

Case No.

181

Application, Transcript,
Small Exhibits, Etc.

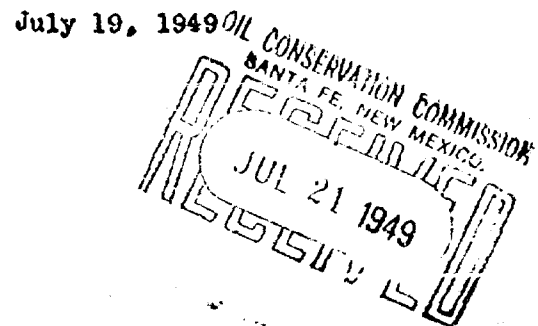
181

Tran
Exhibit

LEA COUNTY OPERATORS COMMITTEE

DRAWER I

HOBBS, NEW MEXICO



Mr. R. R. Spurrier
Box 871
Santa Fe, New Mexico

Dear Dick:

Please refer to your letter of July 6th requesting that a survey be made to determine the exact location of the unorthodox well location requested by the R. Olsen Co. under Commission Case #181.

This matter was referred to Mr. Olsen and I am enclosing herewith a copy of his reply.

Also attached hereto you will find official plat which gives the result of the survey requested.

Very truly yours,

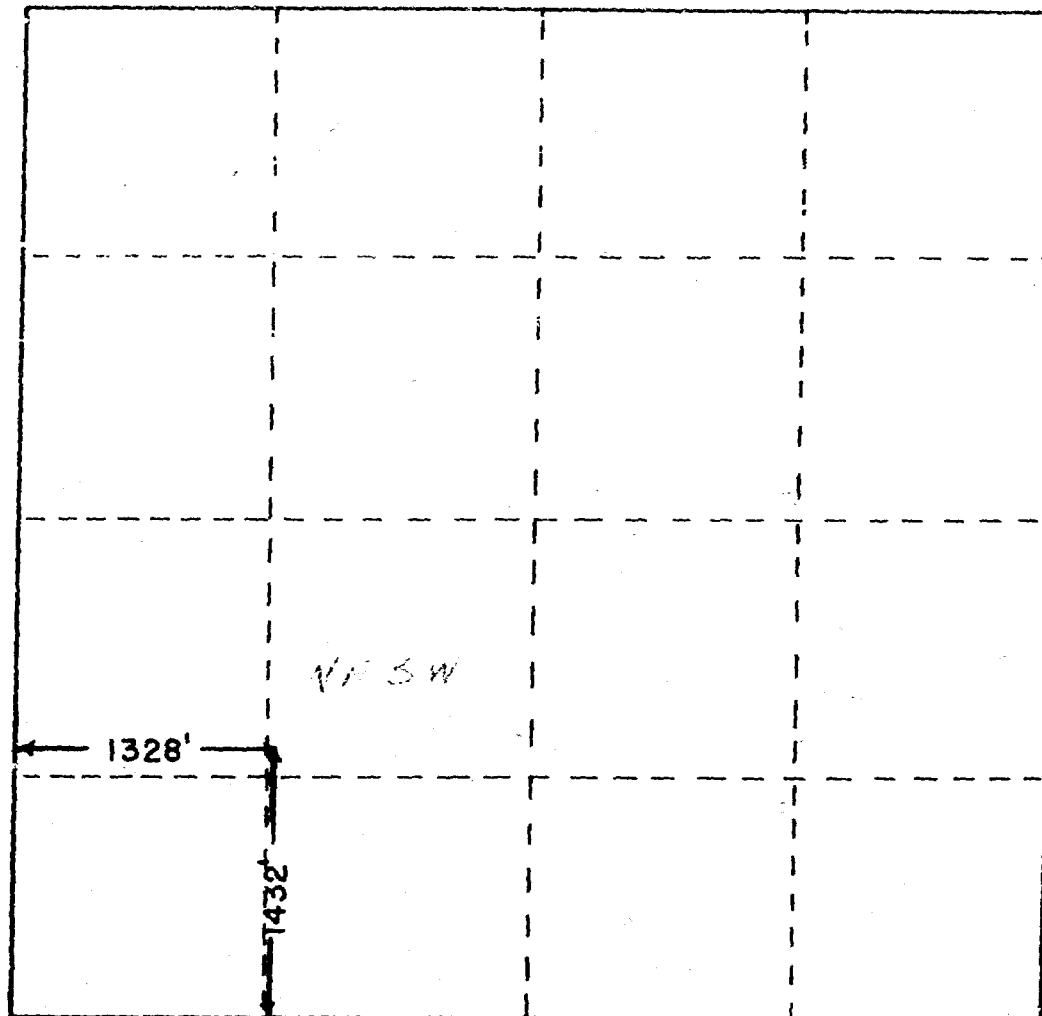

Glenn Staley

GS:rm

cc: Mr. R. Olsen

WELL LOCATION SURVEY PLAT.

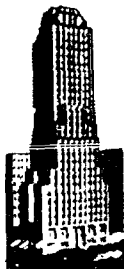
COMPANY R. OLSEN OIL CO.
LEASE G.E. COOPER
WELL NO. _____ CASE 181



SEC. 11 TWP. 24 S. RGE. 36 E. N.M.P.M.

I CERTIFY THAT THIS SURVEY WAS MADE UNDER
MY DIRECTION, AND THAT THE PLAT IS CORRECT
TO THE BEST OF MY KNOWLEDGE.

Glenn Stetson
NEW MEXICO LICENSE NO. 423

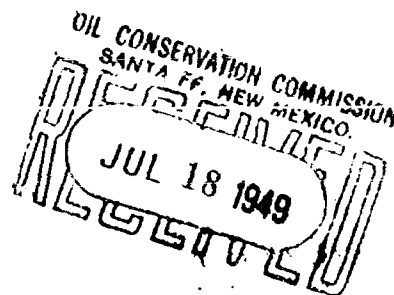


R. OLSEN, PRESIDENT

R. OLSEN OIL COMPANY

2009-14 APCO TOWER
OKLAHOMA CITY, OKLA.

July 16, 1949



Mr. Glenn Staley
Drawer 1
Hobbs, New Mexico

In Re: US-358, Unorthodox well lo-
cation SW/4 Sec 11-24S-36E,
Cooper-Jal Pool, Lea County,
New Mexico - Oil Conservation
Commission Case #181

Dear Glenn:

Thanks for your letter of July 8. Would like very much for you to have a registered engineer survey the location and send us bill for services rendered, and we will remit promptly.

Am very glad to note that Mr. Spurrier is giving this matter attention, as I am anxious to get it disposed of with the least possible delay.

With personal regards, I am

Yours very truly,

R. Olsen
R. OLSEN
PRESIDENT

RO:lfr

cc: Mr. R. R. Spurrier

July 26, 1949

Mr. R. Olsen
R. Olsen Oil Company
2809-14 AFCC Tower
Oklahoma City, Oklahoma

Dear Mr. Olsen:

We enclose herewith, signed copy of Order No. 832, Case No. 181,
in connection with the hearing held on May 5, 1949.

This copy is for your records.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Pursuant to legal notice to the public, the following proceedings came on before the Oil Conservation Commission of the State of New Mexico, beginning at 10:00 A. M., in the Senate Chamber of the Capital Building in Santa Fe on May 5, 1949.

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held May 5, 1949, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

All named parties in the following cases, and notice to the public:

Case 176

In the matter of the application of the Oil Conservation Commission upon its own motion to reconsider Order 788 issued in Case No. 146 relating to transportation of crude petroleum, and to amend or restate, such order or any part thereof. (This is a readvertisement of Case 176, heretofore published.)

Case 177

In the matter of the amended application of the Oil Conservation Commission upon its own motion to rescind, revise, change or amend Order No. 573, which became effective as of June 1, 1944 and generally known as the "Bonus Discovery Allowable Order", and to rescind, revise or amend Section 4 of Order 798, effective November 19, 1948, which amends and supercedes previous Statewide Proration Order No. 637.

Case 181

In the matter of the application of the R. Olsen Oil Company for an order authorizing an unorthodox well location for a gas well in the center of SW $\frac{1}{4}$ of Section 11, Township 24, South, Range 36 East, in the Cooper-Jal Pool, Lea County, New Mexico.

Case No. 182

In the matter of the application of V.S. Welch, Carper Drilling Company and Max W. Coll for an order permitting an unorthodox well location, 1330 feet south of the north line and 1310 feet approximately west of the east line (NW corner SE $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 36, Township 16 South, Range 30 East, N.M.P.M., in the Square Lake Pool, Eddy County, New Mexico.

Case 183

In the matter of the application of Red Lake Oil Company, a co-partnership composed of Nell Gillespie, Van Philip Welch, Jr., Majorie Nell Welch and Robert Hill Welch, by V. S. Welch, guardian of Van Philip Welch, Jr., Majorie Nell Welch and Robert Hill Welch, minors, and manager at Artesia, New Mexico of the Red Lake Oil Company, for an order permitting and approving an unorthodox well location 1687 feet south of the north line and 1580 feet west of the east line of Section 29, in Township 17 South, Range 28 East, N.M.P.M., in the Red Lake Pool, Eddy County, New Mexico.

