

Case No.

536

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Application, Transcript,  
Small Exhibits, Etc.

Legal Notice OCC Hearing

Publication:

Date: May 19 hearing 1953

Santa Fe, Hobbs

CASE

526 :

T. J. Sibley

In the matter of the application of Hondo Drilling Company for an order permitting the drilling of three unorthodox locations in deviation from Commission spacing regulations for reasons of geologic implication, the proposed wells being described as follows:

- (a) Miller No. 2, NW/4 SW/4 Section 23;
- (b) Miller No. 3, SW/4 SE/4 Section 22; and
- (c) Aid No. 2, SE/4 SE/4 Section 22;

all of which are in Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, in the Tonto Pool.

LAW OFFICES  
JOHN E. COCHRAN, JR.  
CARPER BUILDING  
ARTESIA, NEW MEXICO

April 13, 1953

*May hearing  
Case*

RECEIVED  
APR 14 1953

Oil Conservation Commission  
of New Mexico  
Mabry Hall  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey

Gentlemen:

Enclosed herewith is Application, in triplicate, of Hondo Drilling Company and T. J. Sivley, for an order granting permission to drill three unorthodox locations; one being Miller No. 2, in the NW/4 SW/4 of Section 23, one being Miller No. 3, in the SW/4 SE/4 of Section 22, and one being Aid No. 2, in the SE/4 SE/4 of Section 22, all in Township 19 South, Range 33 East, N.M. P.M., in the Tonto Pool of Lea County, New Mexico.

It would be appreciated if this Application could be published in sufficient time to be heard at the May, 1953, hearing.

Very truly yours

*John E. Cochran, Jr.*  
John E. Cochran, Jr.

Encls.

cc: United States Geological Survey  
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY  
THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 536  
ORDER NO. R-325

THE APPLICATION OF HONDO DRILLING COMPANY AND  
T. J. SIVLEY, FOR AN ORDER GRANTING PERMISSION  
TO DRILL THREE UNORTHODOX LOCATIONS; ONE BEING  
MILLER NO. 2, IN THE NW/4 SW/4 SECTION 23, ONE  
BEING MILLER NO. 3, IN THE SW/4 SE/4 SECTION  
22, AND ONE BEING AID NO. 2, IN THE SE/4 SE/4  
SECTION 22, ALL IN TOWNSHIP 19 SOUTH, RANGE 33  
EAST, N.M.P.M. IN THE TONTO POOL OF LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on for hearing at 9:00 A. M. on  
the 19th day of May, 1953, at Santa Fe, New Mexico, before  
the Oil Conservation Commission of New Mexico, hereinafter  
referred to as the "Commission".

NOW, on this 26<sup>th</sup> day of MAY, 1953, the  
Commission, having before it for consideration the testimony  
adduced at said hearing and being fully advised in the prem-  
ises,

FINDS:

1. That due public notice having been given, as  
provided by law, the Commission has jurisdiction of this  
cause.
2. That the acreage involved in the application  
is Federally owned, and the Regional Oil and Gas Supervisor  
of the United States Geological Survey interposes no object-  
ions to the application.
3. That Hondo Drilling Company and T. J. Sivley

are the owners and holders of the following described oil and gas leases, situated in Lea County, State of New Mexico, to-wit:

- (a) Oil and Gas Lease New Mexico Serial No. 01707, known as their Miller Lease, described as NE/4 SE/4 and SW/4 SE/4 Section 22, and NW/4 SW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 120 acres, more or less;
- (b) Oil and Gas Lease New Mexico Serial No. 02796, known as their Aid Lease, described as SE/4 SE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 40 acres, more or less;
- (c) Oil and Gas Lease Las Cruces Serial No. 070020, known as their Edwards and Ratliff Lease, described as NW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 160 acres, more or less;
- (d) Oil and Gas Lease Las Cruces Serial No. 064763-A, known as their Emperor, Aid and Tennessee Lease, described as the E/2 NE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 80 acres, more or less.

4. That Miller Well No. 1 is located 1980 feet north of the south line and 495 feet west of the east line of Section 22, Township 19 South, Range 33 East, N.M.P.M., in Lea County, New Mexico, and is the only producing well in the entire area. That said well is capable of producing 300 barrels of 35-gravity oil per day from the Upper Seven Rivers Formation, encountered at a depth of 3536 feet.

