

Casa No.

890

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Application, Transcript,  
Small Exhibits, Etc.

BEFORE THE  
Oil Conservation Commission  
SANTA FE, NEW MEXICO  
November 16, 1955

IN THE MATTER OF:

CASE NO. 889,890,891,926,927,  
935

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-8691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 16, 1955

IN THE MATTER OF:

Application of Southwest Potash Corporation  
for extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order  
R-111 issued in Case 278.

Case No. 889

IN THE MATTER OF:

Application of International Minerals and  
Chemical Corporation for extension of Area  
"A" of the potash-oil area in Eddy County,  
as defined by Order R-111 issued in Case 278.

Case No. 890

IN THE MATTER OF:

Application of Duval Sulphur and Potash  
Company for extension of Area "A" of the  
potash-oil area in Eddy County, as defined  
by Order R-111 issued in Case 278.

Case No. 891

IN THE MATTER OF:

Application of National Farmers Union  
Service Corporation for extension of  
Area "B" and creation of a new Area "A"  
in the potash-oil area in Eddy and Lea  
Counties, New Mexico, as defined by Order  
R-111 issued in Case 278.

Case No. 926

IN THE MATTER OF:

Application of U. S. Potash Company for  
extension of Area "A" of the potash-oil  
area in Eddy County, as defined by Order  
R-111 issued in Case 278.

Case No. 927

IN THE MATTER OF:

Application of National Potash Company for  
extension of Area "A" of the potash-oil  
area in Eddy and Lea Counties, New Mexico,  
as defined by Order R-111 issued in Case  
278.

Case No. 935

BEFORE:

Honorable John F. Simms, Jr.  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING


MR. MACEY: The hearing will come to order, please. The next cases on the docket are Cases 889, 890, 927 and 935. In each of these cases we have a letter or telegram, as the case may be, from the applicant requesting dismissal of the cases. Without objection we will dismiss Cases 889, 890, 927 and 935.

In Cases 891 and 926, inasmuch as Order R-111 is no longer in effect, those cases likewise will be dismissed, without objection.

\* \* \* \* \*

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.

  
NOTARY PUBLIC-COURT REPORTER

My commission expires:

June 19, 1959.

BEFORE THE  
**Oil Conservation Commission**  
SANTA FE, NEW MEXICO  
June 2<sup>nd</sup>, 1955

IN THE MATTER OF:

CASE NOS. 889, 890 & 891

TRANSCRIPT OF PROCEEDINGS

**ADA DEARNLEY AND ASSOCIATES**  
COURT REPORTERS  
605 SIMMS BUILDING  
TELEPHONE 3-6691  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
June 28, 1955

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IN THE MATTER OF:

Application of Southwest Potash Corporation for  
extension of Area "A" of the potash-oil area in ) Case No. 889  
Eddy County, as defined by Order R-111 issued )  
in Case 278. )

Application of International Minerals Chemical )  
Corporation for extension of Area "A" of the ) Case No. 890  
potash-oil area in Eddy County, as defined by )  
Order R-111 issued in Case 278. )

Application of Duval Sulphur and Potash Company )  
for extension of Area "A" of the potash-oil ) Case No. 891  
area in Eddy County, as defined by Order R-111 )  
issued in Case 278. ) (Consolidated)  
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BEFORE:

Honorable John F. Simms  
Mr. E. S. (Johnny) Walker  
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: Gentlemen, before we bring up the next case on the docket, I want to take up Cases 889, 890 and 891. Those three cases are known as the potash-oil cases. The Committee which has been appointed in those cases has had a meeting and in each instance of Cases 889, 890 and 891, the operators have asked for a continuance in the cases until the August 17th hearing. Therefore, without objection, we will continue those three cases until the August 17th hearing.

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 30th day of June, 1955.

Ada Dearnley  
Notary Public, Court Reporter

My Commission Expires:

June 17, 1959

IX

FILING OF WELL AND MINE SURVEYS

Each oil and gas lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to the potash lessees involved certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil or gas well drilled in Area "A" during the preceding calendar year. Each potash lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to each oil and gas lessee involved, certified plat of survey of the location of open mine workings underlying outstanding oil and gas leases.

X

APPLICABILITY OF STATEWIDE RULES AND REGULATIONS

All general statewide rules and regulations of the Oil Conservation Commission governing the development, operation, and production of oil and gas in the State of New Mexico not inconsistent or in conflict herewith, are hereby adopted and made applicable to the areas described herein.

XI

ADOPTION

The foregoing Rules and Regulations are hereby adopted by the Oil Conservation Commission and adopted, ratified and confirmed by the Commissioner of Public Lands of the State of New Mexico this \_\_\_\_\_ Day of November, 1951.

DONE at Santa Fe, New Mexico this 9th day of November, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

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GUY SHEPARD  
Commissioner of Public Lands



(5) Production String:

(a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that if the salt protection string was cemented to the surface, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided, that is, no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections IV (3) (c), (f) and (g) for the salt protection string.

V

DRILLING FLUID FOR SALT SECTION

The fluid used while drilling the salt section shall consist of water, to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically intended to prevent enlarged drill holes.

VI

PLUGGING AND ABANDONMENT OF WELLS

All wells heretofor and hereafter drilled within Areas "A" and "B" shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

VII

LOCATIONS FOR TEST WELLS

Before drilling for oil or gas on lands in Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copy sent by registered mail to the potash lessee involved, if any. Upon proper showing of such notice and if no objection to the location of the proposed well is made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection within ten days for consideration and decision by the Oil Conservation Commission.

VIII

INSPECTION OF DRILLING AND MINING OPERATIONS

A representative of the potash lessee may be present during drilling, cementing, casing, and plugging of all oil or gas wells on his lease to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

(b) The salt protection string shall be cemented, as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section IV (5), (a), (i) below.

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three (3 percent) percent of calcium chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four hours (24) before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section IV (3), (b), (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone, an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections IV (3), (c), (f) and (g) for the salt protection string.

(2) Area "P"

(a) Oil and gas exploratory test wells may be drilled in Area "B" in accordance with these rules and regulations.

(3) Upon the discovery hereafter of oil and gas in Areas "A" or "B", the Oil Conservation Commission shall promulgate field or pool rules for the affected area after due notice and hearing.

(4) Nothing herein shall be construed to prevent unitization agreements involving lands in Areas "A" or "B", or both.