Case 184

In the matter of the application of Kewanee Oil Company for an order granting permission to drill two "five spot" unorthodox well locations, identified as Well 27-B located 1295 feet north of the south line and 1245 feet west of the east line (SE $\frac{1}{4}$ SE $\frac{1}{4}$) of Section 25, and Well 28-B, located 1295 feet north of the south line and 2615 feet west of the east line (SW $\frac{1}{4}$ SE $\frac{1}{4}$) of Section 25, all in Township 17 South, Range 32 East, N.M.P.M., in the Maljamar Pool, Lea County, New Mexico.

Case 185

In the matter of the application of Buffalo Oil Company for an order granting permission to drill an unorthodox well location designated as Well No. 21-A to be located 25 feet north and 25 feet east of the southwest corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 in Township 17 South, Range 32 East, and for permission to plug back Well No. 15-A on the same forty-acre tract and produce the same from the Yates sand, said tract being in the Maljamar Pool, Lea County, New Mexico.

Case 186

In the matter of the application of Bassett & Collier for an order granting permission to drill an unorthodox location designated as Well No. 6, Williams Estate Fee, located 990 feet south of the north line and 2623 feet west of the east line of Section 25, Township 18 South, Range 26 East, N.M.P.M., in the Dayton Pool, Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on April 21, 1949.

SEAL

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
/s/ R. R. Spurrier
R. R. SPURRIER, Secretary

BEFORE: Hon. Guy Shepard, Member
Hon. R. B. Spurrier, Member and Secretary

REGISTER:

John E. Cochran, Jr. Artesia, New Mexico, for
Kewanee Oil Co. and Buffalo Oil Co.

R. D. Collier, Artesia, New Mexico, for Collier &
Bassett.

R. S. Blyum, Hobbs, New Mexico, for Delfern Oil Co.

Roy O. Yarbrough, Hobbs, New Mexico, for the Oil
Conservation Commission.

E. L. Shafer, Ft. Worth, Texas, for the Continental
Oil Co.

Elmer H. Wohl, Oklahoma City, Oklahoma, for the R.
Olsen Oil Co.

J. M. Paddleford, Jal, New Mexico, for the R. Olsen
Oil Co.

R. S. Christie, Ft. Worth, Texas, for the Amerada
Petroleum Corporation.

J. C. Blackwood, Midland, Texas, for the Amerada
Petroleum Corporation.

J. G. Coates, Midland, Texas, for the Cities Service
Oil Co.

Glenn L. Shoemaker, Midland, Texas, for the Stano-
lind Oil Co.

Paxton Howard, Midland, Texas, for the Shell Oil Co.

R. Chas. Nicholson, Houston, Texas, for the Shell
Pipeline Corporation.

C. E. Yager, Ft. Worth, Texas, for the Texas Pacific
Coal & Oil Co.

R. G. Schuehle, Midland, Texas, for the Texas Paci-
fic Coal & Oil Co.

M. T. Smith, Midland, Texas, for the Shell Oil Co.
Inc.

F. C. Brown, Houston, Texas, for the Shell Pipeline
Corporation.

M. C. Bummer, Midland, Texas, for the Shell Oil Co.
Inc.

Frank R. Lovering, Hobbs, New Mexico, for the Shell
Oil Co. Inc.

E. S. Porter, Amerada Petroleum Corporation, Tulsa,
Oklahoma.

W. G. Ricketts, Tulsa, Oklahoma, for Amerada Petroleum Corporation.

J. O. Hashaway, Midland, Texas, for Amerada Petroleum Corporation.

J. E. Low, Ft. Worth, Texas, for Amerada Petroleum Corporation.

George W. Selinger, Tulsa, Oklahoma, for Skelly Oil Co.

J. N. Dunleavy, Hobbs, New Mexico, for Skelly Oil Co.

G. W. Hirschfeld, Hobbs, New Mexico, for the Lea County Operators Committee.

William B. Macey, Artesia, New Mexico, for American Republics Corporation.

G. E. Kinney, Artesia, New Mexico, for the State Bureau of Mines.

Justin Newman, Artesia, New Mexico, for the Oil Conservation Commission.

Elvis R. Utz, Santa Fe, New Mexico, for the Oil Conservation Commission.

Ralph L. Gray, Artesia, New Mexico, for the Buffalo Oil Co.

W. E. Scott, Artesia, New Mexico, for the Buffalo Oil Co.

Emmett A. White, Roswell, New Mexico, for the Leonard Oil Co.

Raymond Lamb, Artesia, New Mexico, for the Wilson Oil Co.

Frank C. Barnes, Santa Fe, New Mexico, for the Oil Conservation Commission.

J. W. House, Midland, Texas, for the Humble Oil Co.

Stanley Carper, Artesia, New Mexico, for the Carper Drilling Co. Inc.

G. H. Card, Tulsa, Oklahoma, for the Stanolind Oil & Gas Co.

J. O. Seth, Santa Fe, New Mexico, for the Stanolind Oil & Gas Co.

Neil B. Watson, Artesia, New Mexico, attorney.

Harvey Hardison, Midland, Texas, for Standard Oil Company of Texas.

W. E. Hubbard, Houston, Texas, for Humble Oil Co.
R. S. Dewey, Midland, Texas, for the Humble Oil Co.
A. J. McQuiston, Hobbs, New Mexico, for Barnsdall Oil Co.
L. B. Jeffers, Tulsa, Oklahoma, for Barnsdall Oil Co.
M. L. Patterson, Odessa, Texas, for Phillips Petroleum Co.
G. H. Gray, Midland, Texas, for Repollo Oil Co.
Harve H. Mayfield, Midland, Texas, for Magnolia Petroleum Co.
E. P. Keeler, Dallas, Texas, for Magnolia Petroleum Co.
A. E. Willig, Ft. Worth, Texas, for the Texas Co.
R. L. McCormick, Midland, Texas, for the Magnolia Petroleum Co.
Paul C. Evans, Hobbs, New Mexico, for the Gulf Oil Corporation.
Lloyd L. Gray, Tulsa, Oklahoma, for the Gulf Oil Corporation.
S. H. Anderson, Tulsa, Oklahoma, for Gulf Oil Corporation.
R. E. Canfield, Roswell, New Mexico, for the USGS.
George Graham, Santa Fe, New Mexico, for the Oil Conservation Commission.
Don McCormick, Carlsbad, New Mexico, for the Oil Conservation Commission.

CHAIRMAN SHEPARD: The meeting will come to order. Mr. Graham, will you read the notice?

(Reads the notice of publication in Case 176)

CHAIRMAN SHEPARD: Is anyone here to appear in Case 176?

MR. HOWARD: Paxton Howard, Shell Oil Co., if the Commission please.

CHAIRMAN SHEPARD: Please come forward.

MR. HOWARD: I just wish to make a statement on behalf of the company. May I proceed?

MR. SHEPARD: Yes.

MR. HOWARD: In this case the Commission, I believe, has asked the operators to approve, or express their opinion, as regards the proposed amendment to the order, the chief question being whether or not there should be stricken from the order the last portion reading, "provided that a supplemental order is issued authorizing such production." In other words, should the Commission delete the supplemental order required in authorizing production when it exceeds that printed on the schedule. On behalf of the Shell Oil Company, I would like to state our position as being: we believe that the proviso to the order should be retained. In other words, there should be required this supplemental order when the production goes over that shown on the schedule. We believe that is to the benefit of the producer, the purchaser, and transporter, to have some official record and some official recognition by this body that the production is authorized in excess of that shown on the schedule. Besides, it is better conservation practice to have it in that way. We realize that the procedure should be simple so that there will be a minimum of delay in obtaining these supplemental orders. We have a suggested form which we would like to give to the Commission which we believe would simplify the handling of these supplemental orders. It is merely a form of application or letter which an operator would present to the Commission representative setting out the lease and the wells, the pipe-

line company and the purchaser and the amount of oil that they can produce from the well involved. It would be filed with the Commission representative, and right on the face of it would be the approval. The copies would be available in the Commission's office for daily check, by purchaser or pipeline representative, and there should be no delay in handling production. We also would like to suggest that in paragraph 2 of Order No. 788, as it is now written, that it should read in this way--and I will emphasize the words which I think should be included--that any crude purchased is authorized--and should be added "and transported" 100 per cent of the allowable from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the State top unit allowable for that particular month. Any amount of crude petroleum up to and including the top unit allowable for that particular month may be purchased, and then add in ("and transported"), from a marginal unit; provided that a supplemental order is issued authorizing such production. We submit to the Commission our suggestion as to how that order should read and also submit these forms as a simplified way of handling those orders. Thank you.

CHAIRMAN SHEPARD: Anybody else? Mr. Hirschfield, would you like to say anything?

MR. HIRSCHFIELD: I have nothing to say.