5. That Applicants propose to drill three unorthodox locations to the Upper Seven Rivers Formation, to be located as follows:

MILLER WELL NO. 2: Section 23, Township 19 South, Range 33 East, N.M.P.M., to be located 2125 feet north of the south line and 100 feet east of the west line of said Section 23.

MILLER WELL NO. 3: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 990 feet north of the south line and 1420 feet west of the east line of said Section 22.

AID WELL NO. 2: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 660 feet west of the east line and 1220 feet north of the south line of said Section 22.

6. That Applicants do not ask that they be granted any allowable in addition to the daily allowable as fixed monthly by the Oil Conservation Commission for the 40-acre proration units upon which said unorthodox locations are drilled.

7. That the drilling of said three unorthodox locations to the Upper Seven Rivers Formation, at the locations applied for, would be in the interest of conservation, prevent waste and enable Applicants to obtain a greater recovery of oil, in that Applicants would be able to recover substantial quantities of oil that would not otherwise be produced if such locations were not drilled.

IT IS THEREFORE ORDERED BY THE COMMISSION that the Application of Hondo Drilling Company and T. J. Sivley for an Order granting permits to drill the three unorthodox locations, known as Miller Well No. 2, Miller Well No. 3, and Aid Well No. 2, at the locations designated in said Application, and hereinabove set forth, be and the same are hereby granted and approved.


IT IS FURTHER ORDERED that upon completion of each of said unorthodox locations as a producing well, Hondo Drilling Company and T. J. Sivley shall be permitted to produce the daily allowable from the 40-acre proration unit upon which each such unorthodox location is located.

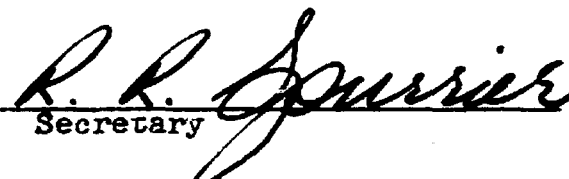
IT IS FURTHER ORDERED that the Applicants file with the Commission copies of Federal location notices for each of the hereinabove described unorthodox locations after approval thereof by the Oil and Gas Supervisor.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
Chairman

  
Member

  
Secretary

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

- (1) Miller No. 2, SN/A SE/A Section 34, and  
(2) Miller No. 3, SN/A SE/A Section 34, and  
(3) Miller No. 2, SN/A SE/A Section 34, and

REPORTER: E. E. Greeson, Notary - Reporter

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO )

I, E. E. Greeson, Notary - Reporter, do hereby certify that the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill, and ability.

DONE at Albuquerque, N. M., this 2nd day of  
June 1953.

E. E. Greeson

My Comm. Ex.:  
August 4, 1956

E. E. Greeson  
Notary - Reporter



COMMISSIONER SPURRIER: The next case on the docket is Case No. 536.

(Mr. Graham reads the call of the case.)

MR. COCHRANE: If the Commission please, my name is John C. Cochrane, representing the Hondo Drilling Company and T. J. Sivley.

Will you stand and be sworn, Mr. Sivley?

(Witness sworn.)

\_\_\_\_\_o\_\_\_\_\_

T. J. SIVLEY,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COCHRANE:

Q Will you state your name, please?

A T. J. Sivley.

Q Where do you live, Mr. Sivley?

A Artesia, New Mexico.

Q Are you engaged in the oil business as an independent producer?

A Yes, sir.

Q Mr. Sivley, in your application you described four oil and gas leases covering approximately four hundred acres among them. Who owns those four leases as described in your application?

A Hondo Drilling Company and myself.

Q Are those leases federal leases?

A Yes, sir.

Q Are those leases shown on the plat which the Commission has, a copy of which was attached to your application?

A Yes, sir, they are.

Q How many wells have been drilled on these leases?

A There has been one producing well drilled.

Q One producing well?

A There has been one producing well drilled; yes, sir.

Q To what depth was that well drilled?

A Total depth of approximately 3,563 feet.

Q From what zone or horizon is the well producing?

A Seven Rivers Reef.

Q Mr. Sivley, in your application you ask you be granted permission to drill three unorthodox locations.