IV

DRILLING AND CASING PROGRAM

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined, as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5,000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5,000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A Surface casing string of new, second-hand, or reconditioned pipe shall be set in the "Red Bed" section of the Basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations and shall be cemented with not less than one hundred and fifty percent (150) percent of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water-shut-off tests shall be made both before and after drilling the plug and below the casing seat as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole, and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand, or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

T. 22S. R. 29E

Sec. 1 - E/2 NW/4, SW/4 NW/4, SW/4, E/2  
Sec. 2 - SE/4 NE/4, E/2 SE/4  
Sec. 11 - E/2 NE/4, NE/4 SE/4  
Sec. 12 N/2, N/2 SW/4, N/2 SE/4

T. 21S. R. 30E

Sec. 6 - SW/4 NW/4, W/2 SW/4  
Sec. 7 - NW/4 NW/4, S/2 NW/4, SW/4 NE/4, SW/4, W/2 SE/4  
Sec. 18 - NW/4, W/2 NE/4, N/2 SW/4, SW/4 SW/4, NW/4 SE/4  
Sec. 19 - NW/4 NW/4

T. 21S. R. 30E

Sec. 29 - SW/4 SW/4  
Sec. 30 - S/2 SW/4, S/2 SE/4  
Sec. 31 - all  
Sec. 32 - W/2 NW/4, W/2 SW/4

T. 22S. R. 30E

Sec. 5 - W/2 NW/4, NW/4 SW/4  
Sec. 6 - N/2, SW/4, N/2 SE/4, SW/4 SE/4  
Sec. 7 - N/2 NW/4, SW/4 NW/4, NW/4 NE/4, NW/4 SW/4

(c) Area "B" is defined as that area in which core tests indicate potential potash reserves and includes the entire potash-oil area as described under "The Potash-Oil Areas" Sec. (1) (a), of this order, except and excluding lands defined and described as area "A" in "The Potash-Oil Areas, "Sec. (1) (b) of this order.

(2) Area "A" and "B" as hereinabove defined may be contracted or expanded by the Commission from time to time as circumstances or conditions may warrant, after due notice and hearing.

III  
EXPLORATION OF AREAS

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations, provided, that oil and gas exploratory test wells shall not be drilled through any open potash mines or within 1,320 feet thereof unless agreed to in writing by the potash lessee involved.

(b) Any oil or gas leases hereafter issued for lands within Area "A" shall be subject to these regulations.

(c) All future drilling of oil and gas exploratory test wells in Area "A" shall be further subject to these rules and regulations.

(d) Where oil and gas wells are in production in Area "A", no potash mine opening shall be driven to within less than 100 feet of such wells so that protection of both wells and mine can be afforded.

(e) Proposals to unitize with respect to land within Area "A", as herein defined and described, will be considered on their merits.

ORDER NO. R-111

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T. 22S. R. 33E

Sec. 4 to 6, inclusive

T. 20S. R. 34E

Sec. 31 - all

(b) Area "A" represents the area in various parts of which potash mining operations are now in progress and is described, as follows:

T. 19S. R. 30E

Sec. 9 - SE/4 NW/4, E/2 SW/4, S/2 NE/4, SE/4  
Sec. 10 - SW/4 NW/4, W/2 SW/4  
Sec. 15 - NW/4 NW/4  
Sec. 16 - N/2 NE/4, NE/4 NW/4  
Sec. 26 - S/2 NW/4, SW/4 NE/4, W/2 SE/4, SW/4  
Sec. 27 - S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4, SE/4  
Sec. 28 - SE/4 SE/4  
Sec. 33 - SE/4 NW/4, NE/4 NE/4, S/2 NE/4, E/2 SW/4, SE/4  
Sec. 34 - all  
Sec. 35 - NW/4, W/2 NE/4, NW/4 SE/4, N/2 SW/4, SW/4 SW/4

T. 20S. R. 30E

Sec. 2 - W/2 NW/4, NW/4 SW/4  
Sec. 3 - N/2, SW/4, N/2 SE/4, SW/4 SE/4  
Sec. 4 - E/2, SW/4, E/2 NW/4, SW/4 NW/4  
Sec. 5 - SE/4 NE/4, E/2 SE/4, SW/4 SE/4, SE/4 SW/4  
Sec. 7 - SE/4 SE/4  
Sec. 8 - E/2, E/2 NW/4, E/2 SW/4, SW/4 SW/4  
Sec. 9 - N/2, SW/4, N/2 SE/4, SW/4, SE/4  
Sec. 10 - NW/4, W/2 NE/4, NW/4, NW/4 SE/4, N/2 SW/4  
Sec. 16 - N/2 NW/4, NW/4 NE/4  
Sec. 17 - W/2, N/2 NE/4, SW/4 NE/4, W/2 SE/4  
Sec. 18 - E/2 NE/4, E/2 SE/4  
Sec. 19 - NE/4 NE/4  
Sec. 20 - N/2 NW/4, NW/4 NE/4  
Sec. 25 - SW/4 SW/4  
Sec. 26 - SE/4 SW/4, S/2 SE/4  
Sec. 35 - E/2 NW/4, NE/4, N/2 SE/4, NE/4 SW/4  
Sec. 36 - W/2 NW/4, NW/4 SW/4

T. 21S. R. 29E

Sec. 1 - SE/4, S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4  
Sec. 2 - SE/4 SE/4  
Sec. 11 - NE/4 NE/4, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4  
Sec. 12 - all  
Sec. 13 - N/2, SE/4, N/2 SW/4, SE/4 SW/4  
Sec. 14 - E/2 NW/4, NE/4, NE/4 SW/4, N/2 SE/4  
Sec. 24 - NE/4 NW/4, N/2 NE/4  
Sec. 25 - SE/4 SW/4, S/2 SE/4  
Sec. 36 - E/2 NW/4, E/2 SW/4, E/2

ORDER NO. R-111

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T. 21S. R. 31E

Sec. 1 - N/2  
Sec. 2 - N/2  
Sec. 4 - W/2  
Sec. 5 and 6 - all  
Sec. 18 - S/2  
Sec. 19 - N/2

T. 22S. R. 31E

Sec. 4 to 9, inclusive  
Sec. 17 and 18 - all  
Sec. 19 - N/2

T. 23S. R. 31E

Sec. 7 - all  
Sec. 8 - S/2  
Sec. 16 - SW/4  
Sec. 17 to 20, inclusive  
Sec. 21 - W/2  
Sec. 28 to 33, inclusive

T. 24S. R. 31E

Sec. 4 to 6, inclusive

T. 19S. R. 32E

Sec. 23, S/2  
Sec. 24 to 27, inclusive  
Sec. 28 - S/2  
Sec. 31 - S/2  
Sec. 32 - S/2  
Sec. 33 to 36, inclusive