CHAIRMAN SHEPARD: Any of the purchasers or pipeline men have anything further to say? We will hold this open

MR. NICHOLSON: R. C. Nicholson from Houston Pipeline Co.

and Shell Pipeline acting as transporter in the State of New Mexico. We approve and recommend that consideration be given to the form and manner in which the order is written as suggested by Mr. Howard.

CHAIRMAN SHEPARD: Anybody else? We will hold this open until Mr. Staley gets here and see if he has anything further to add. In the meantime, we will proceed with the next case. Mr. Graham, would you read Case 177?

(Reads the notice of publication in Case 177)

CHAIRMAN SHEPARD: Does anyone wish to appear on this? Mr. Seth, do you have anything?

MR. SETH: On behalf of the Stanolind Oil and Gas Co. I merely wish to state our position. We think the order is of doubtful utility for discovery, and we believe the facts shown in the records of the Commission will show it hasn't really accomplished its intended purpose. It is very questionable whether it is a proper conservation measure, and the facts and figures read yesterday indicate that its intended purpose to encourage them to step out and wildcat has not been accomplished, and we favor the rescission of the order.

CHAIRMAN SHEPARD: Does anybody else have anything to say on this case?

MR. McCORMICK: How about the date of rescission, Mr. Seth? And how about the allowable that have already been given?

MR. SETH: I wouldn't interfere with them at all. I would make it effective the first of July.

MR. McCORMICK: How about wells now drilling?

MR. SETH: They would have to be taken care of. If they

began work on the basis of the order, I think they would have to be taken care of. Should be.

MR. McCORMICK: How would that be done? Safety clause?

MR. SETH: That's right.

MR. McCORMICK: Exception in the order of recission?

MR. SETH: That's right. Mr. Gray, do you have some figures on that?

MR. GRAY: Yes, sir.

COMMISSIONER SPURRIER: Would you come forward, please?

MR. GRAY: During the period of time that the bonus allowable was in effect, bonus was granted to twenty wells, and the first bonus was granted in October 31, 1944. The last one was granted February 25, 1949. That was an average of 4.6 wells each year. The total bonus that has been granted has amounted to 631,595 barrels, or an average of 148,565 per year. The total bonus produced to date, and I believe these figures are to April 1, 1949, has amounted to 410,581 barrels or an average of 94,822 per year. Of the 20 wells that had bonuses granted four of them have produced no oil insofar as the bonus is concerned. About four others have produced a very small proportion of the bonus granted. Of the total amount produced, it is about two-thirds of the total granted. Seven bonuses are now still in effect.

CHAIRMAN SHEPARD: Anyone else? Well, if no one has anything further, this will be taken under advisement and we will take up Case No. 181. Would you read that, Mr. Graham, please?

(Reads notice of publication in Case 181)

MR. SHEPARD: Do you have anything?

MR. WALL: Elmer H. Wall, with the R. Olsen Oil Co.

CHAIRMAN SHEPARD: Will you swear this witness?

(Witness sworn)

MR. WALL: I first want to make a general statement.

CHAIRMAN SHEPARD: Go ahead, Mr. Wall, please.

MR. WALL: In the latter part of March the management of the R. Olsen Oil Co. approved the drilling of a gas well in the center of the SW¹ of 11-24-South-36-East. In arriving at that decision they took the following factors into account and which caused them to conclude that this was the proper and logical location for such a well. First, of course, we recognized the pipeline proration of one well to--one gas well to 160 acres--and the new gas law and the anticipated regulations in that same regard. Secondly, there are two abandoned oil wells in this quarter section, one in the NWSW, and the other in the SWSW. We felt that we should get far enough away from those wells to avoid possible water contamination in the Yates sand from those old wells. Next, in recent cases the USGS has recommended and suggested to consider the making of locations in the center of 160-acre tracts. In fact, in one recent instance, they strongly urged us to make that type of location on the Federal acreage. Next, while these two abandoned oil wells--it is believed that there is good probability of discovering oil in another horizon, and a gas well in the center of 160 acres would leave us a better spacing pattern for oil wells in the center of each forty. The next item was a matter of drainage and whether or not there were any inequities involved in such spacing. The lease and mineral

ownership in this quarter section is uniform throughout the quarter section. In other words, there are no variations in the ownership as between one forty and another forty in the 160 acres. Therefore, in so spacing the gas well, no inequities could arise from the standpoint of drainage. There are also some extenuating circumstances in connection with this application. Unfortunately, the management wasn't aware that this type of application would require a public hearing. In the latter part of March the Form C-101 was filed and in due course we were notified that a hearing was necessary. Application for this hearing was made on April 11. But under the terms of our leases, they would terminate if operations for the drilling of the well were not commenced by April 15. So, we more or less took the bull by the horns and conducted operations on the well sufficient in our opinion to perpetuate the leases. We urge the Commission that this application be granted. I have no particular testimony to present unless the Commission wishes to ask some questions.

MR. McCORMICK: When was the well started?

MR. PADDLEFORD: (Mr. Paddleford was the witness sworn.)

The well was commenced on April 4.

MR. McCORMICK: Has it been shot?

A. It isn't completed as yet.

Q. How deep are you?

A. We are 3014 feet.

Q. Is this fee land?

A. Yes.

Q. When was your C-101 filed?

A. March 30.

CHAIRMAN SHEPARD: You obtained this approval to drill, did you?

A. Yes, sir.

CHAIRMAN SHEPARD: Were you ever notified at any time that you shouldn't do this without a hearing?

A. Yes, sir.

CHAIRMAN SHEPARD: When ^{did} you receive that notice?

A. At the time that I was to receive that notice I was in Oklahoma City, and I received the word by 'phone on approximately April 11, I believe.

CHAIRMAN SHEPARD: Well, then after you received this notice, what did you do?

A. Well, we discussed the matter, and I found out then that it was necessary to receive approval of an unorthodox location, and Mr. Olsen and myself discussed the matter, and I got in touch with Mr. Yarbrough and asked him what his suggestion would be, and he thought that we should discontinue drilling until we received approval of an unorthodox location. However, we were at a point there where it was rather expedient to continue operations and then file for an unorthodox location.

MR. McCORMICK: When was the lease to expire?

A. April 15.

MR. McCORMICK: It wasn't saved by production on some other part of the lease?

A. No, sir.

MR. McCORMICK: It would have gone out the window on April 15?

A. Yes, sir.

CHAIRMAN SHEPARD: You went right ahead and drilled the well after you were notified not to, is that right?

A. We continued drilling operations, yes, sir, because the terms of the lease were such that continuous and diligent operation had to be carried through.

MR. McCORMICK: Do you have a copy of the lease here?

A. I believe Mr. Wall has.

MR. WALL: I have the original.

COMMISSIONER SPURRIER: What is the cost of keeping a rig in operation, or rather, shutting it down for a day?

A. I believe three hundred dollars per day.

CHAIRMAN SHEPARD: About three hundred dollars per day?

A. Yes, sir.

CHAIRMAN SHEPARD: You have other operations in New Mexico?

A. Yes, sir.

CHAIRMAN SHEPARD: How long have you been operating in this state?

A. Well, Mr. Olsen has been operating--how long have you been operating, Mr. Wall? Do you know?

MR. WALL: In Lea County since 1935. This is the first occasion we have had to make this type of location.

MR. McCORMICK: Three leases?

MR. WALL: There are a number of owners. Some of those leases don't have that clause. Others do. In other words, there are about ten or twelve different owners of the minerals. There are about ten or twelve leases on this 160. Some of those leases do not call for that type of operation and others do. To be exact, eleven different

mineral leases and this group of leases consists of the complete leaseholds at stake. Mr. Paddleford, do we have any written correspondence with the USGS with regard to this type of location?

A. No, I don't have. There was a discussion with Mr. Canfield and Mr. Morrell at the time we were drilling our No. 1 Myers in Section 13-24-36.

MR. McCORMICK: Are there any other locations in the exact middle of the 160 in that area?

MR. WALL: I am not certain. Here is the plat attached to our application for this location. It shows gas wells. But they are not in the center of 160's. This is our proposed location. These are the two abandoned oil wells. Here is a gas well, and here is a gas well, and here is one.

MR. McCORMICK: Who owns these two gas wells on the east of you?

MR. WALL: Those belong to R. Olsen Oil Co. This red acreage is R. Olsen Oil Co.'s.

MR. GRAHAM: Will you explain again your idea of anticipating what the future gas rules would be?

MR. WALL: Well, at the time--we all know that the El Paso Natural Gas Co. attempts to prorate pipe--is attempting a pipeline proration on the basis of maximum take on a well to 160 acres. A well that is located on forty acres, or that only has forty acres attached to it, only gets about one-fourth the amount of take that a well that has 160 acres allocated to it. And, of course, we rather anticipate that some similar allocation will probably be made when rules and regulations for the production of gas well production are

formulated under this new gas law.

CHAIRMAN SHEPARD: Does anybody have anything further? Well, the witness will be excused and this will be taken under advisement. The next case is 182. Will you read it, Mr. Graham, please.

