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BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1132

TRANSCRIPT OF PROCEEDINGS

August 22, 1956

DEARNLEY-MEIER AND ASSOCIATES

COURT REPORTERS

605 SIMMS BUILDING

TELEPHONE 3-6691

ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
August 22, 1956

IN THE MATTER OF:

CASE NO. 1132: Application of Stanley L. Jones for an unorthodox location and the assignment of an allowable for the Jones and Watkins Platt Well No. 1 in the Dayton Pool, Eddy County, New Mexico, in exception to Rule 104 (c) of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting an unorthodox location for the Jones and Watkins Platt Well No. 1 at a point 75 feet from the South line and 125 feet from the West line of Section 26, Township 18 South, Range 26 East, Eddy County, New Mexico, and further that said well be assigned an oil allowable. Said well was initially drilled prior to the promulgation of spacing and well location rules in the area and was later recom-
pleted in the Dayton Pool.

BEFORE:

Daniel S. Nutter, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. NUTTER: The next case on the docket will be Case No. 1132.

MR. GURLEY: Application of Stanley L. Jones for an unorthodox location and the assignment of an allowable for the Jones and Watkins Platt Well No. 1 in the Dayton Pool, Eddy County, New Mexico, in exception to Rule 104 (c) of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting an unorthodox location for the Jones and Watkins Platt Well No. 1

at a point 75 feet from the South line and 125 feet from the West line of Section 26, Township 18 South, Range 26 East, Eddy County, New Mexico, and further that said well be assigned an oil allowable. Said well was initially drilled prior to the promulgation of spacing and well location rules in the area and was later recom- pleted in the Dayton Pool.

MR. CAMPBELL: Jack M. Campbell, Campbell and Russell, Roswell, New Mexico. I have been requested this morning, by the representative of the applicant to assist the applicant in the presentation of testimony into evidence in Case No. 1132. There is one witness, Mr. Jones. Mr. Jones, will you come forward, please? (Witness is sworn)

M E R E D I T H W. J O N E S

called as a witness on behalf of the applicant, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Meredith W. Jones.

Q Where do you live?

A I live in Artesia, New Mexico.

Q And by whom are you employed?

A I am the Superintendent for Operations of the Stanley L. Jones Production and Drilling Operations.

Q In your capacity, are you acquainted with the application of Stanley L. Jones in Case No. 1132 involving a proposed un- orthodox location and the assignment of an allowable for a well

in the Dayton Pool, Eddy County, New Mexico?

A I am, sir.

Q Will you state to the Examiner the history of that particular well which, I believe, is Jones and Watkins Platt Well No. 1 and give its location?

A This well was drilled, originally, as a water well, in the Southwest, Southwest, Section 26, Township 18 South, Range 26 East. This well was drilled into oil and they had practically 50 per cent water and 50 per cent oil. Years and years ago this well was -- had a separating device to separate the oil from the water and oil was sold from this well prior to 1938 for at least ten years. And about 1938 Jones and Watkins bought this property and plugged it back from 2,600 feet to 1,030 feet and they had eight feet of 70 D seamless pipe from top to bottom then 850 feet, 5½, 15 pound pipe cemented and shut out all the water and the well is making no water at all at this time, but it makes approximately one barrel a day to two barrels. And during the war, because of shortages of pipe and tubing this well was -- we pulled the tubing out to use in a new well for a short period of time. And the well was capped temporarily. But the leases and the rentals had always been paid and so forth up to date. Well, Jones and Watkins then put in for an allowable and was granted an allowable and sold oil for a period of time. And then, later, Stanley L. Jones, retaining his interest, sold. Mr. Watkins' interest was sold out to the Illamex Oil Company, and they applied for a new allowable, which was rejected and so -- I mean, this was the cause of this hearing, I understand.

Q The allowables, I understand it was rejected in view of

the fact that this well is situated 75 feet from the South line and 125 feet from the West line of Section 26, Township 18 South, Range 26 East, which is, of course, a non-orthodox well location, is that correct?

A That is correct.

Q Now, are there any oil wells offsetting this tract on which this well is located?

A No, sir, no producing wells.

Q Have there been dry holes abandoned in the area?

A There have been at least two abandoned holes, diagonal offsets, from this property.

Q Does Stanley L. Jones hold leasehold interest acreage offsetting the proposed location?

A Yes, sir. He owns the adjoining leases adjoining the acreage on at least three sides.

Q I hand you what has been marked Stanley L. Jones Exhibit No. 1 and ask you to state what that is and read it to the Examiner.

