

CASE 5807: MEADCO PROPERTIES, LTD. FOR
AN EXCEPTION TO ORDER NO. R-111-A, EDDY
COUNTY, NEW MEXICO

Case No.

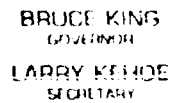
6807

Application

Transcripts.

Small Exhibits

ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 12, 1980

Mr. Jason Kellahin
Kellahin & Kellahin
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6807
ORDER NO. R-6280

Applicant:

Meadco Properties, Ltd.

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6807
Order No. R-6280

APPLICATION OF MEADCO PROPERTIES,
LTD. FOR EXCEPTION TO ORDER NO.
R-111-A, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 13, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 11th day of March, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Meadco Properties, Ltd., seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit a proposed well to be located in Unit 1 of Section 4, Township 21 South, Range 29 East, Eddy County, New Mexico, to be completed by setting surface casing at 550 feet and production casing at a total depth of approximately 4500 feet and cementing both casing strings to the surface.

(3) That the evidence presented indicates that there are no potash mining operations nor deposits of commercial potash ore in proximity to the proposed well or to the above described lands and that the proposed method of completion will not result in endangerment of potash resources nor operations.

(4) That the applicant should report the following both to the district office of the Division and the U.S.G.S:

-2-

Case No. 6807
Order No. R-6280

- (a) Any water flows encountered; and
 - (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.
- (5) That the applicant may be required to re-cement the production casing if the cement on said string fails to circulate to the surface.
- (6) That approval of the subject application will protect correlative rights, will prevent waste and will not cause the waste of potash.
- (7) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Meadco Properties, Ltd., is hereby authorized an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit a proposed well which will be located in Unit L of Section 4, Township 21 South, Range 29 East, NMPM, Eddy County, New Mexico, to be completed by setting surface casing at 550 feet and production casing at total depth of approximately 4500 feet and cementing both casing strings to the surface.

PROVIDED HOWEVER, the applicant shall report the following, both to the district office of the Division and the U.S.G.S:

- (a) Any water flows encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

PROVIDED FURTHER, that the applicant may be required to re-cement the production casing to the surface if cement on said casing did not circulate to the surface.

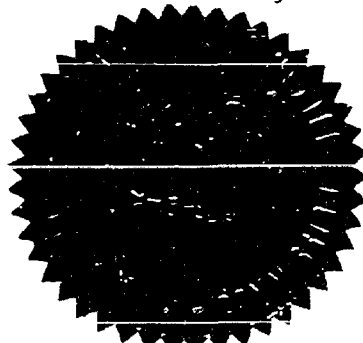
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 6807

Order No. R-6280

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Meadco Properties, Ltd.,) CASE
for an exception to Order No. R-111-A,) 6807
Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
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Phone (505) 455-7469

I N D E X

WILLIAM J. "BILL" HENRY

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 9

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Schematic 5

Applicant Exhibit Three, Letter 6

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MR. NUTTER: We'll call next Case Number 6807.

MR. PADILLA: Application of Meadco Properties, Ltd, for an exception to Order Number R-111-A in Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Santa Fe, appearing for the applicant and we have one witness to be sworn.

(Witness sworn.)

WILLIAM J. "BILL" HENRY
being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is William J. "Bill" Henry from Midland, Texas, representing Meadco Properties, Ltd.

Q What business are you engaged in, Mr. Henry?

A I'm an independent consultant petroleum geologist.

Q In connection with your work as a consul-

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1 tant have you handled this application on behalf of Meadco?

2 A Yes, I have.

3 Q Are you familiar with the application?

4 A Yes, sir.

5 Q Have you testified before the Oil Conser-
6 vation Division or one of its examiners, and made your qual-
7 ifications a matter of record?

8 A Yes, I have.

9 MR. KELLAHIN: Are the witness' qualifi-
10 cations acceptable?

11 MR. NUTTER: Yes, they are.

12 Q Mr. Henry, what does the applicant propose
13 in Case 6807?

14 A Meadco would like an exception to R-111-A
15 casing program in their proposed Delaware Sand test, which
16 we would like to leave out one string of casing and cementing
17 the production string back to the surface, which would be
18 quite a bit of savings to Meadco and then we would still
19 protect the potash in this area.

20 Q Now, referring to what has been marked
21 as the Applicant's Exhibit Number One, would you identify
22 that exhibit, please?

23 A Exhibit One is a land plat, which I've
24 shown in yellow is acreage that is controlled by Meadco,
25 with the exception of Lot 11 there in Section 4. This is in

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1 Township 21 South, 29 East, Eddy County.

2 We own those three sections with the ex-
3 ception of that 40 acres surrounding that gas well that's
4 located there, which is owned by Westbrook.

5 R-111 outline is shown in black that I
6 have marked with an arrow R-111-A that goes along the west
7 side of Section 4 and then continues on up in the next town-
8 ship there. Our proposed location, which is shown in red, in
9 Lot 12 there, our "L" location, is adjacent to the west side
10 of the R-111-A outline as presented to me by the USGS.

11 Q Would you give the location of your pro-
12 posed test?

13 A The actual footage is 3153 feet from the
14 north and 660 from the west line of Section 4, Township 21
15 South, Range 29 East, Eddy County.

16 Q Now referring to what has been marked as
17 Exhibit Number Two, would you identify that exhibit, please?

18 A Exhibit Two is a schematic of our proposed
19 casing program showing what we propose to do, how we propose
20 to cement and complete the Delaware Sand Well, if it's pro-
21 ductive, at 4500 feet.

22 Q Now in both the surface string and the
23 production string will be cemented to the surface, is that
24 correct?

25 A Yes, both of them will be cemented back

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1 to the surface.

2 Q Now in your opinion will that type of
3 completion fully protect the potash zone?

4 A I feel like it will.

5 Q Do you know the approximate depth of the
6 potash zone in this area?

7 A The top of the salt is about 600 and the
8 base of it is about 1550.

9 Q So that will be fully covered with cement.

10 A Right, yes, sir.

11 Q Is there any water in the area? Fresh water?

12 A Not in this area; not at this depth.

13 Q Near the surface is there any fresh water?
14 Do you know of any?

15 A I don't believe so.

16 Q In the event there is, would the comple-
17 tion fully protect the fresh water zone?

18 A Yes, all the casing will be cemented back
19 to the surface to fully protect all the water.

20 Q Now referring to Exhibit Number Three,
21 would you identify that exhibit, please?

22 A Exhibit Number Three is a letter as a
23 result of a telephone call that I had with Mississippi
24 Chemical to a Mr. Walls and Mr. Tim Hall, who is their plant
25 superintendent, and in the latter part of January I called

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1 and discussed this exception order that we were asking for,
2 and he said that Mississippi Chemical had no objections, to
3 please write him a letter telling him what it would do and
4 on the back page leave a place where they could sign it.