(Reads the notice of publication in Case 182)

MR. WATSON: If the Commission please, this involved an application to drill a well in the NW corner of the SE $\frac{1}{4}$ N E $\frac{1}{4}$ of Section 26, Township 16 South, Range 30 East. All of the land in the NE $\frac{1}{4}$ is included in state leases No. 2894. Mr. V. S. Welch is the owner of that portion of the lease described as the N $\frac{1}{2}$ of the NE $\frac{1}{4}$. Carper Drilling Company and Max W. Coll are the owners of that portion of the lease described as the SW $\frac{1}{4}$ of the NE $\frac{1}{4}$, and Mr. John M. Kelly is the owner of that part of the lease described as the SE $\frac{1}{4}$ NE $\frac{1}{4}$ where the well is to be located. I want to file with the Commission at this time a letter from Mr. Kelly advising that in the event this application is granted an operating agreement will be made with the petitioner for the drilling of this well.

STANLEY CARPER, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. WATSON:

Q. Mr. Carper, will you state your name to the reporter, please sire?

A. Stanley Carper.

Q. Are you an officer of the Carper Drilling Company?

A. I am.

Q. What office do you hold in that corporation?

A. Vice President.

Q. Are you familiar with the oil and gas development, Mr. Carper, in the NE $\frac{1}{4}$ of Section 36, Township 16 South, Range 30 East?

A. Yes, sir.

Q. N.M.P.M. What field is that in?

A. Square Lake field.

Q. Will you state what wells there are on the N $\frac{1}{2}$ of the NE $\frac{1}{4}$, please, sir?

A. V. S. Welch has two wells on the N $\frac{1}{2}$ of the NE $\frac{1}{4}$.

Q. Do you know whether or not both of those wells are now producing?

A. The one in the--the east well is not producing at the present time.

Q. That is in the NE $\frac{1}{4}$?

A. That is in the NE $\frac{1}{4}$, that's right.

Q. Do you know who owns the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$?

A. That is owned by John Kelly.

Q. Do you know whether or not there is a well on that forty?

A. There is an abandoned well on that forty.

Q. Is that a center location?

A. Yes, it is.

Q. With reference to the SW $\frac{1}{4}$ of the NE $\frac{1}{2}$ what development is there in that forty acres?

A. There is a well owned jointly by the Carper Drilling Company and Max Coll.

Q. And is it correct, Mr. Carper, that V. S. Welch,

Carper Drilling Company and Max W. Coll have an agreement with John M. Kelly, subject to obtaining approval of an unorthodox well location, to drill a well on the SE $\frac{1}{4}$ NE $\frac{1}{4}$, which will be 1330 feet south of the north line and 1310 feet west of the east line of Section 36, Township 16 South, Range 30 East?

A. Yes, sir, that is true.

Q. And that well is to be drilling down to the Square Lake pay?

A. Yes.

Q. Now, what is the reason for the request for this unorthodox well location?

A. We feel that this quarter section won't be properly drained by the four wells now on it, or by the two producing wells now on it. And we feel that another well will sufficiently drain that quarter section.

Q. In making this location are you attempting to drill as closely as possible to the producing wells and as far away as possible from the abandoned or dry wells that are in that 160?

A. Yes, sir.

Q. Does the Commission have any questions?

MR. McCORMICK: How long ago were these two wells on the east abandoned?

A. I believe, I think V. Welch's well was abandoned about a year ago. The one that John Kelly owned was abandoned about eighteen months ago, as I remember it.

MR. McCORMICK: Has the casing been pulled?

A. Yes, sir. I couldn't say about V. Welch, but I know John Kelly's has been plugged.

MR. McCORMICK: All these other locations are in the middle of a forty?

A. Yes, sir, that's right.

CHAIRMAN SHEPARD: Anybody have anything further? Well, if not, the witness will be excused and the request granted.

MR. WATSON: I have a proposed form of order.

CHAIRMAN SHEPARD: Will you read the next case, Mr. Graham, please, Case 183?

(Reads the notice of publication in Case 183)

MR. WATSON: If the Commission please, Mr. V. S. Welch was intending to be here, but has been attending a directors' meeting of the Independent Petroleum Association at New Orleans. He called me at midnight last night and stated by reason of airplane trouble he was in Fort Worth and would be unable to be here. I have sent in to Mr. Spurrier a written statement from Mr. W. W. Ports with reference to the location of this well. And I would like to file that statement with the Commission if you have that, Mr. Spurrier.

MR. SPURRIER: Yes, we have that in our files.

MR. WATSON: I would also like to file at this time a survey made by W. W. Ports, registered professional engineer and land surveyor, under date of October 15, 1948, and a second survey made by Mr. Ports at a later date.

This application is with reference to the Williams No. 2-B well, which is on government acreage in the Red Lake field in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 29, Township 17 South, Range 28 East, N.M.P.M. When the location of this well was made, it was intended that the well would be located 650 feet south of the north line and 1650 west of the east line of Section 29. But as shown by the two surveys, it

was later determined after the well was drilled that by reason of the irregularities in Section 29 the location is actually 1687 feet south of the north line and 1580 feet west of the east line of the Section 29. I would like to submit from the records of the Red Lake Oil Company a copy of the notices made to the USGS with reference to the completion of the well, which notices show the location as it actually has been determined by the last survey. And I would like permission to file with the Commission true typewritten copies of that approved order--of that approved notice--and withdraw the original for the files, if I may do that.

MR. McCORMICK: When was the well drilled?

MR. WATSON: The well was completed on or about December 20.

MR. McCORMICK: 1948?

MR. WATSON: 1948, yes, sir. I may state also at this point that it is my understanding that the location does not violate the regulations of the USGS for a well on government land. But I may say also that the supervisor requested the Red Lake Oil Company to file an application for approval of this unorthodox location. The error in the location was entirely unintentional and, as I say, on the two surveys made by Mr. Ports I believe it will appear that there are irregularities in this section. So that if you start from one corner to arrive at a particular place, and if you start from another corner to arrive at the same spot, you arrive at a different place. The location is 37 feet off in one direction and approximately 70

feet in the other direction.

COMMISSIONER SPURRIER: I think, Mr. Watson, our files will show that the Oil Conservation Commission also requested that he file application for approval of an unorthodox location.

MR. WATSON: Yes, sir, that is true, Mr. Spurrier. I merely made that statement with reference to filing this approved notice here so that the Commission would understand that the USGS had asked Mr. Welch for the Red Lake Oil Company to file this application, even though they had approved the location.

CHAIRMAN SHEPARD: Any questions? If there are no further questions the request will be granted. Will you read the next case, please, Mr. Graham?

(Reads the notice of publication in Case 184.)

MR. COCHRAN: John E. Cochran, Jr. I live at Artesia, New Mexico and represent Kewanee Oil Company. Kewanee Oil Company owns what it designates as its Pearl Lease, described as all of Section 25, Township 17 South, Range 32 East and lots 1, 2, 3, and 4, and the E $\frac{1}{2}$ of W $\frac{1}{2}$ of Section 30, Township 17 South, Range 33 East, N.M.P.M., in Lea County, New Mexico, in the Maljamar Field. At the present time, there have been drilled twenty-four wells on this lease--no, there have been drilled twenty-six wells on this lease and twenty-four of the wells are producing. Well No. 20 is standing idle and is not producing, and Well No. 12 in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25 was temporarily abandoned in January of this year and is not producing. All of the wells drilled thus far on this lease are

located in the center of 40-acre legal subdivisions with the exception of wells 21, 22, 23, 24, 25, and 26. These six wells are five-spot locations which were drilled during 1948. The Kewanee Oil Company desires to drill Well No. 27-B in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25 at the location set forth in the application; and well No. 28-B in the SW of the SE $\frac{1}{4}$ of Section 25 at the location set forth in the application, and which are shown on the map attached to the application. Now, in each instance this well will constitute the first well in the forty acres that is now producing. And in the five-spot locations previously drilled there was no provision made for any allowable for those wells because they constituted the second well on a forty. Now, in the case of these two wells, it would be Kewanee's desire that they be permitted to produce from these two wells, when drilled, whatever the allowable may be that is set by the Commission for those forty-acre units. Now, in view of the fact that there have been two previous hearings on the six unorthodox locations drilled heretofore, and at those hearings rather extensive testimony was taken, I have no witnesses here to add further to that testimony. And if the Commission cares to review that, I would like to make reference to those two previous hearings of the Kewanee Oil Company on five-spot locations on this same lease.

MR. McCORMICK: Why aren't these drilled on conventional locations since there are no wells on that quarter.

MR. COCHRAN: In the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25 Well No. 12 was drilled in the regular location. That well produced for a

COCHRAN

Exhibit No. 1.

probably

SHEPARD: Any

request. Will

reads the notice of

MR. COCHRAN: John E. Cochran, Jr.
Buffalo Oil Company.