A This is a letter from Don H. Goodrich. Don Goodrich represents Blanche Goodrich, Helen Goodrich Hutchinson.

"Dear Sir: I, Don Goodrich representing Blanche Goodrich, Helen Goodrich Hutchinson and myself owner of the NW/4 NW/4 Section 35, Township 18 South, Range 26 East, Eddy County, New Mexico, do hereby authorize you to produce the plat No. 1 well located in the SW/4 SW/4 Section 26, Township 18 South, Range 26 East, Dayton Pool, Eddy County, New Mexico, which adjoins our property on the North. Yours truly, Blanche Goodrich, Helen

Goodrich Hutchinson, and Don H. Goodrich. Signed Don H. Goodrich."

Q I offer this in evidence as Stanley L. Jones Exhibit No. 1.

MR. NUTTER: Anything further? Mr. Jones, have you submitted to the Commission Form C-128, your well location plat, showing the footage location of the well and the offset oil and gas lease and royalty owners?

A Yes, sir.

MR. CAMPBELL: I believe that is all.

MR. NUTTER: Mr. Jones, what was the date the well was originally drilled as a water well?

A Well, gosh, I don't know, I suppose it was back in the early '30's, I am sure.

Q And at that time it was originally completed with their wanting water, but they made half oil and half water?

A Yes, sir, the well was bought by various different parties and was put up with a separating device and it really made more oil than it did water and they skimmed this -- separating the oil from the water and sold the oil, you see, and then later Jones and Watkins bought this out in '38 and didn't have enough piping and completely shut off all the water and made this oil well out of it.

Q Well, you stated that at one time it was granted an allowable, I believe, you said after the war, it was for a time during the war, was it?

A Well, it was -- had an allowable during the time that these people operated this lease. He hauled it off in barrels from the well and then Jones and Watkins was granted an allowable and when they took the well over it was producing there for, oh, a year, I guess, or two years.

Q Was the well carried on the oil proration schedule with an allowable?

A Yes, sir.

Q And what date was the allowable first assigned to it?

A Oh, I don't have that information with me, but I am sure it was in 1938 or '39 when the well was actually completed. I don't have that information with me. Part of Mr. Jones' files are in his office in Colorado and I couldn't get the old original driller's log, you see, I don't have all of that information with me. But, from recollection, I remember when Bassett and Birney bought this well, the Company completed the well and produced it, then Mr. Watkins, Sam Watkins, bought the Bassett interest and Jones retained his interest and it had an allowable under Bassett and Birney Oil Company, then under Jones and Watkins.

Q Well, now, you stated that the allowable had been rejected at one time. When was that, what was the occasion?

A I don't mean the allowable for this application, after it was sold to Jones and Watkins, then sold their interest to this Illamex Oil Company, which is a company of Stanley L. Jones and John D. McArthur and when they requested the allowables, this new company, they then came up with this unorthodox location.

Q In other words, it was this occasion when the well was transferred and he filed the forms to transfer the well, the allowable was shut off?

A Then it had been kept for awhile, you see, and we made these forms out to sell oil, to transport oil. C-104 and C-110, Certificates for Authorization to Transport Oil and Natural Gas, and requested our oil and gas allowables and then it was rejected.

Well, because of the unorthodox location of this last transaction --

Q Now, what size is Mr. Jones' lease there with this well?

A Well, he had -- he is with the biggest holder in this field. They have all of this acreage which covers most of the Dayton Pool and he has the Cocker-Ham lease, both adjoining leases that --

Q You have a plat showing this lease and the adjoining leases?

A No, I have a plat here just showing this one lease that was shown out in this letter, this exhibit here. I don't have it all covered out.

MR. CAMPBELL: There was filed with the original application for allowables a plat, however. The well file is in Mr. Hanson's office. He didn't bring a well file with him, but this plat is supposed to indicate, and I assume does indicate, the leasehold and royalty ownership in the area offsetting this particular well.

A In accordance to this letter.

MR. CAMPBELL: I think the situation probably is that when the well was first granted an allowable, either it overlooked the well that it was an unorthodox well. The rules didn't require what they require now. And it didn't come to the attention of the Commission until this particular notice of transfer of interest, leasehold interest, was sent to the Commission and the Commission picked up the fact that this well had been producing a barrel of oil a day for twenty years without being in an orthodox location.

MR. NUTTER: I would like to determine the ownership of all

six leases immediately surrounding this SW/4 of your SW/4 of Section 26. Now, which acreage does Mr. Jones own now? Does he own the 40 acre leasehold due north of this SW/4 of the SW/4?