5 So I did that and Mr. J. R. Walls has
6 signed the letter on the back side saying that 'they're agreed
7 to our exception, or they did not agree -- disagree to this
8 proposal. And Tim Hall, the plant superintendent, told me
9 before they signed it, that they had checked with the Potash
10 Company of America, or PCA, that they would sign it if there
11 was no objection. So the letter came back signed so I pre-
12 sume that there was no objection to us -- if we could get
13 the Commission to agree that we could do the exception
14 cementing program.

15 Q Did you also write to the Potash Company
16 of America?

17 A Yes, we did, but we received no answer
18 back from them at all.

19 Q Are they the owners of the potash leases
20 in this particular area?

21 A I do not know who. We checked with the
22 USGS and they requested that we contact Mississippi Chemical
23 and PCA, and Mississippi Chemical answered our letter and
24 they were the only ones. I don't know whether this is under
25 potash lease but in my --

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1 Q All right, PCA is aware of your proposal,
2 is this correct?
3 A Through --
4 Q Through your letter?
5 A Through Mr. Walls with Mississippi Chem-
6 ical, they are, and we sent a letter to PCA.
7 Q All right.
8 A Now whether they own the potash, I do not
9 know.
10 Q Now were Exhibits One and Two prepared
11 by you or under your supervision?
12 A Yes, they were.
13 Q And Exhibit Number Three is a copy of the
14 letter which has been approved by Mississippi Chemical?
15 A A copy that they returned to us, yes,
16 sir.
17 MR. KELLAHIN: At this time we'll offer
18 in evidence Exhibits One, Two, and Three.
19 MR. NUTTER: Exhibits One through Three
20 will be admitted in evidence.
21 Q Mr. Henry, would you -- do you remember,
22 or do you know, whether similar completions have been ap-
23 proved?
24 A I have --
25 Q As proposed here?

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1 A. I have been told that they have been. In
2 fact, Mr. Tim Hall said that they had -- had agreed previously
3 to some cases like this, and he also made the comment that
4 he did not think there was any commercial potash in Section
5 4, so to go ahead and send the letter and they'd sign it and
6 send it back to us.

7 Q Do you have anything to add, Mr. Henry?

8 A. Not -- not to this case, no.

9 MR. KELLAHIN: That concludes our ques-
10 tions.

11
12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q Mr. Henry, you were here recently to tes-
15 tify in a similar case in this same area.

16 A. Yes, sir.

17 Q Now where was that well, do you recall?

18 A It's the black dot there just above the
19 red one.

20 Q The black circle --

21 A. Yes.

22 Q -- that is immediately north of the red
23 circle --

24 A. Yes.

25 Q -- on Exhibit Number One.

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1 A. One, right, yes, sir.

2 Q. Okay. Now, I notice also that Mr. Walls'
3 letter, or your letter to Mr. Walls and returned signed by
4 him, makes reference to the drilling of two wells.

5 A. Yes, sir.

6 Q. And their locations.

7 A. Well, this was the previous well that we
8 testified before and this one.

9 Q. Okay, those -- that's the two wells that
10 are the circled ones on Exhibit One, then.

11 A. Yes, sir. Accompanying that letter I
12 sent him the exhibit that I presented to you all on the
13 hearing before. It's the two wells circled in red.

14 Q. And as I recall, I asked you at the pre-
15 vious hearing if you had a written consent from the potash
16 people and you didn't at that time.

17 A. At that time I did not. I just had a
18 letter back from Mr. Walls saying that they did not object
19 to our drilling as long as we drilled in accordance with
20 R-111-A rules, and after I was here, I -- in the letter that
21 he sent back originally he had asked I talk with Tim Hall,
22 their mine superintendent, and Tim Hall was the one suggested
23 that I write this letter to them and return it and that they
24 would sign it and return it to us with the --

25 Q. And Exhibit Three does express your desire

1 for a casing and cementing in exception to R-111-A, and they
2 have agreed to that?

3 A Yes, sir. Yeah, he said they had done it
4 previously and that they didn't see why they wouldn't do it
5 here, so this is what he sent back, that they did not object.

6 Q Thank you, Mr. Henry.

7 MR. NUTTER: Are there any further questions
8 of Mr. Henry? He may be excused.

9 Do you have anything further, Mr. Kellahin?

10 MR. KELLAHIN: That's all we have, Mr.
11 Nutter. Thank you.

12 MR. NUTTER: Does anyone have anything
13 to offer in Case Number 6807?

14 We'll take the case under advisement.

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16 (Hearing concluded.)
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.
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Phone (505) 455-7449

I do hereby certify that the foregoing is a correct and true transcript of the hearing held on 2/13 1980.
6807
2/13 1980.
[Signature], Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
13 February 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Meadco Properties, Ltd.,) CASE
for an exception to Order No. R-111-A,) 6807
Eddy County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

WILLIAM J. "BILL" HENRY

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 9

E X H I B I T S

Applicant Exhibit One, Plat 4

Applicant Exhibit Two, Schematic 5

Applicant Exhibit Three, Letter 6

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MR. NUTTER: We'll call next Case Number 6807.

MR. PADILLA: Application of Meadco Properties, Ltd, for an exception to Order Number R-111-A in Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, Jason Kellahin, Santa Fe, appearing for the applicant and we have one witness to be sworn.

(Witness sworn.)

WILLIAM J. "BILL" HENRY
being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is William J. "Bill" Henry from Midland, Texas, representing Meadco Properties, Ltd.

Q What business are you engaged in, Mr. Henry?

A I'm an independent consultant petroleum geologist.

Q In connection with your work as a consul-

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1 tant have you handled this application on behalf of Meadco?

2 A Yes, I have.

3 Q Are you familiar with the application?

4 A Yes, sir.

5 Q Have you testified before the Oil Conser-
6 vation Division or one of its examiners, and made your qual-
7 ifications a matter of record?

8 A Yes, I have.

9 MR. KELLAHIN: Are the witness' qualifi-
10 cations acceptable?

11 MR. NUTTER: Yes, they are.

12 Q Mr. Henry, what does the applicant propose
13 in Case 68077?

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15 casing program in their proposed Delaware Sand test, which
16 we would like to leave out one string of casing and cementing
17 the production string back to the surface, which would be
18 quite a bit of savings to Meadco and then we would still
19 protect the potash in this area.

20 Q Now, referring to what has been marked
21 as the Applicant's Exhibit Number One, would you identify
22 that exhibit, please?

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24 shown in yellow is acreage that is controlled by Meadco,
25 with the exception of Lot 11 there in Section 4. This is in

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1 Township 21 South, 29 East, Eddy County.

2 We own those three sections with the ex-
3 ception of that 40 acres surrounding that gas well that's
4 located there, which is owned by Wesbrook.

5 R-111 outline is shown in black that I
6 have marked with an arrow R-111-A that goes along the west
7 side of Section 4 and then continues on up in the next town-
8 ship there. Our proposed location, which is shown in red, in
9 Lot 12 there, our "L" location, is adjacent to the west side
10 of the R-111-A outline as presented to me by the USGS.

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14 north and 660 from the west line of Section 4, Township 21
15 South, Range 29 East, Eddy County.

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17 Exhibit Number Two, would you identify that exhibit, please?

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19 casing program showing what we propose to do, how we propose
20 to cement and complete the Delaware Sand Well, if it's pro-
21 ductive, at 4500 feet.