T. 20S. R. 32E

Sec. 1 to 36, inclusive

T. 21S. R. 32E

Sec. 1 to 17, inclusive  
Sec. 21 to 27, inclusive  
Sec. 35 and 36 - all

T. 19S. R. 33E

Sec. 19 - all  
Sec. 30 and 31 - all

T. 20S. R. 33E

Sec. 5 to 9, inclusive  
Sec. 15 to 23, inclusive  
Sec. 25 to 36, inclusive

T. 21S. R. 33E

Sec. 4 to 9, inclusive  
Sec. 16 to 21, inclusive  
Sec. 28 to 33, inclusive

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T. 18S. R. 30E

Sec. 32 - SW/4 and E/2  
Sec. 33 and 34 - all  
Sec. 35 - W/2

T. 19S. R. 30E

Sec. 2 to 5, inclusive  
Sec. 6 - SE/4  
Sec. 7 - NE/4 and S/2  
Sec. 8 to 30, inclusive  
Sec. 32 to 36, inclusive

T. 20S. R. 30E

Sec. 1 to 36, inclusive

T. 21S. R. 30E

Sec. 1 to 11, inclusive  
Sec. 12 - S/2  
Sec. 13 to 22, inclusive  
Sec. 23, - N/2  
Sec. 24 - N/2  
Sec. 27 to 34, inclusive  
Sec. 35 - S/2

T. 22S. R. 30E

Sec. 1 to 24, inclusive  
Sec. 25 - W/2  
Sec. 26 to 35, inclusive  
Sec. 36 - W/2

T. 23S. R. 30E

Sec. 1 - S/2  
Sec. 2 to 36, inclusive

T. 24S. R. 30E

Sec. 1 - N/2  
Sec. 2 - N/2  
Sec. 3 - N/2

T. 18S. R. 31E

Sec. 18 - W/2

T. 19S. R. 31E

Sec. 9 and 10 - all  
Sec. 11 - W/2  
Sec. 14 - W/2  
Sec. 15 to 17, inclusive  
Sec. 19 to 22, inclusive  
Sec. 23 - W/2  
Sec. 25 - S/2  
Sec. 26 to 36, inclusive

T. 20S. R. 31E

Sec. 1 to 36, inclusive

(a) The potash-oil area represents the area in various parts of which potash mining operations are now in progress, or in which core tests indicate potential potash reserves are located and is described, as follows:

T. 19S, R. 29E

Sec. 11 - SE/4  
Sec. 12 - S/2  
Sec. 13 and 14 - all  
Sec. 23 - N/2  
Sec. 24 - N/2

T. 20S, R. 29E

Sec. 12 - NE/4 SE/4 and S/2 SE/4  
Sec. 13 - NE/4 and S/2  
Sec. 22 to 27, inclusive  
Sec. 34 to 36, inclusive

T. 21 S, R. 29E

Sec. 1 and 2, all  
Sec. 3 - E/2  
Sec. 10 - E/2  
Sec. 11 to 14, inclusive  
Sec. 15 - E/2  
Sec. 23 - N/2  
Sec. 24 and 25 - all  
Sec. 35 - E/2  
Sec. 36 - all

T. 22S, R. 29E

Sec. 1 and 2 - all  
Sec. 3 - S/2  
Sec. 9 - E/2  
Sec. 10 to 16, inclusive  
Sec. 17 - E/2  
Sec. 20 - E/2  
Sec. 21 to 28, inclusive  
Sec. 33 to 36, inclusive

T. 23S, R. 29E

Sec. 1 to 3, inclusive  
Sec. 4 - E/2  
Sec. 9 - E/2  
Sec. 10 to 15, inclusive  
Sec. 22 to 27, inclusive  
Sec. 34 to 36, inclusive

T. 18S, R. 30E

Sec. 12-S/2  
Sec. 13 and 14 - all  
Sec. 15 - SE/4  
Sec. 21 - SE/4  
Sec. 22 to 24, inclusive  
Sec. 25 - W/2  
Sec. 26 to 28, inclusive  
Sec. 29 - SE/4



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF DEFINING BOUNDARIES  
OF POTENTIAL OIL PRODUCING AREAS IN  
EDDY AND LEA COUNTIES, NEW MEXICO,  
WITHIN WHICH POTASH MINERALS ARE BEING  
PRODUCED OR POTENTIAL POTASH PRODUCING  
LANDS ARE LOCATED,

CASE NO. 278  
ORDER NO. R-111

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", on June 21, 1951, and for further hearing on July 10, 1951, and the Commission, a quorum being present, having considered the testimony adduced and the exhibits introduced in evidence and arguments presented and being fully advised in the premises,

FINDS:

(1) That due notice having been given, according to law, and all interested parties having appeared, the Commission has jurisdiction of this cause, and the subject matter thereof.

(2) That an area defining potential oil and gas reserves within which are proved and potential potash deposits, and the promulgation of rules and regulations for the orderly development of oil and gas resources in such an area known to be productive of potash is within the authority of the Commission for the protection of correlative rights, the promotion of conservation, and the prevention of waste.

IT IS THEREFORE ORDERED:

That this order shall be known as THE RULES AND REGULATIONS GOVERNING THE EXPLORATION AND PRODUCTION OF OIL AND GAS IN CERTAIN AREAS AND SUB-AREAS HEREIN DEFINED AND KNOWN TO CONTAIN PROVED AND SEMI-PROVED POTASH MINERALS IN THE AREA AND SUB-AREAS HEREINAFTER SET OUT.

I  
OBJECTIVE

The objective of these Rules and Regulations is to prevent waste, protect correlative rights, assure maximum conservation of Oil and Gas resources of New Mexico and permit the simultaneous economic recovery of potash minerals in the area hereinafter defined.

II  
THE POTASH-OIL AREAS

(1) These Rules and Regulations are applicable to oil and gas operations and to exploration and production of oil and gas in proven or potential Potash-Oil areas herein as "Area A" and "Area B".

**INTERNATIONAL MINERALS & CHEMICAL CORPORATION**

POTASH DIVISION  
CARLSBAD, NEW MEXICO

March 25, 1955

Mr. W. B. Macey, Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

International Minerals and Chemical Corporation requests the expansion of "Area A" of the provisions of Commission Order No. R111 to include the following described lands.

T21S, R29E

Sec. 35 - SE $\frac{1}{4}$   
Sec. 36 - W $\frac{1}{2}$  SW $\frac{1}{4}$

T22S, R29E

Sec. 1 - NW $\frac{1}{4}$  NW $\frac{1}{4}$   
Sec. 2 - W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$   
Sec. 10 - All  
Sec. 11 - W $\frac{1}{2}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$   
Sec. 13 - W $\frac{1}{2}$  SW $\frac{1}{4}$   
Sec. 14 - All  
Sec. 15 - All  
Sec. 22 - All  
Sec. 23 - All  
Sec. 24 - W $\frac{1}{2}$   
Sec. 25 - All  
Sec. 26 - All  
Sec. 27 - N $\frac{1}{2}$   
Sec. 36 - All

In support of this request International Minerals and Chemical Corporation submits the following:

1 - International Minerals and Chemical Corporation is the owner of Federal and State Potassium Leases covering the above described lands, except those State Leases which are held by the United States Potash Company, but are being mined by "International" under a Sub-Lease agreement.