A Yes, sir.

Q Will you tell the Commission the proposed locations for these three wells?

A The Miller No. 2 would be Section 23, Township 19 S, Range 37 E, located 2,595 feet north of the south line and 100 feet east of the west line of said Section 23.

Miller No. 3 in Section 22, Township 19 S, Range

33 E, to be located 990 feet north of the south line and 1420 feet east of the -- west of the east line of said Section 22.

The Aid No. 2 well in Section 22, Township 19 S, Range 33 E, to be located 660 feet west of the east line and 1220 feet north of the south line of said Section 22.

Q Now, Mr. Sivley, based upon the geological information which you have on this area, will you tell the Commission what your opinion is with reference to why the one well that you have will not recover all of the oil in the pool?

A Well, of course, all this has been determined to the best of our belief.

The structure is apparently rather small in comparison with most Seven River Reef pools. Based on subsurface information and seismic reflections, it is almost imperative that we pull these wells in, and get approval for unorthodox locations; otherwise, I don't believe that it is possible to obtain and drain the oil in place effectively without additional wells.

I think by making these unorthodox locations that we would get oil that otherwise wouldn't be produced. And of course that would contribute to conservation by eliminating waste there.

Q Mr. Sivley, if you are granted permission to drill these three unorthodox locations, what is your proposal with reference to allowable for these wells, if they are producing wells?

A We wouldn't want any more than the allowable set by the Commission for a 40-acre unit.

Q You would simply produce the allowable as fixed by the Commission?

A Yes, sir.

Q For the unit upon which the particular well is located.

A Yes, sir; that's right.

Q Mr. Sivley, I hand you Applicant's Exhibit 1. Will you examine that and tell the Commission what it is?

A This is a letter from the United States Department of the Interior, signed by Mr. John A. Anderson, Regional Oil & Gas Supervisor, stating that there is no objection on the part of the United States Geological Survey to the proposed locations.

Q Mr. Sivley, I hand you Applicant's Exhibit 2. Will you tell the Commission what that is?

A This particular letter is from Forest B. Miller who has a one percent override on what is known as the Miller lease, covering a 120-acre tract.

The only other lease involved where there is any contention, as far as the royalty is concerned, is the Aid No. 1. Mr. Miller states in a letter to me dated April the 2nd that he doesn't object to the three unorthodox locations. And that is the only contention insofar as royalty and ownership is concerned.

MR. COCHRANE: We offer in evidence Applicant's Exhibits 1 and 2.

COMMISSIONER SPURRIER: Without objection, they will be received.

MR. COCHRANE: Does the Commission have any questions?

(Off the record.)

COMMISSIONER SPURRIER: Any other questions of the witness? If not, the witness may be excused.

Do you have anything further, Mr. Cochran?

MR. COCHRANE: Nothing further.

COMMISSIONER SPURRIER: Are there any comments in this case, or questions?

MR. GRAHAM: What is the program of drilling these three wells? Immediately, or --

A Yes, sir, we would like to make applications to start at the earliest convenience, with the thought in mind of trying to get on the first one somewhere around the middle of June.

MR. COCHRANE: You propose to drill wells one at a time?

A One at a time. They will be drilled one at a time.

MR. GRAHAM: You don't have any order of operation other than as indicated on the map?

4b

A Sir?

MR. GRAHAM: You don't have any particular order of operation other than as indicated on the map, 1, 2, 3?

A Well, it was more or less proposed to drill Miller No. 2 first, in all probability, and then possibly Aid No. 2 and then Miller No. 3; more or less in that order.

COMMISSIONER SPURRIER: Are there any other questions? If not, the witness may be excused.

(Witness excused.)

COMMISSIONER SPURRIER: We will take the case under advisement and move on to Case 537.