22 Q Now in both the surface string and the
23 production string will be cemented to the surface, is that
24 correct?

25 A Yes, both of them will be cemented back

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1 to the surface.

2 Q Now in your opinion will that type of

3 completion fully protect the potash zone?

4 A I feel like it will.

5 Q Do you know the approximate depth of the

6 potash zone in this area?

7 A The top of the salt is about 600 and the

8 base of it is about 1550.

9 Q So that will be fully covered with cement.

10 A Right, yes, sir.

11 Q Is there any water in the area? Fresh water?

12 A Not in this area; not at this depth.

13 Q Near the surface is there any fresh water?

14 Do you know of any?

15 A I don't believe so.

16 Q In the event there is, would the comple-

17 tion fully protect the fresh water zone?

18 A Yes, all the casing will be cemented back

19 to the surface to fully protect all the water.

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21 would you identify that exhibit, please?

22 A Exhibit Number Three is a letter as a

23 result of a telephone call that I had with Mississippi

24 Chemical to a Mr. Walls and Mr. Tim Hall, who is their plant

25 superintendent, and in the latter part of January I called

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1 and discussed this exception order that we were asking for,
2 and he said that Mississippi Chemical had no objections, to
3 please write him a letter telling him what it would do and
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5 So I did that and Mr. J. R. Walls has
6 signed the letter on the back side saying that they're agreed
7 to our exception, or they did not agree -- disagree to this
8 proposal. And Tim Hall, the plant superintendent, told me
9 before they signed it, that they had checked with the Potash
10 Company of America, or PCA, that they would sign it if there
11 was no objection. So the letter came back signed so I pre-
12 sume that there was no objection to us -- if we could get
13 the Commission to agree that we could do the exception
14 cementing program.

15 Q Did you also write to the Potash Company
16 of America?

17 A Yes, we did, but we received no answer
18 back from them at all.

19 Q Are they the owners of the potash leases
20 in this particular area?

21 A I do not know who. We checked with the
22 USCS and they requested that we contact Mississippi Chemical
23 and PCA, and Mississippi Chemical answered our letter and
24 they were the only ones. I don't know whether this is under
25 potash lease but in my --

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1 Q All right, PCA is aware of your proposal,
2 is this correct?
3 A Through --
4 Q Through your letter?
5 A Through Mr Walls with Mississippi Chem-
6 ical, they are, and we sent a letter to PCA.
7 Q All right.
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9 know.
10 Q Now were Exhibits One and Two prepared
11 by you or under your supervision?
12 A Yes, they were.
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14 letter which has been approved by Mississippi Chemical?
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16 sir.
17 MR. KELLAHIN: At this time we'll offer
18 in evidence Exhibits One, Two, and Three.
19 MR. NUTTER: Exhibits One through Three
20 will be admitted in evidence.
21 Q Mr. Henry, would you -- do you remember,
22 or do you know, whether similar completions have been ap-
23 proved?
24 A I have --
25 Q As proposed here?

SALLI W. BOYD, C.S.R.
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Phone (505) 455-7449

1 A I have been told that they have been. In
2 fact, Mr. Tim Hall said that they had -- had agreed previously
3 to some cases like this, and he also made the comment that
4 he did not think there was any commercial potash in Section
5 4, so to go ahead and send the letter and they'd sign it and
6 send it back to us.

7 Q Do you have anything to add, Mr. Henry?

8 A Not -- not to this case, no.

9 MR. KELLAHIN: That concludes our ques-
10 tions.

11
12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q Mr. Henry, you were here recently to tes-
15 tify in a similar case in this same area.

16 A Yes, sir.

17 Q Now where was that well, do you recall?

18 A It's the black dot there just above the
19 red one.

20 Q The black circle --

21 A Yes.

22 Q -- that is immediately north of the red
23 circle --

24 A Yes.

25 Q -- on Exhibit Number One.

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Phone (505) 455-7439

1 A One, right, yes, sir.

2 Q Okay. Now, I notice also that Mr. Walls'
3 letter, or your letter to Mr. Walls and returned signed by
4 him, makes reference to the drilling of two wells.

5 A Yes, sir.

6 Q And their locations.

7 A Well, this was the previous well that we
8 testified before and this one.

9 Q Okay, those -- that's the two wells that
10 are the circled ones on Exhibit One, then.

11 A Yes, sir. Accompanying that letter I
12 sent him the exhibit that I presented to you all on the
13 hearing before. It's the two wells circled in red.

14 Q And as I recall, I asked you at the pre-
15 vious hearing if you had a written consent from the potash
16 people and you didn't at that time.

17 A At that time I did not. I just had a
18 letter back from Mr. Walls saying that they did not object
19 to our drilling as long as we drilled in accordance with
20 R-111-A rules, and after I was here, I -- in the letter that
21 he sent back originally he had asked I talk with Tim Hall,
22 their mine superintendent, and Tim Hall was the one suggested
23 that I write this letter to them and return it and that they
24 would sign it and return it to us with the --

25 Q And Exhibit Three does express your desire

1 for a casing and cementing in exception to R-111-A, and they
2 have agreed to that?

3 A. Yes, sir. Yeah, he said they had done it
4 previously and that they didn't see why they wouldn't do it
5 here, so this is what he sent back, that they did not object.