Mr. W. B. Macey

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3/25/55

The sub-lease agreement covers the following:

T21S, R29E

Sec. 36 -  $\frac{1}{2}$  SW $\frac{1}{4}$

T22S, R29E

Sec. 2 -  $\frac{1}{2}$  NE $\frac{1}{4}$ ,  $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ ,  $\frac{1}{2}$  SE $\frac{1}{4}$   
Sec. 11 - S $\frac{1}{2}$  NW $\frac{1}{4}$ , N $\frac{1}{4}$  SW $\frac{1}{4}$

2 - Exhibit No. 1 shows:


- (a) Extent of mining operations as of November 9, 1951
- (b) Extent of "Area A" effecting "International" as described in Commission Order No. R111.

3 - Exhibit No. 2 shows:

- (a) Extent of mining operations as of March 1, 1955
- (b) Area requested to be placed in "Area A"
- (c) Extent of "Area A" as of original Order No. R111
- (d) Projected mine development for period 1955 to 1960.

International Minerals and Chemical Corporation hopes the above request will be granted, as provided for in Section II (2) of Commission Order No. R111.

Yours very truly,

  
C. A. Arend, Jr.  
Manager

CAA:vs

cc: Mr. H. C. White w/attachment  
Mr. Caswell S. Neal w/attachment  
File

CASE 890

March 25, 1955

Mr. W. B. Macey, Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

International Minerals and Chemical Corporation requests the expansion of "Area A" of the provisions of Commission Order No. R111 to include the following described lands.

T21S. R29E

- Sec. 35 - SE $\frac{1}{4}$
- Sec. 36 - W $\frac{1}{2}$  SW $\frac{1}{4}$

T22S. R29E

- Sec. 1 - NW $\frac{1}{4}$  NW $\frac{1}{4}$
- Sec. 2 - W $\frac{1}{2}$  N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$
- Sec. 10 - All
- Sec. 11 - W $\frac{1}{2}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$
- Sec. 13 - W $\frac{1}{2}$  SW $\frac{1}{4}$
- Sec. 14 - All
- Sec. 15 - All
- Sec. 22 - All
- Sec. 23 - All
- Sec. 24 - W $\frac{1}{2}$
- Sec. 25 - All
- Sec. 26 - All
- Sec. 27 - N $\frac{1}{2}$
- Sec. 36 - All

In support of this request International Minerals and Chemical Corporation submits the following:

1 - International Minerals and Chemical Corporation is the owner of Federal and State Potassium Leases covering the above described lands, except those State Leases which are held by the United States Potash company, but are being mined by "International" under a Sub-Lease agreement. The sub-lease agreement covers the following:

T21S. R29E

- Sec. 36 - W $\frac{1}{2}$  SW $\frac{1}{4}$

T22S. R29E

- Sec. 2 - W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$
- Sec. 11 - S $\frac{1}{2}$  NW $\frac{1}{4}$ , N $\frac{1}{2}$  SW $\frac{1}{4}$

2 - Exhibit No. 1 shows:

- (a) Extent of mining operations as of November 9, 1951
- (b) Extent of "Area A" effecting "International" as described in Commission order No. R111

3 - Exhibit No. 2 shows:

- (a) Extent of mining operations as of March 1, 1955
- (b) Area requested to be placed in "Area A"
- (c) Extent of "Area A" as of original Order No. R111
- (d) Projected mine development for period 1955 to 1960

International Minerals and Chemical Corporation hopes the above request will be granted, as provided for in Section II (2) of Commission Order No. R111.

Yours very truly,

C. A. Arend, Jr.  
Manager

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable symbol above or preceding the address.

# WESTERN UNION

MAIN OFFICE, D.C.

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter  
NL=Night Letter  
LT=Int'l Letter Telegram  
VLT=Int'l Victory Ltr.

The filing time shown in

is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

1955 MAY 4 PM 2:26

LCSA047 PD CARLSBAD NMEX 4 155PMM

1955 MAY 4 PM 2:19

W B MACEY, SECY DIRECTOR OIL CONSERVATION COMMISSION

SANTAFE NMEX

INTERNATIONAL MINERALS AND CHEMICAL CORP REQUESTS THE  
CONTINUANCE OF CASE 890 UNTIL REGULAR JUNE HEARING  
INTERNATIONAL PERSONNEL WILL BE UNABLE TO ATTEND DUE TO  
COAL SHOW AND EASTERN COAL MINE INSPECTION TRIP  
R H LANE INTL MIN AND CHEM CORP

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

**INTERNATIONAL MINERALS & CHEMICAL CORPORATION**

POTASH DIVISION

CARLSBAD, NEW MEXICO

March 25, 1955

Mr. W. B. Macey, Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

International Minerals and Chemical Corporation requests the expansion of "Area A" of the provisions of Commission Order No. R111 to include the following described lands.

T21S, R29E

Sec. 35 - SE $\frac{1}{4}$   
Sec. 36 - W $\frac{1}{2}$  SW $\frac{1}{4}$

T22S, R29E

Sec. 1 - NW $\frac{1}{4}$  NW $\frac{1}{4}$   
Sec. 2 - W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$   
Sec. 10 - All  
Sec. 11 - W $\frac{1}{2}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$   
Sec. 13 - W $\frac{1}{2}$  SW $\frac{1}{4}$   
Sec. 14 - All  
Sec. 15 - All  
Sec. 22 - All  
Sec. 23 - All  
Sec. 24 - W $\frac{1}{2}$   
Sec. 25 - All  
Sec. 26 - All  
Sec. 27 - N $\frac{1}{2}$   
Sec. 36 - All

In support of this request International Minerals and Chemical Corporation submits the following:

1 - International Minerals and Chemical Corporation is the owner of Federal and State Potassium Leases covering the above described lands, except those State Leases which are held by the United States Potash Company, but are being mined by "International" under a Sub-Lease agreement.

Mr. W. B. Macey

- 2 -

3/25/55

The sub-lease agreement covers the following:

T21S, R29E

Sec. 36 -  $W\frac{1}{2}$   $SW\frac{1}{4}$

T22S, R29E

Sec. 2 -  $W\frac{1}{2}$ ,  $N\frac{1}{2}$   $NE\frac{1}{4}$ ,  $SW\frac{1}{4}$   $NE\frac{1}{4}$ ,  $W\frac{1}{2}$   $SE\frac{1}{4}$

Sec. 11 -  $S\frac{1}{2}$   $NW\frac{1}{4}$ ,  $N\frac{1}{2}$   $SW\frac{1}{4}$

2 - Exhibit No. 1 shows:


- (a) Extent of mining operations as of November 9, 1951
- (b) Extent of "Area A" effecting "International" as described in Commission Order No. R111.