A Yes, I am almost positive, to the north he owns that and to the east, and I believe he has now, I couldn't say for sure on that because I don't have that with me, and all that was given to the Oil Conservation Commission in Artesia, as to the question of this letter. And I supposed that it would be here for evidence today.

MR. CAMPBELL: May I suggest, Mr. Examiner, that the applicant be required to submit for the files in this particular case, a plat reflecting the leasehold and royalty ownership of all offset locations surrounding this 40 acre tract on which this well is situated before the Commission takes any action?

MR. NUTTER: Could you do that?

A Yes, sir.

MR. NUTTER: We would appreciate receiving the plat showing the leasehold interest in all directions from the well.

MR. CAMPBELL: I would like to request that when this plat is received, it be marked Exhibit No. 2 and made a part of the record in this particular hearing.

MR. NUTTER: We will do that. With reference to this case we have a wire which Mr. Gurley will read into the record.

MR. GURLEY: This wire is dated August 20, 1956, addressed to the New Mexico Oil Conservation Commission, which reads as follows: "I, F. A. Kleeman representing my wife Mary B. Kleeman and myself do hereby file objection to the operation to produce oil

from the Platt No. 1 well located in the SW/4 SW/4 of Section 26, Township 18 South, Range 26 East, Dayton Pool, Eddy County, New Mexico, which adjoins our property on the east. This well is located only 125 feet east of our property and we feel if this well is allowed to operate will unfairly drain oil from our property. Our property being described as the SE/2, SE/4, NW/4, SE/4, NW/4, NE/4, SE/4, of Section 27, Township 18 South, Range 26 East."

A When was that telegram dated?

MR. NUTTER: This telegram was dated August 20, 9:54 A.M., from Williamsport, Pennsylvania. Does anyone have any questions of this witness?

MR. GURLEY: I would like to ask a question. You say you are producing one barrel a day from this well?

A It makes just about a barrel a day, that is all.

Q Is that commercial?

A A barrel to two barrels. We are unable to produce enough because we can't sell it. That is what we want to do, is to work the well over.

Q Well, assuming that you can produce at a barrel a day, is that commercial, in your eyes?

A Well, yes, sir. I mean, not that. What with this sandfrack and new methods that we have now which make the wells in this area, we intend to complete this well to sandfrack it and try to make a better well from it.

Q I see.

MR. NUTTER: Anyone have any further questions of the witness?

MR. REIDER: Mr. Jones, I am not quite clear, what type of water have you been producing with this well? Has the water been fresh?

A Water?

Q Yes.

A Artesian water, which is all throughout this area.

Q Is the artesian water directly associated with this well?

A Yes.

Q And am I correct that this well was uncased?

A It was partially cased. It had some tonnage, I believe, in the well, but partially cased. And so Jones and Watkins -- I mean Bassett and Birney Oil Company ran these two strings of pipe, a seven inch and five and a half, plugged the well back from 2,600, plugged it back and ran these two strings of pipe and shut the water off.

Q And when was that done, do you know, sir, do you know about?

A I believe that was done in about 1938 or '39 to the best of my recollection; I wouldn't swear to that. It has been a long time ago, and as I say, all of our files are in Colorado.

Q And both of these strings are cemented to the surface?

A I am sure that they are. I know that the 8 and 5/8ths -- I mean the 7 inch was circulated from the top to bottom and I had the information that the 850 feet of 5½ inch, 15½ pound pipe was cemented, but I don't know if it was circulated at the top or not.

Q And when this pipe was put in the hole did it cut the artesian flow down?

A Yes, sir.

Q And your production is essentially water free?

A That is right.

Q Is it water free or does it make an absolute cut?

A It is water free.

Q It is water free? A That is right.

MR. REIDER: That is all.

MR. NUTTER: Anyone have any further questions? Is there any objection to the introduction of Applicant's Exhibit No. 1 which was received today, or to Exhibit No. 2 which the applicant will prepare and submit to the Commission? If not, the Exhibits will be received. Any statements? If there are no statements, the witness may be excused and we will take the case under advisement, pending the receipt of Exhibit No. 2.

REPORTER'S CERTIFICATE

I, LOUIS R. GUEVARA, do hereby certify that the foregoing and attached Transcript of Proceedings, pages numbered 2 through 12, were reported by me in Stenograph at the time and place aforesaid; that the same was reduced to typewritten transcript by me and contains a true and correct record of said proceedings to the best of my knowledge, skill and ability.

DATED this 29th day of August, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico

Louis R. Guevara
LOUIS R. GUEVARA, Court Reporter