6 Q. Thank you, Mr. Henry.

7 MR. NUTTER: Are there any further questions
8 of Mr. Henry? He may be excused.

9 Do you have anything further, Mr. Kellahin?

10 MR. KELLAHIN: That's all we have, Mr.
11 Nutter. Thank you.

12 MR. NUTTER: Does anyone have anything
13 to offer in Case Number 6807?

14 We'll take the case under advisement.

15
16 (Hearing concluded.)
17
18
19
20
21
22
23
24
25

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

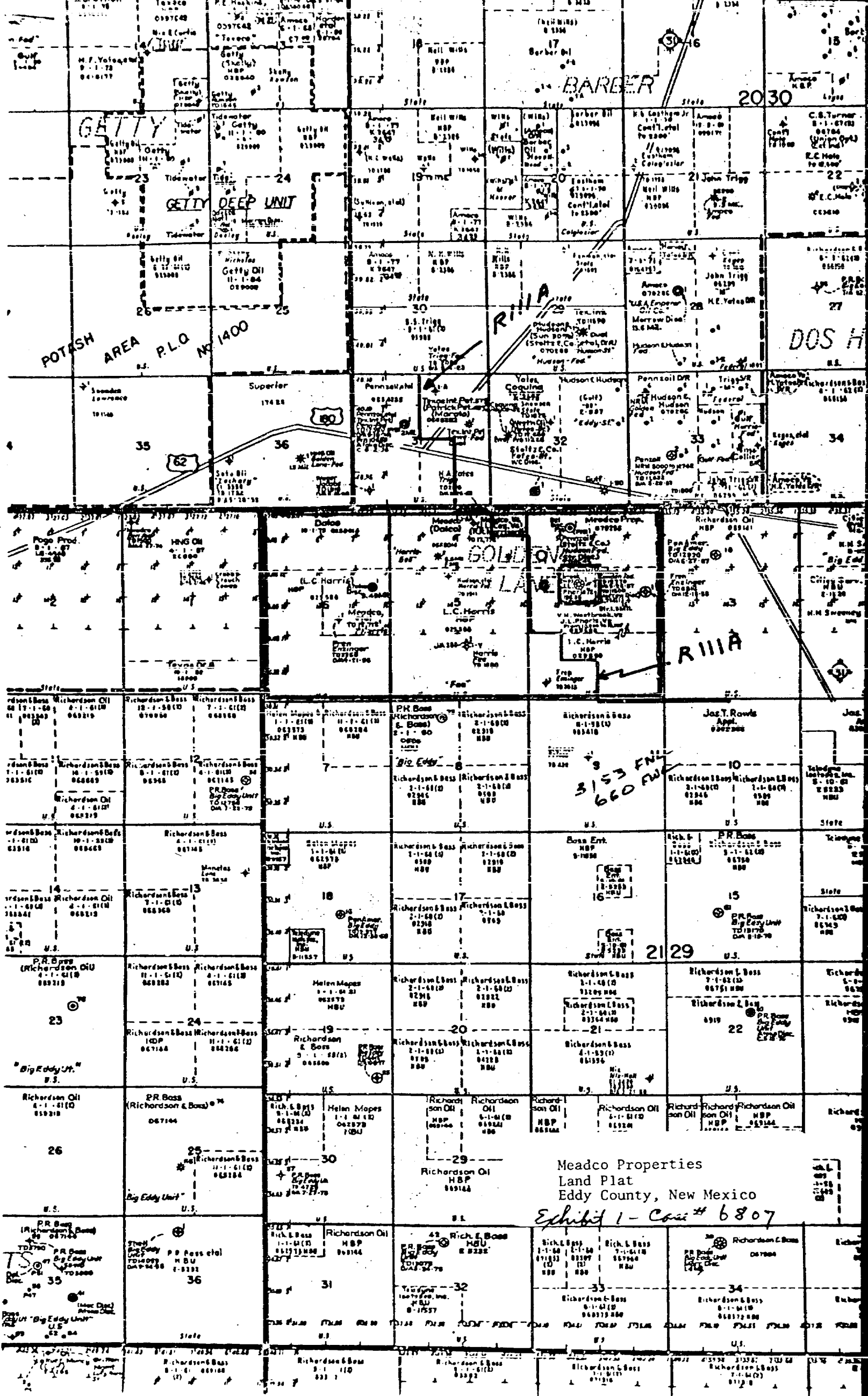
REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santi Fe, New Mexico 87501
Phone (505) 435-7439

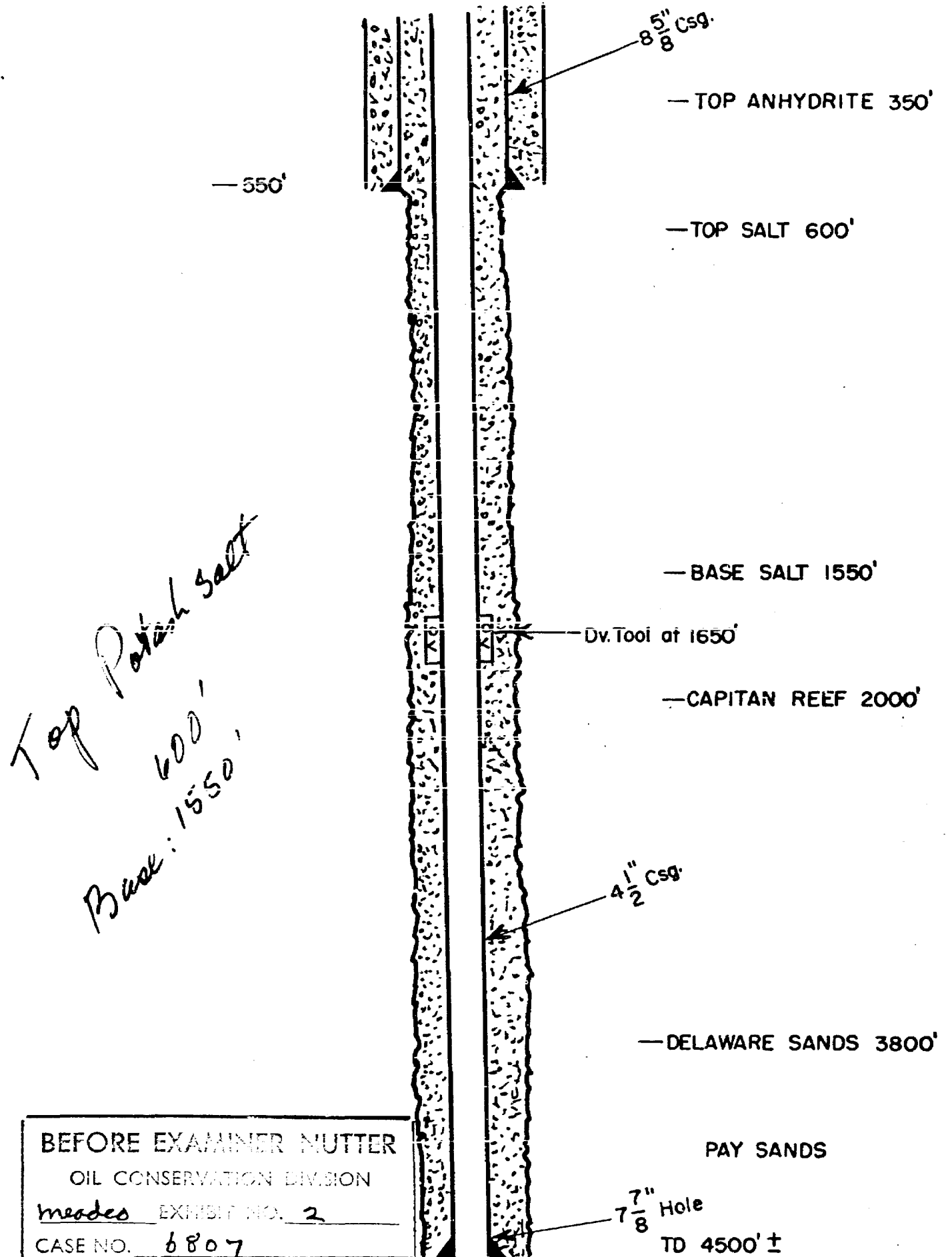
I declare that the foregoing is
a true and correct copy of the
transcript as filed in
the office of the
Oil Conservation Division
2/13 1980
6803
[Signature] Examiner
Oil Conservation Division



MEADCO N° 1 HARRIS FEDERAL

CENTER LOT 12, SECTION 4, T 21 S-R 29 E

EDDY COUNTY, NEW MEXICO



1123
MEADCO PROPERTIES

P. O. BOX 2236
MIDLAND, TEXAS 79701

915-682-5671

January 21, 1980

RECEIVED FEB - 4 1980

Mississippi Chemical Corporation
Box 101
Carlsbad, New Mexico 88220

ATTENTION: Mr. J. R. Walls
General Manager

REFERENCE: 4500' Delaware Sand Wells
Section 4, T-21-S, R-29-E,
Eddy County, New Mexico

Dear Mr. Walls:

In response to your letter dated October 16, 1979, I called your Mine Superintendent, Mr. Tim Hall, and discussed in detail our plans for drilling two wells and their locations. I also discussed the possibility of acquiring an exception to Rule R-111-A from the Oil & Gas Commission to set a string of casing at 550' above the salt, cementing to the surface and to eliminate the second salt string by cementing our 4 1/2" production string from TD to the surface. Mr. Hall's opinion was that Mississippi Chemical would be agreeable to this casing exception procedure. I am attaching a schematic of this program. We are hoping that we will be able to develop most of Section 4, T-21-S, R-29-E, and would like to use this casing program for all wells. This would be a savings of approximately \$50,000 per well.