3 - Exhibit No. 2 shows:

- (a) Extent of mining operations as of March 1, 1955
- (b) Area requested to be placed in "Area A"
- (c) Extent of "Area A" as of original Order No. R111
- (d) Projected mine development for period 1955 to 1960.

International Minerals and Chemical Corporation hopes the above request will be granted, as provided for in Section II (2) of Commission Order No. R111.

Yours very truly,

  
C. A. Arend, Jr.  
Manager

CAA:vs

cc: Mr. N. O. White w/attachment  
Mr. Caswell S. Neal w/attachment  
File

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 16, 1955

MEMORANDUM

The meeting scheduled for Hobbs at 1:30 p.m. on June 21st of the potash-oil committee has been changed to Mabry Hall, State Capitol, Santa Fe, New Mexico, at 2:00 p.m. Mountain Daylight Time, June 21st.

Mr. F. O. Davis  
Vice President & Treasurer  
Potash Company of America  
Carlsbad, New Mexico

Mr. Harvey E. Yates  
P.O. Box 397  
Artesia, New Mexico

Mr. C. A. Arend, Jr., Manager  
International Minerals & Chemical Corp.  
Potash Division  
Carlsbad, New Mexico

Mr. Ernest A. Hanson  
P.O. Box 852  
Roswell, New Mexico  
(Alternate)

Mr. Howard Jennings  
P.O. Box 450  
Roswell, New Mexico

Yours very truly,

W. B. Macey  
Secretary - Director

WBM:brp

CC-Mr. Fred Macey  
N.M. Oil & Gas Assoc.  
P.O. Box 1291  
Roswell, New Mexico

Mr. Anderson  
U.S.G.S.  
P.O. Box 6721  
Roswell, New Mexico

Mr. Robert S. Fulton  
U.S.G.S.  
P.O. Box 829  
Carlsbad, New Mexico

Mr. Charles F. Brannan  
National Farmers Union  
1575 Sherman Street  
Denver 3, Colorado

Mr. A. L. Porter  
O.C.C.  
Box 2045  
Hobbs, New Mexico

Mr. L. A. Hanson  
O.C.C.  
321 Carper Bldg.  
Artesia, New Mexico

C  
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1  
402  
890

**INTERNATIONAL  
MINERALS & CHEMICAL CORPORATION**



GENERAL OFFICES • 20 NORTH WACKER DRIVE • CHICAGO 6

P. O. BOX 71  
CARLSBAD, NEW MEXICO

June 3, 1955


Mr. W. B. Macey, Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

Reference is made to our conversation of June 3.

It is requested that International's case be continued indefinitely until such time as the committee which you are appointing has had the opportunity to study Commission Order R111, with the hope that a satisfactory conclusion can be reached which may result in the final analysis that no hearings will be necessary.

Very sincerely yours,

  
C. A. Arend, Jr.  
Manager

CAA:mbs

cc: Mr. A. Norman Into  
Mr. N. C. White  
Mr. E. K. Neumann  
Mr. R. H. Lane

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

August 22, 1955

C  
O  
P  
Y

Mr. C. A. Arend, Jr.  
International Minerals & Chemical Corp.  
P.O. Box 71  
Carlsbad, New Mexico

Dear Sir:

Enclosed are six copies of the proposed rules for the Potash - Oil Area as set forth in Case 278. The case will be heard at the regular September 15th hearing of this Commission.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosures.

CLASS OF SERVICE

This is a fast message unless its deferred character is indicated by the proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

SYMBOLS

DL=Day Letter

NL=Night Letter

LT=International Letter Telegram

1201

The filing time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination.

LA125 SSK173

L CSA049 PD=CARLSBAD NMEX 9 1244PMM=

W B MACEY=

SECRETARY DIRECTORY OIL CONSERVATION COMMISSION =  
SANTA FE NMEX=

INTERNATIONAL MINERALS AND CHEMICAL CORPORATION REQUEST  
THE COMMISSION TO WITHDRAW THEIR APPLICATION DATED MARCH  
25TH 1955 FOR THE EXPANSION OF AREA A UNDER COMMISSION  
ORDER R-111=

E C SKINNER MANAGER IMCC=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 9, 1956

C  
O  
P  
Y

Mr. C. A. Arend, Jr.  
International Minerals & Chemical Corp.  
P.O. Box 71  
Carlsbad, New Mexico

Dear Sir:

We enclose a copy of Order R-729 issued December 14, 1955,  
by the Oil Conservation Commission in Case 890.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Encl.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

November 1, 1955

C  
O  
P  
Y

Mr. C. A. Arend, Jr.  
International Minerals & Chemical Corp.  
P.O. Box 71  
Carlsbad, New Mexico

Dear Sir:

Enclosed please find a copy of Order R-111-A which has been written by the Commission in Case 278. If you desire any further copies of this order, please contact this office or the Artesia Office of the Commission.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp  
Enclosure

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. 890  
ORDER NO. R-729

THE APPLICATION OF INTERNATIONAL  
MINERALS AND CHEMICAL CORPORATION  
FOR EXTENSION OF AREA "A" OF THE  
POTASH - OIL AREA IN EDDY COUNTY,  
NEW MEXICO, AS DEFINED BY ORDER  
R-111 ISSUED IN CASE 278.

ORDER OF DISMISSAL

BY THE COMMISSION:

This cause came on for hearing before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", on May 18, 1955, and was continued successively to the following dates: June 28, 1955; August 17, 1955; September 15, 1955; October 13, 1955, and November 16, 1955.

NOW, on this 14<sup>th</sup> day of December, 1955, the Commission, a quorum being present, having considered the records and testimony adduced and being fully advised in the premises;

FINDS:

(1) That due notice having been given according to law and all interested parties having appeared, the Commission has jurisdiction of this case and the subject matter thereof.

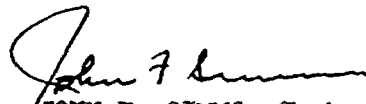
(2) That the subject matter of the application herein is now fully covered by Order R-111-A and that no further action is deemed necessary on subject application.

IT IS THEREFORE ORDERED:

That the application of the International Minerals and Chemical Corporation for extension of Area "A" of the potash - oil area in Eddy County, as presently defined by Order R-111 issued in Case 278, be and the same is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JOHN F. SIMMS, Chairman

  
E. S. WALKER, Member

  
W. B. MACEY, Member and Secretary



OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 5, 1955

Mr. C. A. Arend, Jr., Manager  
International Minerals & Chemical Corp.  
P. O. Box 71  
CARLSBAD, NEW MEXICO

Dear Sir:

Reference is made to your letter of March 25 in which you request expansion of "Area A" as described in Oil Conservation Commission Order R-111 to include certain areas in Township 21 South, Range 29 East.