RALPH GRAY, having been first
as follows:

DIRECT EXAMINATION BY MR. COCHRAN

MR. COCHRAN: If the Commission please, the Buffalo Oil Company owns what is designated as the Hatch tract, situated in Sections 21 and 22, Township 27 North, Range 33 East. This land is in Carbon County, with the Hatch and O-S notes, and is located in the Hatch tract of Carbon County, and is bounded by the Hatch tract of Carbon County. There are a number of other tracts of land in the

number of years and then production declined. And while that well has not been completely abandoned and the casing pulled, the sand has been muddied off and cemented. Their thought is that by drilling the wells in the location shown on the plat that they could probably obtain better producing wells, and also that will carry out a five-spot pattern which they started sometime ago.

COMMISSIONER SPURRIER: Is this under the cooperative?

MR. COCHRAN: No, this lease is outside the cooperative.

MR. McCORMICK: What kind of well is Cochburn No. 1?

MR. COCHRAN: I believe that is what is known as Cochburn Allstate No. 1. That was a very light well. I believe that well probably makes about two barrels a day.

CHAIRMAN SHEPARD: Anything further? Well, if not, we will grant the request. Will you read the next case, Mr. Graham?

(Reads the notice of publication in Case 185)

MR. COCHRAN: John E. Cochran, Jr. Representing the Buffalo Oil Company.

RALPH GRAY, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. COCHRAN:

MR. COCHRAN: If the Commission please, the Buffalo Oil Company owns what is designated as its Baish A Lease, situated in Sections 21 and 22, Township 17 South, Range 32 East. This lease is on federal land, and consists of 640 acres, and is located in the Maljamar Pool of Lea County, and is committed to the Maljamar cooperative agreement. There are a number of producing wells on this lease,

some producing from the Maljamar pay, some producing from the Yates sand, and I believe there is one input well on this tract.

Q. Mr. Gray, will you state your name, please?

A. Ralph Gray,

Q. Have you testified before the Commission before, Mr. Gray?

A. Yes, sir.

MR. COCHRAN: Are you willing to accept Mr. Gray's qualifications?

COMMISSIONER SPURRIER: Certainly.

Q. By whom are you employed?

A. Buffalo Oil Company.

Q. In what capacity are you employed by the Buffalo Oil Company?

A. Assistant superintendent of production.

Q. In that capacity do you have supervision of their, or or you familiar with the Maljamar properties of the Buffalo Oil Company?

A. Yes, sir.

Q. You are familiar with the Baish A Lease?

A. I am.

Q. Mr. Gray, how many wells have been drilled on the Baish A Lease to date?

A. There have been twenty-one wells drilled.

Q. From what depths are those wells producing?

A. There are three wells producing from the depth of approximately 2,500 feet, in the Yates formation; there are sixteen wells producing from the Maljamar Pool at an

approximate depth of 4,000 feet; two wells are gas injection wells in the Maljamar pay.

Q. Now, you have made application to plug back No. 15-A located in the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21 to the Yates sand, and you have also made application to drill Well No. 21-A, to be located on this same 40-acre tract. That is correct?

A. That's right.

Q. Will you state to the Commission why you wish to plug back Well No. 15-A to the Yates sand and give the Commission some of the history of this well No. 15-A?

A. Yes. At the time 15-A was drilled considerable trouble was experienced in completing the well. And in drilling the pay section the tools were lost and considerable difficulty was experienced in sidetracking the tools. It was finally necessary to set two whipstocks. The last whipstock being placed in the bottom part of the 5 $\frac{1}{2}$ inch oil string set at 3,610. In drilling through the bottom part of the oil string, the gas pay was exposed to the well bore, which had previously been cased off. Later an attempt was made to shut off this gas by squeezing it off, but the attempt was unsuccessful. As a result, the well was completed as a rather poor well, and since that time the well has only produced 826 barrels per acre as compared to other wells in the same area having produced from 2,640 to 4,650 barrels per acre.

Q. Do you feel that this small recovery and the small productivity that you obtained from this well is due to this poor completion?

A. It is due partly to the poor completion.

Q. When this well was drilled, what was the nature or extent of the showings that you had as you went through the Yates sand?

A. Our records indicate that a considerable quantity of oil was encountered in the Yates formation at the time of drilling through it, and one estimate is in the neighborhood of 100 barrels a day.

Q. It is your desire to plug 15-A back to the Yates sand and perhaps complete the well as a producing well in the Yates formation?

A. That's right.

Q. Is it your intention to make an additional study of the Yates sand in this particular area?

A. Yes. We are not going to obtain a very high ultimate recovery from our present Yates wells, so, we do wish to make further study and determine further if it will be economical to recomplete 15-A as a Yates well.

Q. If your studies show that the expenditure might not be justified or that you might not obtain enough oil from the Yates sand to justify this expenditure, what are your plans with reference to 15-A then?

A. This well will be shut in and either be temporarily or permanently abandoned.

Q. In other words, while presently your plan is to plug the well back to the Yates sand, you don't necessarily want to be obligated to do that?

A. That's right.

Q. Now, where do you propose to drill the new Maljamar pay well? Well No. 21-A?

A. 25 feet north and east of the SW corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21, Township 17 South, Range 32 East.

Q. For what reason have you selected this particular location?

A. We believe we will recover a maximum ultimate recovery from the formation by drilling at this location.

Q. In other words, you feel that a well drilled, and completed satisfactorily, that the recovery from that well would be comparable to the 40-acre tracts around this 40-acre tract?

A. That's right. It should be approximately the same as the other wells.

Q. Now, if you are permitted to drill Well No. 21-A to the Maljamar pay, what is the situation with reference to allowable for that well? How would that well be produced?

A. This well will be allocated an allowable in accordance with the proration formula which is in effect for the Maljamar cooperative agreement.

Q. If Well No. 15-A is plugged back to the Yates sand and completed there, would that constitute a second well on that forty-acre tract producing from the Yates sand?

A. Yes, sir, it would.

Q. What would the production arrangements from those wells be insofar as allowable is concerned?

A. We would not exceed the top allowable for forty-acre proration units for the Yates formation pay.

Q. In other words, you would only take out of the two wells the allowable fixed for a 40-acre proration unit for the Yates sand?

A. That's right, yes, sir.

MR. COCHRAN: Does the Commission have any questions?

BY MR. MCCORMICK:

Q. Where are the other Yates wells located?

A. There is (indicating on map) 17-Y, 18-Y and 19-Y as indicated on the map. I believe they are shown with that color designation there.

Q. If this 15-A couldn't be completed as a Yates well, do you intend to go back and produce it as a Maljamar pay well?

A. No, sir. If we completed 21-A as a Maljamar well, then, at that time, we would shut in 15-A and it would not be produced from the Maljamar pay.

Q. You don't contemplate a dual completion there at all?

A. No, sir.

Q. How much is 15-A now producing a day?

A. It produces about ten barrels a day.

Q. And what do your other Maljamar wells produce?

A. The other wells in this general area produce from 30 to 40 barrels a day.

CHAIRMAN SHEPARD: Any further questions? If not, the witness will be excused and the request will be granted. The next case is 186. Would you read that, Mr. Graham?

(Reads notice of publication in Case 186.)

MR. COCHRAN: If the Commission please, the facts in this case are briefly these: Bassett and Collier own what they designate as their Williams Estate Fee Lease, described as the N $\frac{1}{2}$ of Section 25, Township 18 South, Range 26 East, N.M.P.M., in Eddy County, New Mexico. During the latter part of 1948, Bassett & Collier decided to drill three

wells upon this lease, which is located in the old Dayton field. They employed a licensed surveyor with instructions to stake them three ten-acre locations. The surveyor staked the three locations, but instead of staking ten-acre locations, the location for Well No. 5 was made 330 feet from the south line of the 40-acre tract, and 660 feet from the west line of the 40-acre tract. No. 7 is 330 feet from the North line and also 660 feet from the west line. Which locates those wells in the center of the 40-acre tract. For some reason, when the location was made for Well No. 6, which was supposed to be in the SE corner of the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, the location was actually made 17 feet east of the west line of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 25, and 990 feet from the north line of that 40-acre tract. And the well has been drilled to approximately 935 feet. The casing was run and cemented, and in accordance with the order of the Commission's Artesia office, the well was shut down at that depth. Mr. Collier will testify and tell you the story.

R. D. COLLIER, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. COCHRAN:

Will you state your name, please, sir?

A. R. D. Collier.

Q. Are you a member of the firm of Bassett & Collier?

A. I am.

Q. Bassett & Collier are part owners and operator of the Williams Estate Fee Lease which has just been described?

A. That's right.

Q. This lease is located in what is known as the old Dayton field?

A. Yes.

Q. How many wells have been drilled on this lease up until the present time?

A. Five.

Q. How many wells are producing?

A. Four.

Q. From what depth is production obtained?

A. Around 1,000 feet.

Q. Did Bassett & Collier decide during the Fall of 1948 to drill some wells on this lease?

A. That's right.

Q. Would you tell the Commission, Mr. Bassett, how many wells at that time you planned to drill, and what steps you took to have locations made for those wells?

A. Well, I employed a surveyor to make us three ten-acre locations; and I made a deal with the rotary man to drill two of these locations. I gave him two locations where he could set pipe and all, and skid to it. He had a derrick.