I am leaving a space for your approval to this casing program exception to the R-111-A Casing Program. Please execute and return one copy to us.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Meadco EXHIBIT NO. 3
CASE NO. 6807

Mr. J. R. Walls
January 21, 1980
Page 2

Thank you for your kind consideration to this matter.


Respectfully submitted,

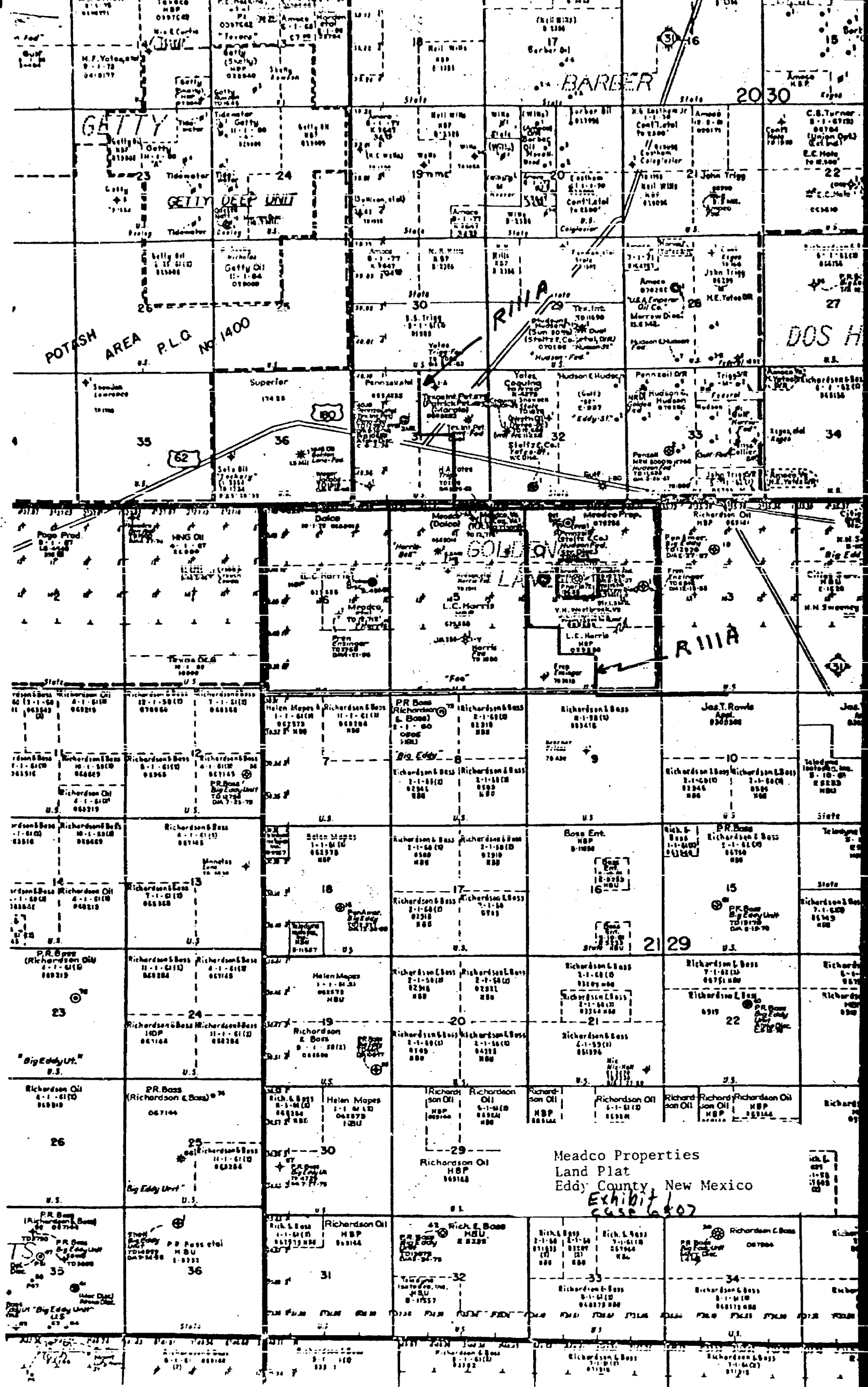

W. J. "Bill" Henry
Consulting Geologist
Meadco Properties, Ltd.

WJH/tc

cc Tim Hall
Mine Superintendent

Mississippi Chemical (Agrees) (~~Disagrees~~) to R-111-A Rule
Casing Program exception as requested by Meadco Properties, Ltd.