It will be necessary for this request to come before the Commission in public hearing, and we therefore will set the matter up as a case and set it for hearing at the regular May 18 hearing, unless you advise otherwise. We would greatly appreciate having two more copies of your application (with attached exhibits) for our case records.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:mr

cc: Oil Conservation Commission;  
Artesia  
Hobbs

U. S. Geological Survey, Artesia  
Attn: Mr. John Frost

State Land Office, Santa Fe;  
Attn: Mr. E. S. Walker

C-117

# INTERNATIONAL MINERALS & CHEMICAL CORPORATION



GENERAL OFFICES • 20 NORTH WACKER DRIVE • CHICAGO 6

March 25, 1955

P. O. BOX 71  
CARLSBAD, NEW MEXICO

Mr. W. B. Macey, Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

International Minerals and Chemical Corporation requests the expansion of "Area A" on the provisions of Commission Order No. R111 to include the following described lands.

T21S, R29E

Sec. 35 - SE $\frac{1}{4}$   
Sec. 36 - W $\frac{1}{2}$  SW $\frac{1}{4}$

T22S, R29E

Sec. 1 - NW $\frac{1}{4}$  NW $\frac{1}{4}$   
Sec. 2 - W $\frac{1}{2}$ , N $\frac{1}{2}$  NE $\frac{1}{4}$ , SW $\frac{1}{4}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$   
Sec. 10 - All  
Sec. 11 - W $\frac{1}{2}$ , W $\frac{1}{2}$  NE $\frac{1}{4}$ , W $\frac{1}{2}$  SE $\frac{1}{4}$ , SE $\frac{1}{4}$  SE $\frac{1}{4}$   
Sec. 13 - W $\frac{1}{2}$  SW $\frac{1}{4}$   
Sec. 14 - All  
Sec. 15 - All  
Sec. 22 - All  
Sec. 23 - All  
Sec. 24 - W $\frac{1}{2}$   
Sec. 25 - All  
Sec. 26 - All  
Sec. 27 - N $\frac{1}{2}$   
Sec. 36 - All

In support of this request International Minerals and Chemical Corporation submits the following:

1 - International Minerals and Chemical Corporation is the owner of Federal and State Potassium Leases covering the above described lands, except those State leases which are held by the United States Potash Company, but are being mined by "International" under a Sub-Lease agreement.



Mr. W. B. Macey

- 2 -

3/25/55

The sub-lease agreement covers the following:

T21S, R29E

Sec. 36 -  $W\frac{1}{2}$   $SW\frac{1}{4}$

T22S, R29E

Sec. 2 -  $W\frac{1}{2}$ ,  $N\frac{1}{2}$   $NE\frac{1}{4}$ ,  $SW\frac{1}{4}$   $NE\frac{1}{4}$ ,  $W\frac{1}{2}$   $SE\frac{1}{4}$   
Sec. 11 -  $S\frac{1}{2}$   $NW\frac{1}{4}$ ,  $N\frac{1}{2}$   $SW\frac{1}{4}$

2 - Exhibit No. 1 shows:

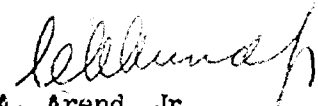
- (a) Extent of mining operations as of November 9, 1951
- (b) Extent of "Area A" effecting "International" as described in Commission Order No. R111.

3 - Exhibit No. 2 shows:

- (a) Extent of mining operations as of March 1, 1955
- (b) Area requested to be placed in "Area A"
- (c) Extent of "Area A" as of original Order No. R111
- (d) Projected mine development for period 1955 to 1960.

International Minerals and Chemical Corporation hopes the above request will be granted, as provided for in Section II (2) of Commission Order No. R111.

Yours very truly,

  
C. A. Arend, Jr.  
Manager

CAA:vs

cc: Mr. N. C. White w/attachment  
Mr. Caswell S. Neal w/attachment  
File

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF DEFINING BOUNDARIES  
OF POTENTIAL OIL PRODUCING AREAS IN  
EDDY AND LEA COUNTIES, NEW MEXICO,  
WITHIN WHICH POTASH MINERALS ARE BEING  
PRODUCED OR POTENTIAL POTASH PRODUCING  
LANDS ARE LOCATED,

CASE NO. 278  
ORDER NO. R-111

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", on June 21, 1951, and for further hearing on July 10, 1951, and the Commission, a quorum being present, having considered the testimony adduced and the exhibits introduced in evidence and arguments presented and being fully advised in the premises,

FINDS:

(1) That due notice having been given, according to law, and all interested parties having appeared, the Commission has jurisdiction of this cause, and the subject matter thereof.

(2) That an area defining potential oil and gas reserves within which are proved and potential potash deposits, and the promulgation of rules and regulations for the orderly development of oil and gas resources in such an area known to be productive of potash is within the authority of the Commission for the protection of correlative rights, the promotion of conservation, and the prevention of waste.

IT IS THEREFORE ORDERED:

That this order shall be known as THE RULES AND REGULATIONS GOVERNING THE EXPLORATION AND PRODUCTION OF OIL AND GAS IN CERTAIN AREAS AND SUB-AREAS HEREIN DEFINED AND KNOWN TO CONTAIN PROVED AND SEMI-PROVED POTASH MINERALS IN THE AREA AND SUB-AREAS HEREINAFTER SET OUT.

I  
OBJECTIVE

The objective of these Rules and Regulations is to prevent waste, protect correlative rights, assure maximum conservation of Oil and Gas resources of New Mexico and permit the simultaneous economic recovery of potash minerals in the area hereinafter defined.

II  
THE POTASH-OIL AREAS

(1) These Rules and Regulations are applicable to oil and gas operations and to exploration for and production of oil and gas in proven or potential Potash-Oil areas herein as "Area A" and "Area B".