Q. The first well he moved onto was what?

A. No. 5.

Q. After No. 5 was rotaried down to casing point, what happened then?

A. We skidded the rig to 6.

Q. And the contractor started drilling on Well No. 6?

A. That's right.

Q. When the contractor moved from Well No. 5 did he simply move over to the stake the surveyor set?

A. That's right.

Q. When did you first learn the exact location of Well No. 6?

A. Well, when Mr. Newman called me and told me I was on the wrong location.

Q. At what depth were you when Mr. Newman called?

A. We were at around 800.

Q. What did Mr. Newman say?

A. He said we would have to shut down or plug it, but I was in the artesian water, and I talked him into running through that and then cement it and shut it down.

Q. To protect the artesian water?

A. That's right.

Q. And you did that?

A. That's right.

Q. Did you run casing?

A. Yes, sir.

Q. About where did you set it?

A. At about 935 feet.

Q. Did you cement the casing in accordance with Mr. Newman's instructions?

A. From top to bottom.

Q. About how many sacks of cement did you use?

A. I think around 125 sacks.

Q. What is the status of this well at the present time?

A. Just exactly like that. Still setting there with the mud inside the pipe.

Q. Is the royalty ownership uniform under this Williams Estate Fee Lease?

A. Yes, it is.

Q. Does the present location of the Well No. 6 crowd any lease owner?

A. I don't think so, no, sir.

Q. Does Bassett & Collier own several leases adjoining this one?

A. I think we own all except the one east and maybe southeast.

Q. Those are owned by R. W. French?

A. That's right.

Q. About how far is the location of the Well No. 6 from R. W. French's land?

A. I expect the closest place is about a half mile.

Q. Now, Mr. Collier, Bassett & Collier would like for the Commission to grant them permission to go ahead and complete this well?

A. That's right.

Q. What is the initial production of the wells in that area, approximately?

A. Oh, they make anywhere from two barrels to five and six.

Q. If you were granted permission to complete this well as a producer at its present location, would Bassett & Collier be willing to sign a stipulation and furnish it to the Commission to the effect that the forty acres upon which Well No. 6 is located, and the forty acres immediately west of that forty-acre tract would never be segregated or assigned separately until such time as Well No. 6 was abandoned? Would you enter into such a stipulation?

A. Yes, sir, we would.

MR. COCHRAN: Does the Commission have any questions?

BY COMMISSIONER SPURRIER:

Q. Whose error would you say this was finally, Mr. Collier?

A. I would say it was the surveyor's and mine both.

Q. The surveyor isn't here and he can't speak for himself?

A. That's right.

Q. I don't quite understand why this location was made so close to the line. I mean I haven't arrived at the point-- was it the fact that while you were not there your drilling contractor skidded the rig that he skidded to a stake that he shouldn't have skidded to, that you didn't intend for him to, or just what happened there?

A. No, I really think the surveyor thought he was making ten-acre locations that would put us 330 from the north and south and 330 from the west and 660 from the other corner. But the way he come down the middle of the forty that he was going to make three ten-acre locations on instead of down the west side--which he should have done-- 330 feet in.

BY MR. COCHRAN:

Q. Mr. Collier, where originally did you intend for No. 7 to be in the NW corner of that forty?

A. 330 and 330.

Q. 330 and 330. You intended for No. 5 to be in the SW corner of the forty?

A. That's right.

Q. And you intended for No. 6 to be in the SE corner of that same forty?

A. That's right.

Q. In other words, all three of the wells would have been ten-acre locations on the same forty acres?

A. What I had in mind there was to set a jack in there to pump these wells, and that is the reason I wanted to get them exactly on location.

MR. McCORMICK: What kind of a stake did the surveyor set out there?

A. A good-sized stake.

MR. McCORMICK: Wood stake?

A. Yes, sir.

MR. COCHRAN: 2 x 4?

A. Yes, sir. As big as a 1 x 4, 4 feet high.

CHAIRMAN SHEPARD: Does anybody have anything further?

If not, the witness will be excused and the request granted.

We will take Case 176 under advisement. Mr. Staley never came in. If there is nothing further, the Commission meeting will be adjourned.

-oOo-

STATE OF NEW MEXICO)

COUNTY OF BERNALILLO)

ss

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico took place at the time and place therein set out, and that the said transcript is a true record to the best of my knowledge, skill, and ability.

DONE at Albuquerque, N. M., June 4, 1949.

E. E. Greeson

E. E. GREESON
Notary Public

My Commission Expires: 8-4-52

Case
181

July 6, 1949

Mr. Glenn Staley
Lea County Operators Committee
Drawer I
Hobbs, New Mexico

Re: R. Olsen Oil Company, Application for
Unorthodox Well Location, SW/4 of
Sec. 11, Twp. 24S, R. 36E, Cooper-Jal
Pool, Lea County, New Mexico - Oil
Conservation Commission Case 181.

Dear Glenn:

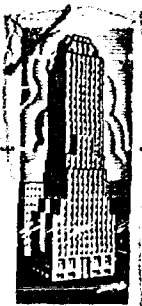
It will be necessary, in order to complete our file on the above case,
to have an exact survey made on the oil well in SW/4 11-24S-36E.

If you can assist us in any way we will appreciate it very much.

Very truly yours,

R. R. Spurrier

RRS:bw
cc: Mr. R. Olsen, Oklahoma City



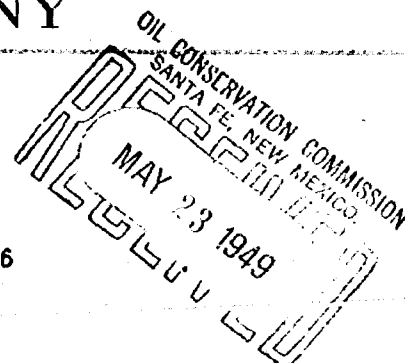
R. OLSEN, PRESIDENT

R. OLSEN OIL COMPANY

2809-14 APCO TOWER
OKLAHOMA CITY, OKLA.

May 21, 1949

In re: US-358, Geo. E. Cooper, SW 11-24-36



Mr. R. R. Spurrier, State Geologist
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

I tried to reach you by telephone yesterday to discuss above subject, but learned from your Mr. Burns that you were on a vacation and would not return before May 28th.

Naturally, I am very anxious to receive your reaction in connection with the above, particularly in view of the fact that the Cities Service and the Magnolia are both interested with the R. Olsen Oil Company as non-operating partners, and for that reason I would like to be in a position to submit a report on your action as soon as possible.

I want to take this opportunity to express my appreciation for courtesies extended Mr. Wahl and Mr. Paddleford when they attended the hearing on the above subject.

With personal regards, I am,

Yours truly,

R. Olsen
R. OLSEN
PRESIDENT

RO/c

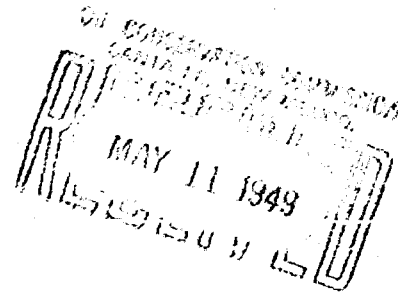
NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



ROOM 205, BOOKER BUILDING
Artesia, New Mexico

May 9, 1949



Mr. R. R. Spurrier
Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Spurrier:

In regards to the recent oil hearing concerning the R. Olsen Oil Company No. 1 Cooper, in Section 11, Township 24 South, Range 36 East, I believe the correct spud date is April 2, 1949. On April 6 the scout report show the well was spudded on April 2, 9-5/8 inch casing set at 300 feet with 150 sacks, and that the well was at a total depth of 2502 feet in salt and anhydrite.

Yours very truly,

OIL CONSERVATION COMMISSION

By:

Justin Kearns
Artesia Representative

JN:EGW



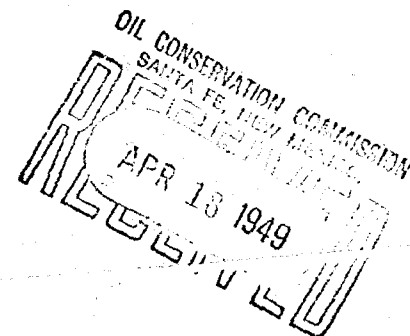
R. OLSEN, PRESIDENT

R. OLSEN OIL COMPANY

2809-14 APCO TOWER

OKLAHOMA CITY, OKLA.

April 16, 1949



Mr. R. R. Spurrier
State Geologist
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Mr. Spurrier:

Again referring to my conversation with you by phone from Midland recently, I appreciate that you assumed the attitude it would not necessarily be compulsory for us to discontinue drilling operations, provided it was thoroughly understood that the work would be carried on at our own risk subject to the approval or disapproval of the commission at a special hearing. On my return to the office this morning I find that Mr. Paddleford has already asked for such a hearing to be held at your convenience.

Referring to your letter of April 8, 1949, which was received during my absence from the office, I can readily understand your impatience as there is no excuse for us not knowing the rules and regulations in an area where we have been operating for the last 15 years. Unfortunately we become rather lax at times, not deliberately but unthinkingly. I am again giving the Jal office definite and positive instructions that before we proceed with any operations, we must in all cases without exception secure your approval first.