Date 1-21-80 By 



MEADCO N° 1 HARRIS FEDERAL
CENTER LOT 12, SECTION 4, T 21 S-R 29 E
EDDY COUNTY, NEW MEXICO

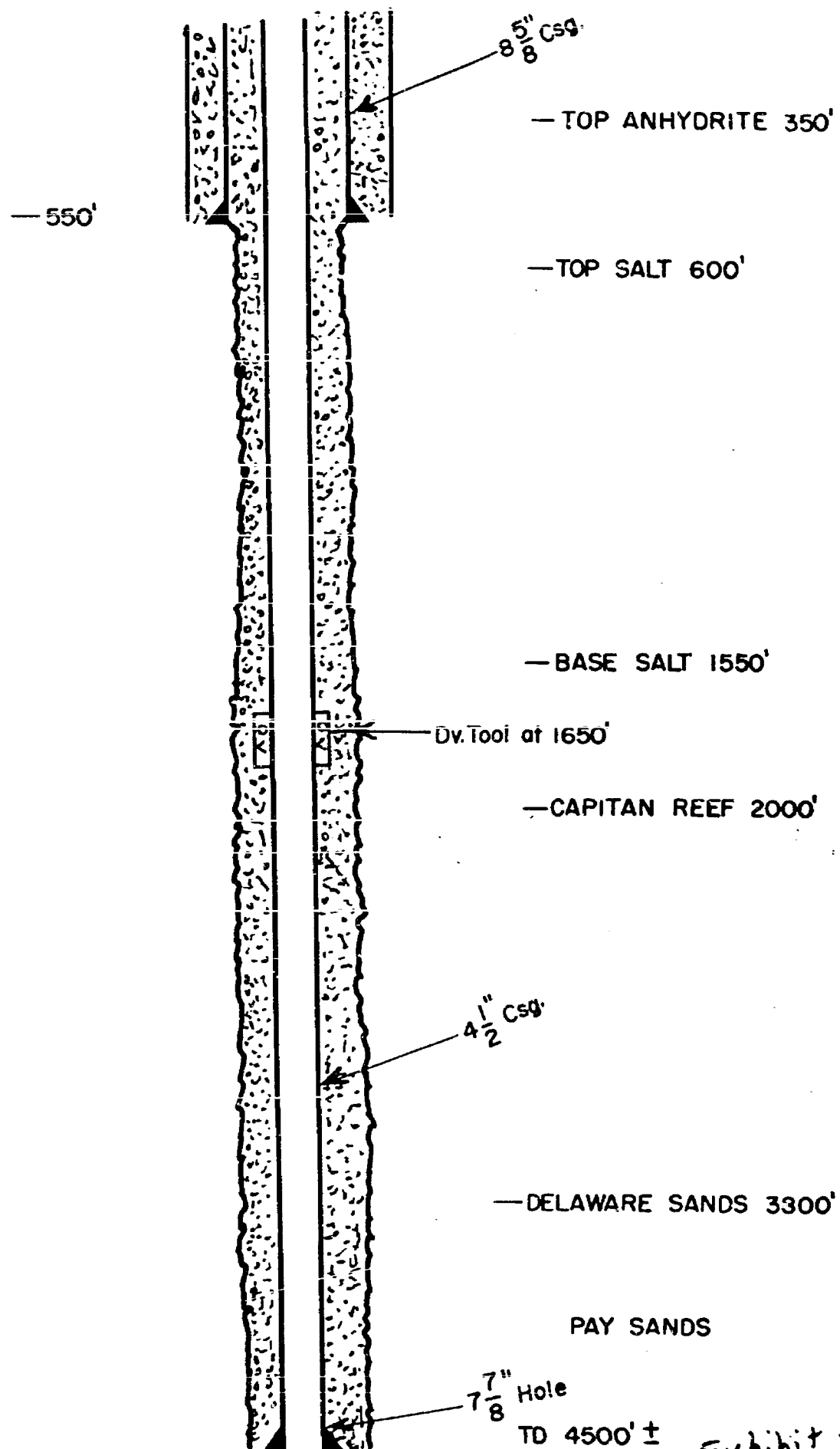


Exhibit 2
Case 6807

MEADCO PROPERTIES

P. O. BOX 2236
MIDLAND, TEXAS 79701

915-682-5671

January 21, 1980

RECEIVED FEB - 4 1980

Mississippi Chemical Corporation
Box 101
Carlsbad, New Mexico 88220

ATTENTION: Mr. J. R. Walls
General Manager

REFERENCE: 4500' Delaware Sand Wells -
Section 4, T-21-S, R-29-E,
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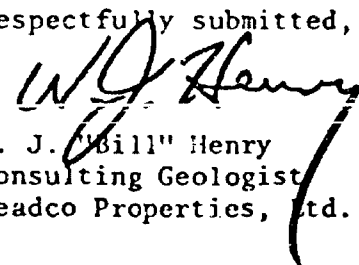
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Exhibit 3
Case 6807

Mr. J. R. Walls
January 21, 1980
Page 2

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Respectfully submitted,


W. J. "Bill" Henry
Consulting Geologist
Meadco Properties, Ltd.

WJH/tc

cc Tim Hall
Mine Superintendent

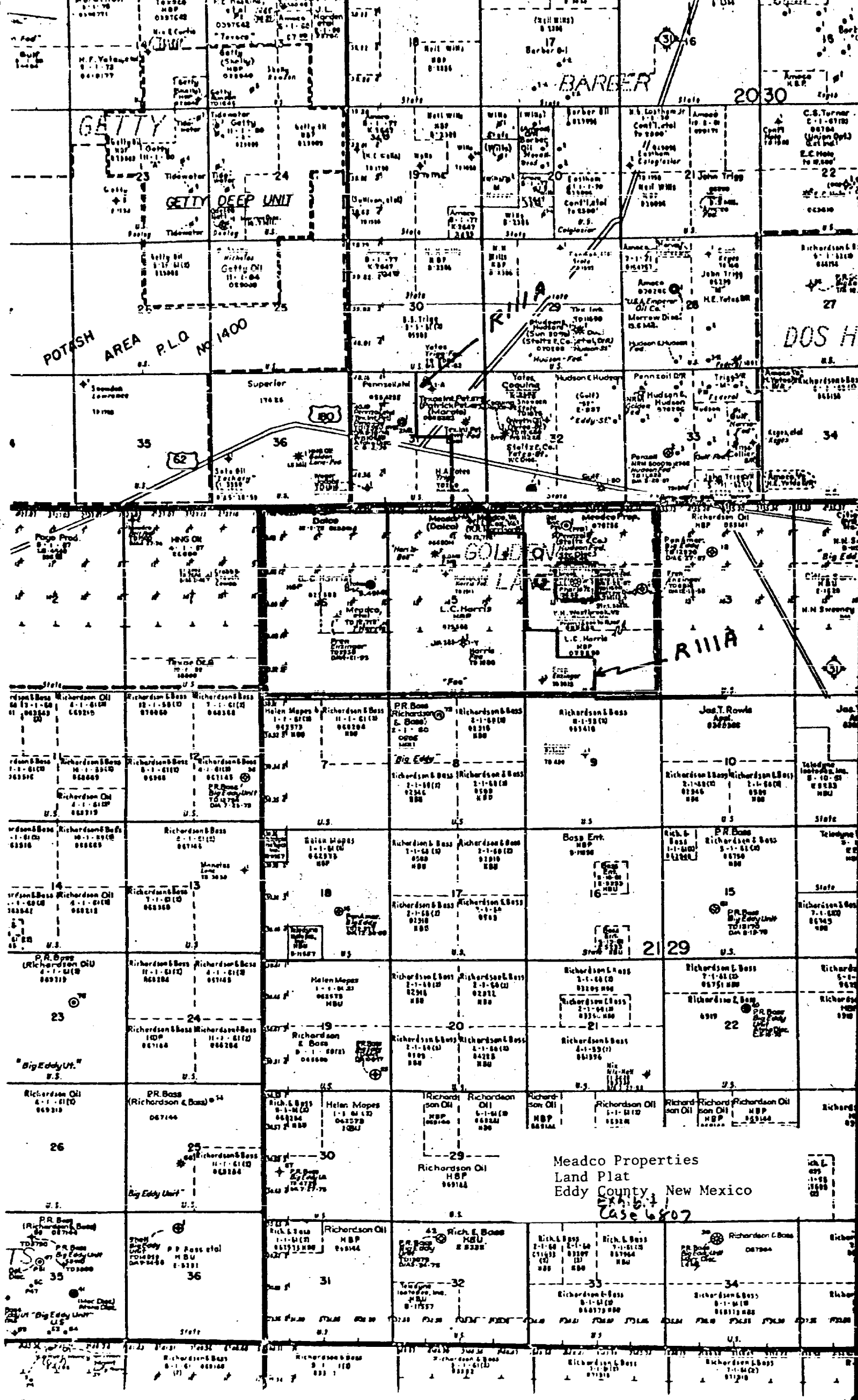
Mississippi Chemical (Agrees) (Disagrees) to R-111-A Rule
Casing Program exception as requested by Meadco Properties, Ltd.