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**OIL CONSERVATION COMMISSION**

P. O. BOX 871

**SANTA FE, NEW MEXICO**

**June 2, 1953**

C  
O  
P  
Y

**Mr. John E. Cochran, Jr., Attorney  
Garper Building  
Artesia, New Mexico**

**Dear Sir:**

**For transmittal to your client and for your information, we  
attach two signed copies of Order R-325 issued by the Commission  
under date of May 26, 1953, in Case 536, heard at the regular  
May 19 hearing.**

**Very truly yours,**

**W. B. Eacey  
Chief Engineer**

**WBE:ar**

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF HONDO DRILLING COMPANY AND T. J. SIVLEY, FOR AN ORDER GRANTING PERMISSION TO DRILL THREE UNORTHODOX LOCATIONS; ONE BEING MILLER NO. 2, IN THE NW/4 SW/4 OF SECTION 23, ONE BEING MILLER NO. 3, IN THE SW/4 SE/4 OF SECTION 22, AND ONE BEING AID NO. 2, IN THE SE/4 SE/4 OF SECTION 22, ALL IN TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M., IN THE TONTO POOL OF LEA COUNTY, NEW MEXICO.

CASE  
NO. 536

APPLICATION

HONDO DRILLING COMPANY and T. J. SIVLEY, Applicants herein, in connection herewith respectfully show to the OIL CONSERVATION COMMISSION:

1. That Applicant, Hondo Drilling Company, is a New Mexico corporation with an office at Artesia, New Mexico, and that Applicant, T. J. Sivley, is a resident of Artesia, Eddy County, New Mexico.

2. That Applicants herein are the owners and holders of the following oil and gas leases, on Federal lands:

- (a) Oil and Gas Lease New Mexico Serial No. 01707, known as their Miller Lease, described as NE/4 SE/4 and SW/4 SE/4 Section 22, and NW/4 SW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 120 acres, more or less;
- (b) Oil and Gas Lease New Mexico Serial No. 02796, known as their Aid Lease, described as SE/4 SE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 40 acres, more or less;
- (c) Oil and Gas Lease Las Cruces Serial No. 070020, known as their Edwards and Ratliff Lease, described as NW/4 Section 23, Township 19 South, Range 33 East, N.M.P.M., and containing 160 acres, more or less;



- (d) Oil and Gas Lease Las Cruces Serial No. 064763-A, known as their Emperor, Aid and Tennessee Lease, described as the E/2 NE/4 Section 22, Township 19 South, Range 33 East, N.M.P.M., and containing 80 acres, more or less,

all of said leases being located in Lea County, New Mexico.

3. That Miller Well No. 1 is located 1980 feet north of the south line and 495 feet west of the east line of Section 22, Township 19 South, Range 33 East, N.M.P.M., in Lea County, New Mexico, and is the only producing well in the entire area. This well is capable of producing 300 barrels of 35-gravity oil per day from the Upper Seven Rivers Formation, encountered at a depth of 3536 feet.

4. That Applicants, on the basis of geological information, subsurface information and seismic reflections, are of the opinion and belief that the structural size of the producing area is limited to such a small area that unorthodox locations are absolutely necessary to recover the oil that is producible. It is the opinion and belief of Applicants that one well will not effectively drain the recoverable oil from this type of irregular reservoir and that the economics of the operation of an isolated one-well pool precludes the possibility of draining the reservoir, even if one well were capable of so doing over an extended time. It is further the belief of Applicants that the drilling of the unorthodox locations hereinafter described in this area would be in the interest of conservation, prevent waste, and enable Applicants to obtain a greater ultimate recovery of oil in that Applicants would be able to recover substantial quantities of oil which would not otherwise be produced if such locations were not drilled.

5. That Applicants herein desire and hereby make application to drill unorthodox locations to the Upper Seven Rivers Formation, to be located as follows:

MILLER WELL NO. 2: Section 23, Township 19 South, Range 33 East, N.M.P.M., to be located 2125 feet north of the south line and 100 feet east of the west line of said Section 23.

MILLER WELL NO. 3: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 990 feet north of the south line and 1420 feet west of the east line of said Section 22.

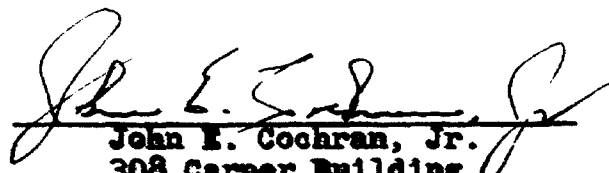
AID WELL NO. 2: Section 22, Township 19 South, Range 33 East, N.M.P.M., to be located 660 feet west of the east line and 1220 feet north of the south line of said Section 22.

