.TURNER
ROBERT A. JÖHNSON

P. O. DRAWER 700
TELEPHONE 505 622-6221
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO

September 28, 1962

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

Attention: Mr. A. L. Porter, Jr.,

Secretary-Director

Dear Mr. Porter:

On behalf of George Eaton, we enclose herewith the original and two copies of a Memorandum Brief in support of the Motion to Quash the Subpoena Duces Tecum served upon Mr. Eaton.

Very truly yours,
Slow S. Malne Rg

or ATWOOD & MALONE

RAJ:ps encl.

LAW OFFICES

OF

W. A. KELEHER

A. H. MCLEOD

W. A. KELEHER
A. H. MCLEOD
T. B. KELEHER
JOHN B. TITTMANN
RUSSELL MOORE
WILLIAM B. KELEHER

ATTORNEYS AND COUNSELLORS AT LAW FIRST NATIONAL BANK BUILDING ALBUQUERQUE, NEW MEXICO

September 27, 1962

Qubeo

Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

Attention: Mr. A. L. Porter, Jr.

Herewith please find one original and two copies of Memorandum Brief in Case No. 2504.

Yours very truly,

WAK:cp Enclosure

0,-

AZTEC OIL & GAS COMPANY

920 MERCANTILE SECURITIES BLDG. DALLAS 1, TEXAS

September 25, 1962

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LAND DEPARTMENT H. L. SNIDER, JR., MANAGER KENNETH A. SWANSON, ATTORNEY GORDON E. COE, ATTORNEY

> Mr. A. L. Porter, Jr., Secretary-Director New Mexico Oil Conservation Commission P. O. Box 871 Santa Fe, New Mexico

> > Re: Case 2504, Consolidated's Application to Amend Order No. R-1670-C relating to Basin-Dakota Gas Pool, San Juan, Rio Arriba and Sandoval Counties, New Mexico

Dear Mr. Porter:

Enclosed is an original and two copies of Aztec Oil & Gas Company's Memorandum Re Subpoena Duces Tecum. It is our understanding that copies need not be served on other parties interested in the subject case.

Yours very truly,

Verneth a. Sworron

KAS/et Enclosures W. H. EVERETT

ATTORNEY AT LAW
Suite 504

Consolidated Royalty Bldg.
P. O. Box 636

Casper, Wyoming.

September 18, 1962.

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

Attention Miss Ida Rodriguez

Dear Miss Rodriguez,

Thank you so very much for the many courtesies extended to me and Mr. Hampton on the occasion of our recent visit to Santa Fe. I have apparently misplaced the note which you gave me concerning the payment for copy of the application for rehearing filed by Consolidated Oil & Gas, Inc. in case No. 2504. I do remember that the charge for the copy was \$2.40 and that you asked that it be paid by check. I am accordingly enclosing herewith my check in the amount of \$2.40 payable to the order of the Commission and will appreciate your kindness in handing it to the proper person to mark the charge "paid".

Again thanking you, I am

Very truly yours,

PIONEER PRODUCTION CORPORATION

P. O. BOX 2542

AMARILLO, TEXAS

September 10, 1962

E. S. MORRIS Vice President

New Mexico Oil Conservation Commission Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Secretary-Director

Re: Case 2504 (Rehearing)

Application of Consolidated Oil & Gas, Inc.

for Amendment of allocation formula in

Order No. R-1670-C

Gentlemen:

Pioneer Production Corporation, as an operator in the Basin Dakota Pool, San Juan County, New Mexico, wishes to go on record as opposing any change in the method of allocating production in this pool. (We believe that the present allocation formula, as provided by Rule 9(C) of Commission Order No. R-1670, dated May 20, 1960, and as amended by Commission Order No. R-1670-C, dated November 4, 1960, is just and equitable and adequately protects correlative rights.

We respectfully request that the Commission deny the application of Consolidated Oil & Gas, Inc. and let the allocation formula remain as it is. \searrow

Yours very truly,

E. S. Morris

ESM/gw

REDFERN & HERD, INC. WILCO BUILDING MIDLAND, TEXAS

POST OFFICE BOX 1747 TELEPHONE MUTUAL 4-5591

September 8, 1962

IN REPLY REFER TO

Re: Case No. 2504 Application of Consolidated Oil and Gas, Inc. for amendment of

Order No. R-1670C

Oil Conservation Commission Santa Fe, New Mexico

Gentlemen:

As owners of one Dakota producing gas well that is presently connected to the pipeline, we would like to recommend the continuance of the present allocation formula.

Very truly yours,

REDFERN & HERD, INC.

John J. Redfern, Jr.

JJR:bjb

HOLME, ROBERTS, MORE & OWEN

J. CHURCHILL OWEN

PETER H. HOLME, JR.

JOHN M. DICKSON

TED P. STOCKMAR

DONALD C, MCKINLAY

L. DOUGLAS HOYT

LUCIUS E. WOODS

KENNETH R. WHITING

A. EDGAR BENTON

JAMES E. BYE

RICHARD L.SCHREPFERMAN

1700 BROADWAY-DENVER 2, COLORADO TABOR 5-7231

PAUL D. HOLLEMAN JOSEPH W. MORRISEY, JR. SAMUEL L. MCCLAREN DONALD K.BAIN

EDWARD M. HEPPENSTALL
RICHARD E. YOUNG
ROGER C. COHEN
LD K. BAIN

September 7, 1962

Mr. Garrett C. Whitworth El Paso Natural Gas Company P. O. Box 1492 El Paso, Texas

Dear Mr. Whitworth:

We have been advised by the Oil Conservation Commission of the State of New Mexico that you have filed several motions to quash or dismiss, in whole or in part, the subpoena duces tecum served upon David H. Rainey in case number 2504 before the Commission.