Date

1-21-80

By





MEADCO N^o 1 HARRIS FEDERAL
CENTER LOT 12, SECTION 4, T 21 S-R 29 E
EDDY COUNTY, NEW MEXICO

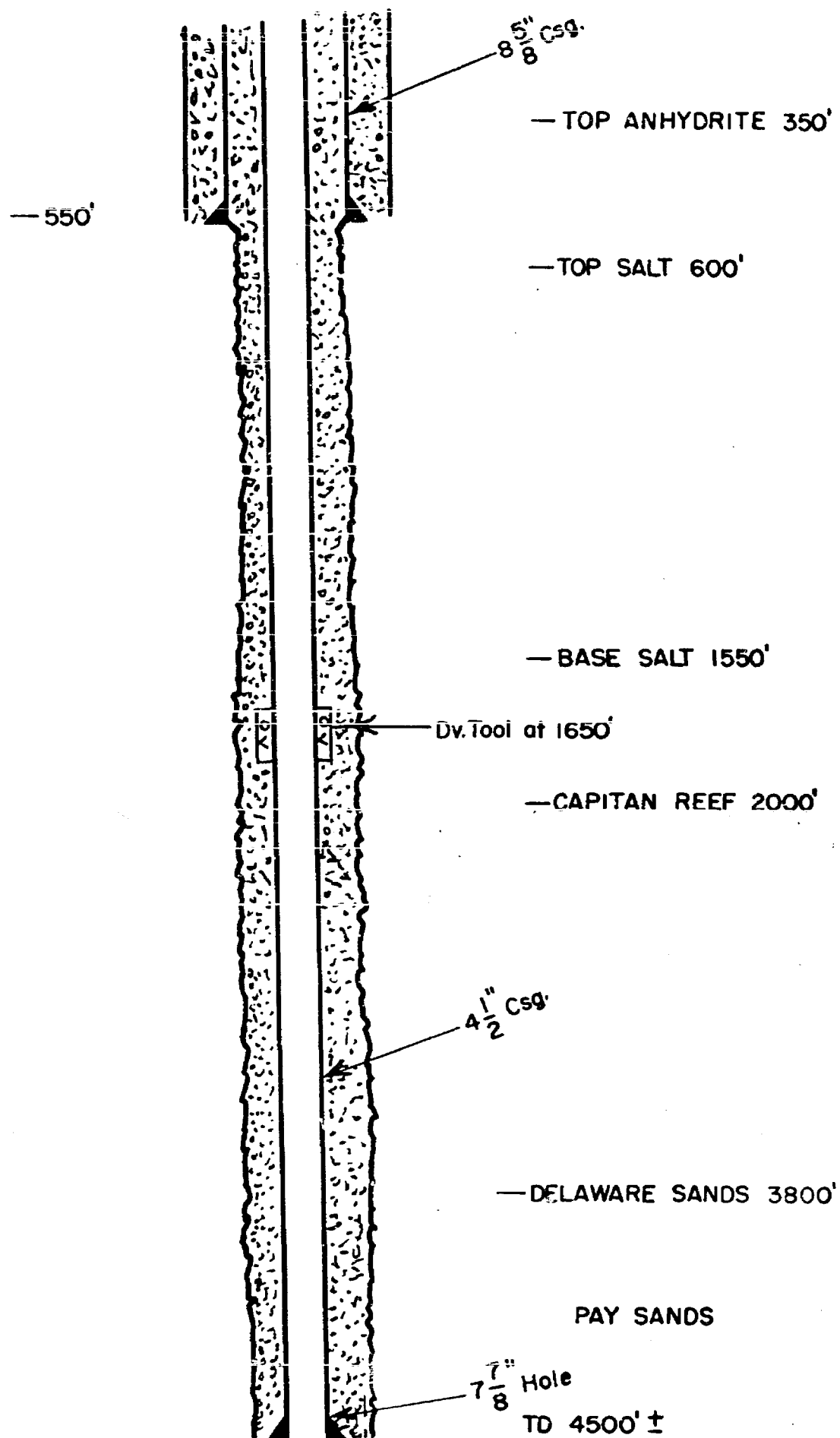


Exhibit 2
Case 6807

1123

MEADCO PROPERTIES

P. O. BOX 2236
MIDLAND, TEXAS 79701

915-682-5671

January 21, 1980

RECEIVED FEB - 4 1980

Mississippi Chemical Corporation
Box 101
Carlsbad, New Mexico 88220

ATTENTION: Mr. J. R. Walls
General Manager

REFERENCE: 4500' Delaware Sand Wells
Section 4, T-21-S, R-29-E,
Eddy County, New Mexico

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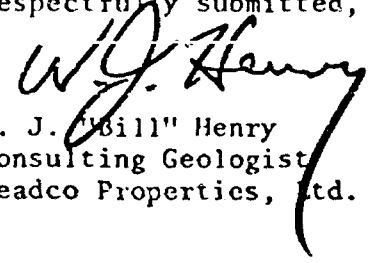
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Exhibit 3
Case 6807

Mr. J. R. Walls
January 21, 1980
Page 2

Thank you for your kind consideration to this matter.

Respectfully submitted,


W. J. "Bill" Henry
Consulting Geologist
Meadco Properties, Ltd.

WJH/tc

cc Tim Hall
Mine Superintendent

Mississippi Chemical (Agrees) (~~Disagrees~~) to R-111-A Rule
Casing Program exception as requested by Meadco Properties, Ltd.