I gather from the tone of your letter that you were under the impression that I personally talked to Mr. Yarbrough on one or two occasions on the same day I talked with you. You are in error on this point as I never did talk with Mr. Yarbrough at any time, but Mr. Paddleford talked to his office once or twice during the same day I had my conversation with you. We both understood that you permitted us to proceed with the operations at our own risk, and I was under the impression that Mr. Paddleford conveyed this information to Mr. Yarbrough. I sincerely hope this matter has been cleared up between us and that you will overlook this unintentional error on our part, with the assurance from us it will not happen again.

Looking at the location from a practical standpoint, it would seem to us that the well located in the center of the 160 should prove beneficial to all concerned from the standpoint of economy and ultimate recovery. If it is at all possible I want to be present at the hearing. With personal regards, I am

Yours very truly,

R. OLSEN
PRESIDENT

bc

Charge to the account of

SERVICE DESIRED	
TELEGRAM	CABLE
DAY LETTER	ORDINARY RATE
NIGHT LETTER	DEFERRED RATE
SPECIAL SERVICE	NIGHT LETTER
<small>Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or as day telegram.</small>	

WESTERN UNION

1206-B

CHECK

ACCOUNTING INFORMATION

TIME FILED

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to:

SANTA FE, NEW MEXICO

APRIL 8, 1949

STRAIGHT WIRE

MR. R. OLSEN
R. OLSEN OIL COMPANY
2009-14 AFPO TOWER
OKLAHOMA CITY, OKLAHOMA

PADDLEFORD'S TELEGRAM THIS DATE. QUOTE THIS TELEGRAM WILL CONSTITUTE OUR APPLICATION FOR A HEARING. UNQUOTE. THE TELEGRAM WILL NOT CONSTITUTE AN APPLICATION FOR HEARING. APPLICATIONS FOR HEARINGS MUST BE PRESENTED IN TRIPLICATE IN WRITING. PLEASE SEE CIRCULAR 6 PAGE 77.

OIL CONSERVATION COMMISSION/SPURRIER

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

JOSEPH L. EGAN
PRESIDENT

1220

SYMBOLS	
DL	Day Letter
NL	Night Letter
LC	Deferred Cable
NLT	Cable Night Letter
M.T. Telegram	

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

DA132 FWA38

FW-MDA103 PD=MIDLAND TEX 8 1200P=

1949 APR 8 AM 11:29

DICK SPURRIER=

STATE GEOLOGIST SANTA FE NMEX=

THE R OLSEN OIL COMPANY WISH TO PETITION THE OIL CONSERVATION COMMISSION FOR A HEARING AT THE NEXT MEETING APRIL 18, 1949, IN REGARD TO OUR PLEA FOR AN UNORTHODOX LOCATION IN THE CENTER OF THE SOUTHWEST QUARTER SECTION

11-24S-36E LEA CO FOR THE DRILLING AT A GAS WELL. THIS TELEGRAM WILL CONSTITUTE OUR APPLICATION FOR A HEARING. OUR DATA WILL BE PRESENTED IN A FORMAL MANNER AT THE HEARING=

J T PADDLEFORD GEOLOGIST R OLSEN OIL CO=

18 1949 11-24S-36E=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

Form 3806 (Rev. Dec. 1914)

9377

POSTMARK OF
6781
8
1888

Receipt for Registered Article No. _____
Registered at the Post Office indicated in the Postmark

Fee paid 25 cents Class postage 1

Declared value 100 Surcharges paid, \$ _____

Return Receipt fee _____ Spl. Del'y fee _____
Delivery restricted to addressee: _____

In person _____ or order _____
Accepting employee will place his initials in space
indicating restricted delivery.

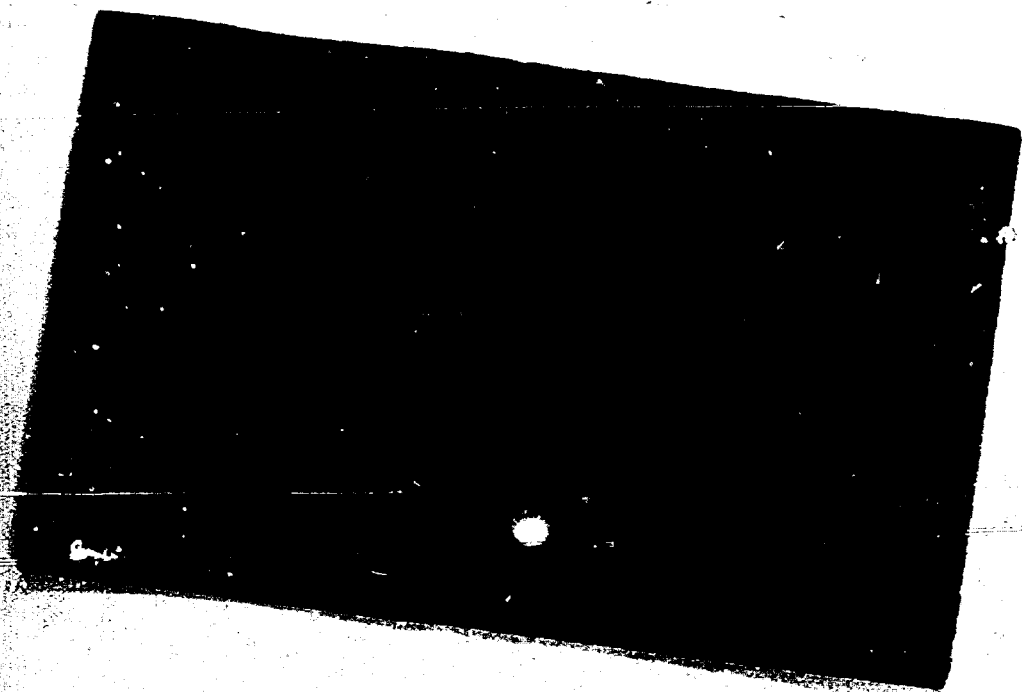
POSTMASTER, per _____ MAILING OFFICE)

The sender should write the name of the addressee on back hereof as an identification.

and submit this receipt in case of inquiry or application for indemnity.

Registry Fee and Indemnity.—Domestic registry fee range from 20 cents for indemnity not exceeding \$5, up to \$1.00 for indemnity exceeding \$5.00. The fee on domestic registered matter without intrinsic value and surcharges and as to the registry fee chargeable on registered parcel-post packages for foreign countries. Fee on domestic registered C. O. D. mail range from 20 cents to \$1.40. Indemnity claims must be filed within one year (C. O. D. six months) from date of mailing.

U. S. GOVERNMENT PRINTING OFFICE 16-20305-1



April 8, 1949

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Mr. R. Olsen
R. Olsen Oil Company
2809-14 APCO Tower
Oklahoma City, Oklahoma

Dear Mr. Olsen:

This letter refers to your current problem in Lea County, of locating a so-called gas well in the center of a 160-acre tract.

It appears that our Mr. Yarbrough inadvertently approved the C-101, Notice of Intention to Drill on this well. He reports to me that he discovered his mistake a couple of days later and, not being able to contact you by telephone, wrote you a letter which revoked the C-101.

At any rate, it is apparent that drilling was commenced on this well before the C-101 was either approved or revoked. It seems that when Mr. Yarbrough's letter reached your office you contacted Mr. Yarbrough by telephone, whereupon he requested that you cease drilling operations until the well could be authorized formally by the Commission after open hearing.

Since that did not fit your scheme, you then contacted me by telephone on April 7th and requested permission to go ahead with the drilling operation. Just to keep the record clear, I told you that you might resume or continue drilling operations strictly at your own risk and with the possibility that the location would not be approved by the Commission and that the expense of drilling to that point would be entirely lost.

Apparently, you then called Mr. Yarbrough back and told him that I had given you permission to drill ahead.

In view of the foregoing statements which appear to be factual at this time,

you are hereby ordered to suspend all drilling operations, effective immediately after receipt of this letter, until you have made application, appeared in open hearing before the Commission and the location has been approved by the Commission.

I respectfully suggest that in the future you familiarize yourself with the Commission's rules and regulations, and further, that you do not attempt to rescind an employee's orders by contacting a member of the Commission and not stating all the pertinent facts.

Very truly yours,

R. R. Spurrier
Secretary and Director

RPS:bw

cc: Mr. Yarbrough

DOMESTIC SERVICE	
Check the class of service desired; otherwise this message will be sent as a full rate telegram	
FULL RATE TELEGRAM	SERIAL
DAY LETTER	NIGHT LETTER

WESTERN UNION

1206

INTERNATIONAL SERVICE	
Check the class of service desired; otherwise this message will be sent at the full rate	
FULL RATE	DEFERRED
CODE	NIGHT LETTER

JOSEPH L. EGAN, PRESIDENT

NO. WBS-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
			OIL CONSERVATION COMMISSION	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

SANTA FE, N. M. APRIL 7, 1949

MR. ROY YARBROUGH
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Re: Olsen

IN RE PROPOSED 140 ACRE CENTER LOCATION SECTION 11-24S-34E NOTICE SHOULD NOT BE APPROVED UNTIL APPLICANT MAKES CASE BEFORE COMMISSION UNDER REQUIREMENTS OF SECTION 1 OF ORDER 796 WHICH IS RESTATEMENT OF ORDER 697. STOP THERE ARE NO PRIOR UNDEVELOPED CLAIMS ON THIS MATTER AND ORDER 748 IS APPLICABLE ONLY TO KUTZ CANYON-FULCHER BASIN AREA.