(a) The potash-oil area represents the area in various parts of which potash mining operations are now in progress, or in which core tests indicate potential potash reserves are located and is described, as follows:

T. 19S. R. 29E

Sec. 11 - SE/4  
Sec. 12 - S/2  
Sec. 13 and 14 - all  
Sec. 23 - N/2  
Sec. 24 - N/2

T. 20S. R. 29E

Sec. 12 - NE/4 SE/4 and S/2 SE/4  
Sec. 13 - NE/4 and S/2  
Sec. 22 to 27, inclusive  
Sec. 34 to 36, inclusive

T. 21 S. R. 29E

Sec. 1 and 2, all  
Sec. 3 - E/2  
Sec. 10 - E/2  
Sec. 11 to 14, inclusive  
Sec. 15 - E/2  
Sec. 23 - N/2  
Sec. 24 and 25 - all  
Sec. 35 - E/2  
Sec. 36 - all

T. 22S. R. 29E

Sec. 1 and 2 - all  
Sec. 3 - S/2  
Sec. 9 - E/2  
Sec. 10 to 16, inclusive  
Sec. 17 - E/2  
Sec. 20 - E/2  
Sec. 21 to 28, inclusive  
Sec. 33 to 36, inclusive

T. 23S. R. 29E

Sec. 1 to 3, inclusive  
Sec. 4 - E/2  
Sec. 9 - E/2  
Sec. 10 to 15, inclusive  
Sec. 22 to 27, inclusive  
Sec. 34 to 36, inclusive

T. 18S. R. 30E

Sec. 12-S/2  
Sec. 13 and 14 - all  
Sec. 15 - SE/4  
Sec. 21 - SE/4  
Sec. 22 to 24, inclusive  
Sec. 25 - W/2  
Sec. 26 to 28, inclusive  
Sec. 29 - SE/4

ORDER NO. R-111  
PAGE -3-

T. 18S. R. 30E  
Sec. 32 - SW/4 and E/2  
Sec. 33 and 34 - all  
Sec. 35 - W/2

T. 19S. R. 30E  
Sec. 2 to 5, inclusive  
Sec. 6 - SE/4  
Sec. 7 - NE/4 and S/2  
Sec. 8 to 30, inclusive  
Sec. 32 to 36, inclusive

T. 20S. R. 30E  
Sec. 1 to 36, inclusive

T. 21S. R. 30E  
Sec. 1 to 11, inclusive  
Sec. 12 - S/2  
Sec. 13 to 22, inclusive  
Sec. 23, - N/2  
Sec. 24 - N/2  
Sec. 27 to 34, inclusive  
Sec. 35 - S/2

T. 22S. R. 30E  
Sec. 1 to 24, inclusive  
Sec. 25 - W/2  
Sec. 26 to 35, inclusive  
Sec. 36 - W/2

T. 23S. R. 30E  
Sec. 1 - S/2  
Sec. 2 to 36, inclusive

T. 24S. R. 30E  
Sec. 1 - N/2  
Sec. 2 - N/2  
Sec. 3 - N/2

T. 18S. R. 31E  
Sec. 18 - W/2

T. 19S. R. 31E  
Sec. 9 and 10 - all  
Sec. 11 - W/2  
Sec. 14 - W/2  
Sec. 15 to 17, inclusive  
Sec. 19 to 22, inclusive  
Sec. 23 - W/2  
Sec. 25 - S/2  
Sec. 26 to 36, inclusive

T. 20S. R. 31E  
Sec. 1 to 36, inclusive

ORDER NO. R-111  
PAGE -4-

T. 21S. R. 31E

Sec. 1 - N/2  
Sec. 2 - N/2  
Sec. 4 - W/2  
Sec. 5 and 6 - all  
Sec. 18 - S/2  
Sec. 19 - N/2

T. 22S. R. 31E

Sec. 4 to 9, inclusive  
Sec. 17 and 18 - all  
Sec. 19 - N/2

T. 23S. R. 31E

Sec. 7 - all  
Sec. 8 - S/2  
Sec. 16 - SW/4  
Sec. 17 to 20, inclusive  
Sec. 21 - W/2  
Sec. 28 to 33, inclusive

T. 24S. R. 31E

Sec. 4 to 6, inclusive

T. 19S. R. 32E

Sec. 23, S/2  
Sec. 24 to 27, inclusive  
Sec. 28 - S/2  
Sec. 31 - S/2  
Sec. 32 - S/2  
Sec. 33 to 36, inclusive

T. 20S. R. 32E

Sec. 1 to 36, inclusive

T. 21S. R. 32E

Sec. 1 to 17, inclusive  
Sec. 21 to 27, inclusive  
Sec. 35 and 36 - all

T. 19S. R. 33E

Sec. 19 - all  
Sec. 30 and 31 - all

T. 20S. R. 33E

Sec. 5 to 9, inclusive  
Sec. 15 to 23, inclusive  
Sec. 25 to 36, inclusive

T. 21S. R. 33E

Sec. 4 to 9, inclusive  
Sec. 16 to 21, inclusive  
Sec. 28 to 33, inclusive

T. 22S. R. 33E  
Sec. 4 to 6, inclusive

T. 20S. R. 34E  
Sec. 31 - all

(b) Area "A" represents the area in various parts of which potash mining operations are now in progress and is described, as follows:

T. 19S. R. 30E  
Sec. 9 - SE/4 NW/4, E/2 SW/4, S/2 NE/4, SE/4  
Sec. 10 - SW/4 NW/4, W/2 SW/4  
Sec. 15 - NW/4 NW/4  
Sec. 16 - N/2 NE/4, NE/4 NW/4  
Sec. 26 - S/2 NW/4, SW/4 NE/4, W/2 SE/4, SW/4  
Sec. 27 - S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4, SE/4  
Sec. 28 - SE/4 SE/4  
Sec. 33 - SE/4 NW/4, NE/4 NE/4, S/2 NE/4, E/2 SW/4, SE/4  
Sec. 34 - all  
Sec. 35 - NW/4, W/2 NE/4, NW/4 SE/4, N/2 SW/4, SW/4 SW/4

T. 20S. R. 30E  
Sec. 2 - W/2 NW/4, NW/4 SW/4  
Sec. 3 - N/2, SW/4, N/2 SE/4, SW/4 SE/4  
Sec. 4 - E/2, SW/4, E/2 NW/4, SW/4 NW/4  
Sec. 5 - SE/4 NE/4, E/2 SE/4, SW/4 SE/4, SE/4 SW/4  
Sec. 7 - SE/4 SE/4  
Sec. 8 - E/2, E/2 NW/4, E/2 SW/4, SW/4 SW/4  
Sec. 9 - N/2, SW/4, N/2 SE/4, SW/4, SE/4  
Sec. 10 - NW/4, W/2 NE/4, NW/4, NW/4 SE/4, N/2 SW/4  
Sec. 16 - N/2 NW/4, NW/4 NE/4  
Sec. 17 - W/2, N/2 NE/4, SW/4 NE/4, W/2 SE/4  
Sec. 18 - E/2 NE/4, E/2 SE/4  
Sec. 19 - NE/4 NE/4  
Sec. 20 - N/2 NW/4, NW/4 NE/4  
Sec. 25 - SW/4 SW/4  
Sec. 26 - SE/4 SW/4, S/2 SE/4  
Sec. 35 - E/2 NW/4, NE/4, N/2 SE/4, NE/4 SW/4  
Sec. 36 - W/2 NW/4, NW/4 SW/4