Date

1-21-80

By



- CASE 6807: Application of Meadco Properties, Ltd. for an exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to permit a proposed well in Unit L of Section 4, Township 21 South, Range 29 East, to be completed by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.
- CASE 6808: Application of Conoco Inc. for two non-standard gas proration units and two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the NW/4 of Section 24, Township 20 South, Range 37 East, Kumont Gas Pool, and also a 120-acre non-standard gas proration unit comprising the W/2 SW/4 and SE/4 of said Section 24, each of said units to be dedicated to a well to be drilled at an unorthodox location, the first being 990 feet from the North line and 330 feet from the West line of the section, and the second being 1650 feet from the South line and 330 feet from the East line.
- CASE 6387: (Reopened and Readvertised)
- In the matter of Case 6387 being reopened pursuant to the provisions of Order No. R-5353-E which order reclassified the North Tooto Dome-Pennsylvanian Gas Pool as an associated pool with special rules and regulations therefor. All interested parties may appear and show cause why the North Tooto Dome-Pennsylvanian Associated Pool should not be reclassified as a gas pool to be governed by statewide rules.
- CASE 6809: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Betenbough Unit Area, comprising 1921 acres, more or less, of State and fee lands in Township 13 South, Range 36 East.
- CASE 6790: (Continued from January 30, 1980, Examiner Hearing)
- Application of Merrion & Bayless for gas well commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to temporarily commingle certain of its Pictured Cliffs gas wells in Sections 1, 2, 3, 9, 10, and 11, Township 26 North, Range 13 West, in a common gathering system and meter the entire lease output through the purchaser's sales meter located in Unit M of said Section 7.
- CASE 6784: (Continued from January 30, 1980, Examiner Hearing)
- Application of Merrion & Bayless for a non-standard proration unit and an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 640-acre non-standard gas proration unit comprising the W/2 of Section 18 and the W/2 of Section 19, Township 32 North, Range 14 West, Barker Creek-Paradox Pool, to be dedicated to its Ute Well No. 7 at an unorthodox location 1685 feet from the South line and 3335 feet from the East line of said Section 19.
- In the alternative, applicant seeks an order force pooling all of said Section 19 to form a standard 640-acre unit.
- CASE 6795: (Continued and Readvertised)
- Application of Torreon Oil Company for a waterflood project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the San Luis-Mesaverde Oil Pool by the injection of water into the Menafee formation through its San Luis Fed. Wells Nos. 1 and 2, located in Unit K of Section 21, Township 18 North, Range 3 West. Applicant further seeks an administrative procedure for approval of additional producing and injection wells at unorthodox locations in said project.
- CASE 6810: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending the vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:
- (a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Fusselman production and designated as the Brunson-Fusselman Pool. The discovery well is Amoco Production Company Grizzell B Well No. 3 located in Unit H of Section 8, Township 22 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 8: NE/4

****Note:**

Please send us our conformed copy.

Thank you very much.

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
500 Don Caspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

RECEIVED
JAN 18 1980
OIL CONSERVATION DIVISION
Telephone 982-4285
Area Code 505

January 18, 1980

Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 6807


re: Lot 12, Sec. 4, T21S, R29E,
N.M.P.M.

Dear Joe:

Please set the enclosed application for hearing on
February 13, 1980, the next available hearing date.

Thank you.

Very truly yours,


W. Thomas Kellahin

WTK:mm
Encl.

cc: Bill Henry

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MEADCO PROPERTIES, LTD., FOR
AND EXCEPTION TO CASING RULES,
ORDER NO. R-111-A

Case 6207

APPLICATION

COMES NOW MEADCO PROPERTIES, LTD., and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department for an exception of the casing requirements as contained in Oil Conservation Division Order No. R-111-A, governing drilling in the potash area, and in support thereof would show the Division.

1. Applicant proposes to drill a well in Unit L, Lot 12, Township 21 South, Range 29 East, N.M.P.M., at a standard location within Lot 12 of said Section 4.
2. Applicant proposes to cement its casing string to the surface, as an exception to the requirements of Order R-111-A.
3. Applicant proposes to complete said well by setting surface casing at 550 feet and production casing at total depth and cementing both casing strings to the surface.
4. The manner of completing the well will not cause any waste of potash, will fully protect all minerals, and is in the interests of conservation.

WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner,

and that after notice and hearing as required by law,
the Division enter its order approving the cementing program
as proposed.

Respectfully submitted,

MEADCO PROPERTIES, LTD.

By 

W. Thomas Kellahin
KELLAHIN & KELLAHIN
P. O. Box 1769
Santa Fe, New Mexico 87501
Phone: (505) 982-4285

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MEADCO PROPERTIES, LTD., FOR
AND EXCEPTION TO CASING RULES,
ORDER NO. R-111-A

Case 6807

APPLICATION

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as proposed.

Respectfully submitted,

MEADCO PROPERTIES, LTD.

By 

W. Thomas Kellahin

KELLAHIN & KELLAHIN

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: (505) 982-4285

BEFORE THE
NEW MEXICO ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MEADCO PROPERTIES, LTD., FOR
AND EXCEPTION TO CASING RULES,
ORDER NO. R-111-A

Case 6807

APPLICATION

COMES NOW MEADCO PROPERTIES, LTD., and applies to the Oil Conservation Division, New Mexico Energy and Minerals Department for an exception of the casing requirements as contained in Oil Conservation Division Order No. R-111-A, governing drilling in the potash area, and in support thereof would show the Division.

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4. The manner of completing the well will not cause any waste of potash, will fully protect all minerals, and is in the interests of conservation.

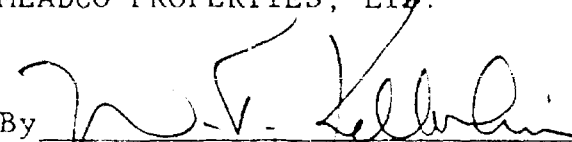
WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner,

and that after notice and hearing as required by law,
the Division enter its order approving the cementing program
as proposed.

Respectfully submitted,

MEADCO PROPERTIES, LTD.

By



W. Thomas Kellahin

KELLAHIN & KELLAHIN

P. O. Box 1769

Santa Fe, New Mexico 87501

Phone: (505) 982-4285

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6807

Order No. R-280

APPLICATION OF MEADCO PROPERTIES,
LTD. FOR EXCEPTION TO ORDER
NO. R-111-A, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 13
19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of February, 1980, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Meadco Properties, Ltd. seeks an
exception to the casing/cementing rules for the Oil-Potash Area

as promulgated by Order No. R-111-A to permit a proposed well to be located in Unit L of Section 4, Township 21 South, Range 29 East, Eddy County, New Mexico, to be completed by setting surface casing at 550 feet and production casing at ^atotal depth ^{of approximately 4500 feet} and cementing both casing strings to the surface.

(3) That the evidence presented indicates that there are no potash mining operations nor deposits of commercial potash ore in proximity to the proposed well or to the above described lands and that the proposed method of completion will not result in endangerment of potash resources nor operations.

(4) That ~~for any well drilled pursuant to this order,~~ the applicant should report the following both to the district office of the Division and the U.S.G.S: ~~and may be required to circulate cement to the surface around the production casing:~~

- (a) Any water flows encountered; *and*
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

(6) That approval of the subject application will protect correlative rights, will prevent waste and will not cause the waste of potash.

(7) The application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Meadco Properties, Ltd., is hereby authorized an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit a proposed well which will be located in Unit L of Section 4, Township 21 South, Range 29 East, NMPM,

(5) That the applicant may be required to re-cement the production casing if the cement on said string fails to circulate to the surface.

Foot, Lddy County, New Mexico, to be completed by setting surface casing at 550 feet and production casing at total depth ^{of approximately 4500 feet} and cementing both casing strings to the surface.

PROVIDED HOWEVER,

~~(2) That for any well drilled pursuant to this order,~~
the applicant shall report the following, both to the district office of the Division and the U.S.G.S.:

- (a) Any water flows encountered; and
- (b) The top of the cement around the production casing as determined by temperature survey if such cement does not circulate.

PROVIDED FURTHER, that ~~on any such well,~~ the applicant may be required to re-cement the production casing to the surface if cement on said casing did ^{not} circulate to the surface.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.