R. R. Spurrin
R. R. SPURRIN

NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

Box 1545
Hobbs, New Mexico
August 22, 1949

Dear Betty:

With reference to the R. Olsen, Cooper No. 1 Well, we would like to clear our records on this well. However, during the hearing Mr. Yarbrough gave our records, complete, to either Mr. Spurrier or Guy Shepard. If Dick does not have the file then Mr. Shepard must have it. All we want to know is what became of what we had in our files.

The W. Hawkins C-103 is in our office. However, Mr. Yarbrough has visited the well and the location has not been cleared to meet with the requirements. I will send the approval on to you just as soon as the necessary work is completed.

Clare

August 16, 1949

Dear Clarene:

With reference to your request for information on R. Olsen, Cooper No. 1 in 11-24S-36E, believe this is probably the well that was discussed in Case 181.

As you remember this well was drilled in the center of the southwest quarter, and inasmuch as Mr. Yarbrough inadvertently approved their C-101 it was consequently revoked and the matter came up for hearing. This well was spudded around April 2, 1949, but no forms came into this office.

Mr. Graham and I have discussed this matter and believe it will be necessary for new C-101 to be prepared and approved by Mr. Yarbrough. Also, if you can get a complete well history on this we shall appreciate it.

Very truly yours,

lgw

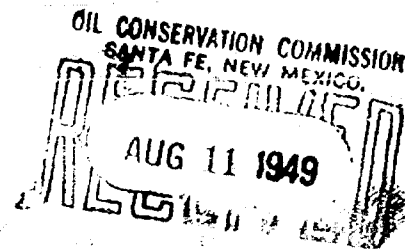
NEW MEXICO
OIL CONSERVATION COMMISSION

GOVERNOR THOMAS J. MABRY
CHAIRMAN
LAND COMMISSIONER GUY SHEPARD
MEMBER
STATE GEOLOGIST R. R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

Box 1545
Hobbs, New Mexico
August 9, 1949



Mrs. Betty Wistrand
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Betty:

R. 36E? Remember the R. Olsen #1 Cooper Well in Sec. 11, T. 24S,

I believe that Mr. Yarbrough gave our files to Dick.
Would you check to see if Dick still has it and either return
the duplicate to us or give me a copy of what there is in the
file.

Thank you,

Charm

Spud 4-2-49

C-101 reworked

center SW 11 160

operation NESW

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. 181
ORDER NO. 832

IN THE MATTER OF THE APPLICATION OF
THE R. OLSEN OIL COMPANY FOR AN ORDER
AUTHORIZING AN UNORTHODOX WELL LOCATION
FOR A GAS WELL IN THE CENTER OF SW $\frac{1}{4}$
OF SECTION 11, TOWNSHIP 24 SOUTH, RANGE
36 EAST, IN THE COOPER-JAL POOL, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10 o'clock A.M., May 5, 1949,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission".

NOW, on this 11th day of July, 1949, the Commission having before it
for consideration the testimony adduced and exhibits and statements pre-
sented at the hearing of said cause, and being fully advised in the premises,

FINDS:

1. That due public notice of said cause having been given as required
by law, the Commission has jurisdiction of this case.
2. That R. Olsen Oil Company obtained through inadvertence of the
Hobbs office an approved C-101 (Notice of Intention to Drill) for a well
in the center of the SW $\frac{1}{4}$ of Section 11, Township 24 South, Range 36 East,
N.M.P.M., in violation of the 40 acre unit rule; that immediately upon
discovery of the error of the Commission representative a letter was
dispatched to the Company, revoking the Authorization and an order of
the Commission by registered mail to cease all operations until the unor-
thodox location had been approved after formal hearing, was issued.
3. That the R. Olsen Oil Company in disregard of the requirements of
the Commission continued to drill said unorthodox location.
4. That the applicant's oil and gas lease or leases were expiring is
offered in extenuation of applicant's actions in continuing to drill in
disregard to Commission instructions.

IT IS THEREFORE ORDERED:

That the application of R. Olsen Oil Company for an Order approving an
unorthodox location in the approximate center of the Southwest Quarter of
Section 11, Township 24 South, Range 36 East is hereby approved, provided
however, that should production of oil or gas or either of them be had, same
shall, for proration purposes, be allocated to and considered as produced from
the Northeast Quarter of the Southwest Quarter of said Section 11, Township
24 South, Range 36 East, N.M.P.M., and such production shall, by itself, or
in conjunction with production from any other well on the same forty acre
tract never be produced in excess of the allowable for the forty acre tract.

IT IS FURTHER ORDERED:

That this case be held open on the docket for further order of the Commission for purposes of modification at any time, upon five (5) days written notice, or in event spacing for gas wells is hereafter changed in the Cooper-Jal Pool by the Commission.

DONE at Santa Fe, New Mexico this 11th day of July, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Thomas J. Mabry
THOMAS J. MABRY, CHAIRMAN

Guy Shepard
GUY SHEPARD, MEMBER

R. R. Spurrier
R. R. SPURRIER, SECRETARY



R. OLSEN, PRESIDENT

R. OLSEN OIL COMPANY

2809-14 APCO TOWER
OKLAHOMA CITY, OKLA.
April 11, 1949.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF APPLICATION OF THE
R. OLSEN OIL COMPANY FOR SPECIAL
HEARING IN CONNECTION WITH THE GRANT-
ING OF AN ORDER TO PERMIT THE DRILLING
OF ONE UNORTHODOX GAS WELL LOCATION,
LOCATED ON ITS J. A. COOPER LEASE,
LOCATED IN THE SW $\frac{1}{4}$ OF SECTION 11,
TOWNSHIP 24S, RANGE 36E, IN THE COOPER
JAL POOL OF LEA COUNTY, NEW MEXICO



APPLICATION

The R. OLSEN OIL COMPANY, applicant herein, in connection herewith respectfully shows to the Oil Conservation Commission:

1. The applicant is the owner and holder of the following described oil and gas leases, situated in Lea County, New Mexico, to-wit:

J. A. COOPER SW, described as SW $\frac{1}{4}$ section 11-24S-36E.

J. A. COOPER SE, described as SE $\frac{1}{4}$ of section 11-24S-36E on which there is located one gas well situated in the center of SWSe.

MEYERS, described as all N $\frac{1}{2}$ of section 11 except NwNw on which is located a gas well situated in SeNe.

All of the E $\frac{1}{2}$ and Ne Nw section 14-24S-36E on which there is a gas well located in the center of the Ne Nw section 14-24S-36E.

2. That there is located two abandoned oil wells located respectfully in the center Sw Sw section 11-24S-36E and center Nw Sw of section 11-24S-36E.

3. That it was decided to be expedient to locate and drill a gas well to the Yates Sand in the center of the Sw $\frac{1}{4}$ of section 11-24S-36E. The reasons being that from a geological aspect and engineering data a well so located would recover the maximum amount of gas under the Olsen property and would not cause any drainage from surrounding properties.

4. That in the opinion of the operator a gas well so located is the best possible pattern to be followed in the development of a gas reservoir.

5. It is known by the operator that the U. S. Geological Survey favors the spotting of gas wells in the center of $\frac{1}{4}$ sections.

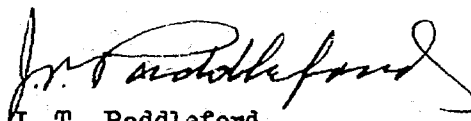
6. That in order to validate the lease it was necessary to move in and commence operations before a hearing could be arranged in order to secure approval on an unorthodox location.

7. That it was necessary to drill with continuous and diligent operation in order to validate the terms of the lease.

8. That the R. OLSEN OIL COMPANY did not with any malice or forethought attempt to ignore nor transgress on any of the rules and regulations set up by the Oil Conservation Commission of the state of New Mexico.

9. With the above statement of facts before you the R. OLSEN OIL COMPANY prays that the Oil Conservation Commission will set a date for hearing this application and give notice thereof in accordance with its rules and regulations, and that upon presentation of this Application, an order will be entered granting applicant permission to drill the unorthodox location (Center Sw $\frac{1}{4}$ section 11, Township 24S, Range 36E) as shown on map attached hereto.

JTP-gp


J. T. Paddleford,
Geological Engineer.

R. OLSEN OIL COMPANY
Drawer Z
Jal, New Mexico

SECTION PLAT

Lea County, State of New Mexico

Section 11 Township 24S Range 36E

NORTH