T. 21S. R. 29E  
Sec. 1 - SE/4, S/2 NE/4, SE/4 NW/4, NE/4 SW/4, S/2 SW/4  
Sec. 2 - SE/4 SE/4  
Sec. 11 - NE/4 NE/4, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4  
Sec. 12 - all  
Sec. 13 - N/2, SE/4, N/2 SW/4, SE/4 SW/4  
Sec. 14 - E/2 NW/4, NE/4, NE/4 SW/4, N/2 SE/4  
Sec. 24 - NE/4 NW/4, N/2 NE/4  
Sec. 25 - SE/4 SW/4, S/2 SE/4  
Sec. 36 - E/2 NW/4, E/2 SW/4, E/2

T. 22S. R. 29E

Sec. 1 - E/2 NW/4, SW/4 NW/4, SW/4, E/2  
Sec. 2 - SE/4 NE/4, E/2 SE/4  
Sec. 11 - E/2 NE/4, NE/4 SE/4  
Sec. 12 N/2, N/2 SW/4, N/2 SE/4

T. 21S. R. 30E

Sec. 6 - SW/4 NW/4, W/2 SW/4  
Sec. 7 - NW/4 NW/4, S/2 NW/4, SW/4 NE/4, SW/4, W/2 SE/4  
Sec. 18 - NW/4, W/2 NE/4, N/2 SW/4, SW/4 SW/4, NW/4 SE/4  
Sec. 19 - NW/4 NW/4

T. 21S. R. 30E

Sec. 29 - SW/4 SW/4  
Sec. 30 - S/2 SW/4, S/2 SE/4  
Sec. 31 - all  
Sec. 32 - W/2 NW/4, W/2 SW/4

T. 22S. R. 30E

Sec. 5 - W/2 NW/4, NW/4 SW/4  
Sec. 6 - N/2, SW/4, N/2 SE/4, SW/4 SE/4  
Sec. 7 - N/2 NW/4, SW/4 NW/4, NW/4 NE/4, NW/4 SW/4

(c) Area "B" is defined as that area in which core tests indicate potential potash reserves and includes the entire potash-oil area as described under "The Potash-Oil Areas" Sec. (1) (a), of this order, except and excluding lands defined and described as area "A" in "The Potash-Oil Areas, "Sec. (1) (b) of this order.

(2) Area "A" and "B" as hereinabove defined may be contracted or expanded by the Commission from time to time as circumstances or conditions may warrant, after due notice and hearing.

III  
EXPLORATION OF AREAS

(1) Area "A"

(a) Drilling of oil and gas exploratory test wells shall not be permitted in Area "A" except upon leases outstanding as of the effective date of these regulations, provided, that oil and gas exploratory test wells shall not be drilled through any open potash mines or within 1,320 feet thereof unless agreed to in writing by the potash lessee involved.

(b) Any oil or gas leases hereafter issued for lands within Area "A" shall be subject to these regulations.

(c) All future drilling of oil and gas exploratory test wells in Area "A" shall be further subject to these rules and regulations.

(d) Where oil and gas wells are in production in Area "A", no potash mine opening shall be driven to within less than 100 feet of such wells so that protection of both wells and mine can be afforded.

(e) Proposals to unitize with respect to land within Area "A", as herein defined and described, will be considered on their merits.

(2) Area "B"

(a) Oil and gas exploratory test wells may be drilled in Area "B" in accordance with these rules and regulations.

(3) Upon the discovery hereafter of oil and gas in Areas "A" or "B", the Oil Conservation Commission shall promulgate field or pool rules for the affected area after due notice and hearing.

(4) Nothing herein shall be construed to prevent unitization agreements involving lands in Areas "A" or "B", or both.

IV  
DRILLING AND CASING PROGRAM

(1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined, as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5,000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5,000 feet, whichever is the lesser.

(2) Surface Casing String:

(a) A Surface casing string of new, second-hand, or reconditioned pipe shall be set in the "Red Bed" section of the Basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations and shall be cemented with not less than one hundred and fifty percent (150) percent of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water-shut-off tests shall be made both before and after drilling the plug and below the casing seat as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole, and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

(3) Salt Protection String:

(a) A salt protection string of new, second-hand, or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.



(b) The salt protection string shall be cemented, as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string shall be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or may be cut and pulled if the production string is cemented to the surface as provided in sub-section IV (5), (a), (i) below.

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three (3 percent) percent of calcium chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four hours (24) before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section IV (3), (b), (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone, an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections IV (3), (c), (f) and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that if the salt protection string was cemented to the surface, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(ii) For wells drilled to the deep zone, the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided, that is, no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections IV (3) (c), (f) and (g) for the salt protection string.

V

DRILLING FLUID FOR SALT SECTION

The fluid used while drilling the salt section shall consist of water, to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically intended to prevent enlarged drill holes.

VI

PLUGGING AND ABANDONMENT OF WELLS

All wells heretofore and hereafter drilled within Areas "A" and "B" shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

VII

LOCATIONS FOR TEST WELLS

Before drilling for oil or gas on lands in Areas "A" or "B", a map or plat showing the location of the proposed well shall be prepared by the well operator and copy sent by registered mail to the potash lessee involved, if any. Upon proper showing of such notice and if no objection to the location of the proposed well is made by the potash lessee within ten days, a drilling permit may be issued and the work may proceed. If, however, the location of the proposed well is objected to by the potash lessee on the grounds that the location of the well is not in accordance with the foregoing regulations, the potash lessee may file a written objection within ten days for consideration and decision by the Oil Conservation Commission.

VIII

INSPECTION OF DRILLING AND MINING OPERATIONS

A representative of the potash lessee may be present during drilling, cementing, casing, and plugging of all oil or gas wells on his lease to observe conformance with these regulations. Likewise, a representative of the oil and gas lessee may inspect mine workings on his lease to observe conformance with these regulations.

IX

FILING OF WELL AND MINE SURVEYS

Each oil and gas lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to the potash lessees involved certified directional surveys from the surface to a point below the lowest known potash-bearing horizon for each oil or gas well drilled in Area "A" during the preceding calendar year. Each potash lessee shall furnish not later than January 31st of each year to the Oil Conservation Commission and to each oil and gas lessee involved, certified plat of survey of the location of open mine workings underlying outstanding oil and gas leases.

X

APPLICABILITY OF STATEWIDE RULES AND REGULATIONS

All general statewide rules and regulations of the Oil Conservation Commission governing the development, operation, and production of oil and gas in the State of New Mexico not inconsistent or in conflict herewith, are hereby adopted and made applicable to the areas described herein.

XI

ADOPTION

The foregoing Rules and Regulations are hereby adopted by the Oil Conservation Commission and adopted, ratified and confirmed by the Commissioner of Public Lands of the State of New Mexico this \_\_\_\_\_ Day of November, 1951.

DONE at Santa Fe, New Mexico this 9th day of November, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

GUY SHEPARD, Member

R. R. SPURRIER, Secretary

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GUY SHEPARD  
Commissioner of Public Lands