You are no doubt aware that Consolidated Oil & Gas, Inc., initiated the subpoenas and as such is willing to cooperate with El Paso Natural Gas Company in any reasonable way so long as the desired information is made available at the rehearing of case number 2504 as expert testimony.

As to the subpoens itself, it is obvious that the production of the eight data sheets described in item 1 is not an onerous problem and this should cause you no trouble. As to item 2, if Mr. Rainey would like to prepare a simple modification of the eight data sheets so that the identification of each well and its location is clearly shown thereon, then there will be no need to bring underlying books, records and papers. This assumes, of course, that Mr. Rainey would be willing to state that these are the proper identifications of the eight wells, etc.

As to item 3 on the subpoena, again we are interested only in competently established results and if Mr. Rainey would be willing to create a new set of data sheets covering wells other than the 457 wells covered by item 1 and which showed the identification and location of the wells and the recoverable well reserves attributable to them, this should certainly save interference with your company's books, records and papers. Such a tabulation should, of course, include

Mr. Garrett C. Whitworth September 7, 1962 Page 2

the same data for tracts or parcels upon which no well has been drilled or which is not yet producing insofar as such information has been developed by or in the possession of El Paso Natural Gas Company. In using such a shortcut, it is expected that Mr. Rainey would testify that the original work was done according to approved engineering methods and generally support the data as expert opinion subject, of course, to any qualifications which he would feel it necessary to make.

If in the spirit of cooperation the Company would be willing to furnish to us in advance of the hearing copies of such data sheets and tabulations, it is certain that the time which will be consumed at the hearing would be materially shortened.

Very truly yours,

HOLME, ROBERTS, MORE & OWEN

By: July Stockerman

TPS :ap

ec: The Oil Conservation Commission of the State of New Mexico Attn: Mr. Porter

Mr. Jason Kellahin

KELLAHIN AND FOX

ATTORNEYS AT LAW

JASON W. KELLAHIN ROBERT E. FOX 54½ EAST SAN FRANCISCO STREET POST OFFICE, BOX 1713

SANTA FE, NEW MEXICO

TELEPHONES 983-9396 982-2991

August 16, 1962

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

Gentlemen:

Enclosed find the following in regard to Case No. 2504, wherein Consolidated Oil & Gas, Inc., is the applicant:

- Subpoena Duces Tecum, which shows that a copy thereof was served on Frank D. Gorham on August 15, 1962, by Tom Gonzales;
- Subpoena Duces Tecum, which shows that a copy thereof was served on David H. Rainey on August 14, 1962, by Tom Gonzales;

Very truly yours,

JASON W. KELLAHIN

Jason W. Killaki

jwk:mas
enclosures 2



THE FRONTIER REFINING COMPANY

4040 EAST LOUISIANA AVENUE . DENVER 22, COLORADO . SKyline 6-1511

2 5 81 1 40

August 8, 1962 AIR MAIL

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

Subject: Case 2504 (Rehearing)

Gentlemen:

With regard to the rehearing of Case No. 2504 on August 15, 1962 this is to advise that Frontier takes the same stand as stated in our telegram to you dated March 12, 1962:

"The Frontier Refining Company supports the application of Consolidated Oil & Gas, Inc. recommending an allocation formula for the Basin-Dakota Gas Pool based 60% on acreage and 40% on acreage times deliverability. We believe the proposed formula will more equitably allocate allowable production from this reservoir, without continued discrimination against wells with equal original reserves but with lower deliverability."

Thank you for your consideration in this matter.

Yours very truly,

E. B. Granville Superintendent of

Drilling and Production

E. B. Drawille

EBG:dm

The Chio Cil Co.

Casper, Wyoming

R. W. McCanne Division Manager

July 31, 1962

A. L. Porter, Jr., Secretary-Director State of New Mexico Oil Conservation Commission Santa Fe, New Mexico

Dear Mr. Porter:

We are in receipt of your letter of July 24, 1962, in the matter of application of Consolidated Oil & Gas, Inc. for an amendment of Order No. R-1670-C in Case No. 2504 (Rehearing). The Notice states that the case has been continued by the Commission to the September 13, 1962, regular hearing at 9:00 A.M., Morgan Hall, State Land Office Building, Santa Fe, New Mexico. The letter goes on to state that W. H. Everett is named Ohio's attorney who has entered an appearance in the above entitled and numbered case and to the respective interest he represents.

The purpose of this letter is to advise you that Mr. Everett has elected to take early retirement from our Company effective August 1, 1962, and I would appreciate any additional information in regard to the hearing be directed to my attention. Mr. Everett will undoubtedly represent The Ohio Oil Company in the forthcoming hearing on a retainer basis.

Yours very truly,

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Rum Canne

RWMcC:st

cc: Mr. E. L. Spieles
Mr. W. H. Everett

Mr. Mie Canne has heen placed on mailing lish for Class 3504

-00

KELLAHIN AND FOX
ATTORNEYS AT LAW
541/2 EAST SAN FRANCISCO STREET
POST OFFICE BOX 1713
SANTA FE, NEW MEXICO

July 16, 1962

10

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

> Re: Case No. 2504 Order No. R-2259

Gentlemen:

Enclosed is certificate of service for filing in the above captioned case.

Yours very truly,

jason W. Kellahi

JASON W. KELLAHIN

JWK:ss Encl.