

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1513

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

October 2, 1958

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE October 2, 1958 Examiner \_\_\_\_\_ TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
Everitt C Jourdan	Potash Co of America	Carlsbad, N.M.
R. W. Sullivan	Brit-Amer Oil Prod Co.	Denver, Colo.
Archie Speir	Utex Exploration Co	Artesia, N.M.
B. K. BEVILL	Humble Oil + Ref. Co.	Hobbs, N.M.
J. B. Cummings	Potash Company of America	Carlsbad, N. Mex.
F. C. MORGAN	Phillips Petroleum Co.	Hobbs, N. Mex.
A. P. White	Souray-Midcont.	Santa Fe,
W. R. LOAR	"	Tulsa
H. A. Heaton	U.S. Potash Div, U. S. Borax + Chemical Corp.	Carlsbad N.M.
W. J. Johnson	Humble	Roswell, N.M.
Jack M Campbell	Campbell + Russell	Roswell NM
W. L. Hall	Continental Oil Co.	" "
Ed Swanson	Cont's Oil Co	Roswell NM
R. M. Richardson	Heartland Oil Ref.	" "
James Davidson	" " "	" "
Ernest Finkbe	" " "	Roswell -
R. R. Astor	Franklin, Astor + Fair, Inc.	Roswell
Nancy Royal		Santa Fe

## NEW MEXICO OIL CONSERVATION COMMISSION

Mabry HallSanta Fe, NEW MEXICOREGISTERHEARING DATE Examiner October 2, 1958 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
VICTOR T. LYON James E. Sperling J. W. Bauleh Jason Kellahin John L. Sanders	CONTINENTAL OIL CO Modrall, Sperling et al (Magnolia) El Paso Natural Gas Kellahin & Fox Magnolia Pet. Co	EDUNILE, N. M. Albuquerque J. L. Santa Fe Hobbs

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
OCTOBER 2, 1958

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IN THE MATTER OF:

CASE 1513 Application of Drilling and Exploration Com-  
pany, Inc. for an exception to the casing :  
requirements for the potash-oil area in Lea :  
and Eddy Counties, New Mexico. Applicant, :  
in the above-styled cause, seeks an order :  
authorizing an exception to the shallow-zone :  
casing requirements for the potash-oil area :  
as set forth in Order No. R-111-A for its :  
Ballard No. 1 Well located 1980 feet from :  
the North and West lines of Section 27, Town- :  
ship 20 South, Range 34 East, Lea County, New :  
Mexico. Applicant proposes to drill with :  
cable tools to an approximate depth of 3,700 :  
feet adjacent to the Lynch Pool. Applicant :  
proposes to use the following casing program :  
in lieu of the program prescribed for cable :  
tool holes by Order R-111-A:

- (1) 13 3/8 inch casing to be cemented at :  
approximately 70 feet. :
- (2) 10 3/4 inch casing to be landed at ap- :  
proximately 700 feet. :
- (3) 8 5/8 inch casing to be landed at ap- :  
proximately 1250 feet. :
- (4) 5 1/2 inch casing to be cemented at the :  
top of the producing formation with 50 :  
sacks cement for testing purposes. :
- (5) 10 3/4 inch casing and 8 5/8 inch cas- :  
ing to be pulled. :
- (6) In the event commercial production is :  
obtained, 5 1/2 inch casing to be per- :  
forated and cement circulated to sur- :  
face. :

BEFORE:

Mr. Elvis A. Utz, 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. UTZ: Next case on the docket will be Case 1513.

MR. COOLEY: Case 1513. Application of Drilling and Exploration Company, Inc. for an exception to the casing requirements for the potash-oil area in Lea and Eddy Counties, New Mexico.

MR. GIRAND: If the Commission please, I would like the record to show that W. D. Girand of Hobbs, New Mexico appears on behalf of the applicant.

MR. UTZ: Are there any other appearances in this case? If not, you may proceed, Mr. Girand.

MR. GIRAND: I want to present a statement to the Commission. If the Commission please, I am not prepared to offer any evidence in regard to this matter for the reason that the only potash company owning potassium leases within a mile of the proposed location is the Potash Company of America, and they have notified the Commission by letter dated September the 24th that they have no objection to the proposed location or the drilling of the well in accordance with the terms of the application. Now, as I read Order R-111-A, and particularly Section 7, in the last paragraph it says this: "The Commission, or its authorized representative, may approve such Notice of Intention to Drill if no objection to the location of the proposed well is made by a potash operator within ten days after receipt. If the location of the

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proposed well is objected to by the potash operator, the matter shall be referred to the Secretary-Director of the Commission for arbitration. If a satisfactory settlement cannot be reached, the Secretary-Director of the Commission shall refer the matter to a hearing before the Commission after due notice and a decision either approving or denying the operator's plans to drill shall be entered by the Commission."