Each of which locations are shown on map attached hereto, marked Exhibit "A", and by reference made a part hereof.

6. That in the event an order is entered by the Oil Conservation Commission granting permission to Applicants to drill the hereinabove described unorthodox locations at the locations designated, it is not Applicants' intention, nor do Applicants ask that they be granted any allowable in addition to the daily allowable as fixed, monthly, by the Oil Conservation Commission for the forty acre proration unit upon which said unorthodox location is drilled.

WHEREFORE, Applicants pray that the Commission set a date for hearing this Application, in accordance with its rules and regulations; that upon presentation of this Application, Applicants be granted permission to drill the three unorthodox locations hereinabove described, and that a proper order be entered granting permission to Applicants to produce the daily allowable from the forty

acre proration unit upon which each such unorthodox location is located.

  
John E. Cochran, Jr.  
308 Carper Building  
Artesia, New Mexico  
Attorney for Hondo Drilling Company and T. J. Sivley.

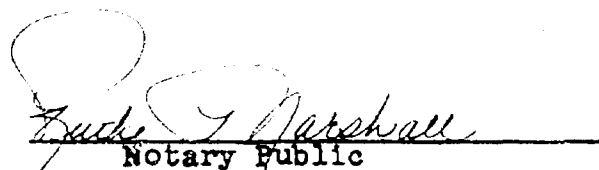
STATE OF NEW MEXICO       )  
                                  : ss.  
COUNTY OF EDDY         )

T. J. SIVLEY, being first duly sworn upon his oath, deposes and states:

That he is one of the Applicants in the within and foregoing Application, and that he is agent for Hondo Drilling Company; that he has read the within and foregoing Application and from personal knowledge knows the matters therein contained to be true and correct, except such statements as are alleged upon information and belief, and as to those, he verily believes them to be true. That this verification is made by him on behalf of himself and as agent for Hondo Drilling Company.

  
T. J. Sivley

SUBSCRIBED AND SWORN TO before me this 13<sup>th</sup> day of April, 1953.

  
Notary Public

My commission expires:

April 15, 1954



IN REPLY REFER TO:

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

P. O. Box 997  
Roswell, New Mexico

April 17, 1953

Mr. T. J. Sivley  
301 Booker Building  
Artesia, New Mexico

Re: Leases New Mexico 01707 and 02796


Dear Mr. Sivley:

Your application dated April 13, 1953, to the Oil Conservation Commission of New Mexico requests permission to drill three unorthodox locations in sections 22 and 23, T. 19 S., R. 33 E., N.M.P.M., in the Tonto pool, Lea County, New Mexico.

The land involved in the application is embraced in Federal oil and gas leases New Mexico 01707 and 02796, which are held of record by T. J. Sivley, 1/3 undivided interest and Hondo Drilling Company, 2/3 undivided interest. The unorthodox locations are in sections 22 and 23, T. 19 S., R. 33 E., and are described as follows:

<u>Well No.</u>	<u>Location</u>	<u>Lease No.</u>
2 Miller	2125' <sup>1</sup> /S & 100' <sup>1</sup> /W sec. 23	N.M. 01707
3 Miller	990' <sup>1</sup> /S & 1420' <sup>1</sup> /E sec. 22	N.M. 01707
2 Aid	1220' <sup>1</sup> /S & 660' <sup>1</sup> /E sec. 22	N.M. 02796

No objection is offered by this office to the well spacing proposed in the application.

  
JOHN A. ANDERSON  
Regional Oil and Gas Supervisor

Copy to: Mr. Sivley (2)

EXHIBIT

Q 1

HONDO Case 556



TELEPHONE 3283

FORREST B. MILLER  
220 SHELBY STREET  
SANTA FE, NEW MEXICO

April 2, 1953

Mr. T. J. Sivley  
Box 458  
Artesia, New Mexico

Dear Mr. Sivley:

Reference your letter dated March 31, 1953, in regard to your proposed three unorthodox locations in the Tonto Pool, Lea County, New Mexico, two of which will be on the Miller lease and one on the Aid lease, this letter is to advise you that the undersigned do not object to such a plan.

Yours very truly,

*Forrest B. Miller*

Forrest B. Miller

*Mabelle M. Miller*

Mabelle M. Miller

EXHIBIT 2

1-10ND 0

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