Now, this Commission has previously approved two applications for the drilling of wells within the potash area, and there are wells within the immediate location of Applicant's Well 1, being the application of Wilson Oil Company in Case No. 1215, Order No. R-968, and in the case of the Hudson & Hudson, Incorporated, in Case No. 1249, Order No. R-999.

If the Commission please, the applicants have filed notice of intention to drill with the Department of Interior, Geological Survey, and that notice of intention has been approved subject to the action of this Commission, and/or acceptance to Order R-111-A. I might call the Commission's attention to one difference between our application and the application of Hudson & Hudson, Incorporated, and the Wilson Oil Company, and that is, we propose to submit the surface casing at the 70-foot zone all the way to the top. It will be a permanent installation. We are doing that for a safety factor only.

I might call the Commission's attention further to the location of applicant's well. It is outside of the limits of the middle

Lynch Pool. However, it is within the influence of the Order, it is within one mile thereof. Applicant proposes to drill in the SE of the NW of Section 27, 20, 34. Now, the Wilson Well is located in the NE of the NE of 21, Township 20 South, Range 34 East, and the Hudson Well is located in the NE of the SE of Section 28, Township 20 South, Range 34 East. In this connection, if there is no objection, we would like to incorporate the records in Case No. 1249 and Case No. 1215; adopt those records as records in the instant case for the reason that the basic principles in the three applications are very similar. The principle of casing program is practically identical with the exception of the cementing of the surface casing to the 70-foot level.

MR. UTZ: Is there objection to the incorporation of Cases 1215 and 1249 in this case?

MR. CUMMINGS: I am Mr. J. B. Cummings with the Potash Company of America. We offer no objection to its incorporations providing it is made clear that each one of these particular cases were considered by us under -- on specific merits. Also, I would further request that our letter of October 1st, 1958 to the Commission be incorporated in the record, which points out in the last paragraph that "We wish to stress that our decision not to offer protest in this case, is not to be construed as indicating that the casing program outlined by Drilling and Exploration Company, Inc., in this particular Case 1513 is acceptable in known or potential potash areas."

MR. UTZ: Would you state your name, please?

MR. CUMMINGS: J. B. Cummings.

MR. COOLEY: Representing Potash Company of America.

MR. UTZ: Without objection, then, the letters in Cases 1215 and 1249 will be incorporated and made a part of this record.

MR. COOLEY: I understand Counsel, that incorporation by reference of these cases is limited to the general applicability of testimony regarding the general proposition of adequacy of casing in the potash area and does not go to the specific instance of the proposed casing program in this case?

MR. GIRAND: It only goes to this extent, that the potash company owning the potassium lease has no objection to this particular well location or the casing program as offered on this particular well. It's our contention that the three cases are very similar due to their location at the very edge or near the edge of the potash company as designated by R-118.

Q (By Mr. Cooley) Mr. Girand, you say the proposed location is within one mile of the Middle Lynch Pool?

A Yes.

Q Does the proposed casing program comply with the Special Pool Rules regarding casing for the Middle Lynch Pool?

A My recollection is that the, on a cable tool well, that they are substantially the same as those incorporated in R-118, that's the Order creating the Middle Lynch Pool, and Order No. 1093 in Case No. 1337 which reads, "Surface casing" this is under

cable tool casing program. "Surface casing to the top of the Red Bed, top of water shutoff casing is to be set off the channel, lower water shutoff casing to be set in the Santa Rosa formation and into the Dewey Lake formation, producing casing to be set below the Ellenburger until it has been determined that commercial production has been obtained, in which event said production casing shall be submitted to the surface; whereupon all other strings of casing may be pulled." Now, our only difference in that is that we propose to cement the surface casing from top to bottom, that is 13 and 3/8 surface pipe which will be set at approximately 70 feet.

MR. UTZ: Do you have anything further in this case, Mr. Girand? Any other statements to be made in this case?

MR. HEATON: I am George Heaton of U. S. Borax Company. I think it was stated that this was in this potash lease, or a mile or something. I don't think that is the case. I think it is inside an existing potash lease. Our management feels very strongly that in such a case, the Rules of R-111-A should be complied with, particularly if it is a potash area, and more particularly because it is inside a potash lease.

MR. GIRAND: I believe, Mr. Heaton, the well lies within the potash lease, the potash lease held by the Potash Company of America. I didn't mean to leave -- it is within the outer boundary of the potash zone as defined by Order R-111-A. It is inside 660 feet from the exterior line of that, line drawn

by that Order.

MR. UTZ: Any other statements to be made?

MR. COOLEY: Mr. Examiner, I have the letter addressed to the Oil Conservation Commission from Potash Company of America dated October 1st. This letter was received a few moments ago by the Potash Company of America's representative. I wish to read the letter. "Dear Sirs: Further to my letter of September 24th, relative to an application by Drilling and Exploration Company, Inc., referred to as Case No. 1513, to be heard before Mr. Elvis A. Utz, Examiner at Santa Fe, on October 2, 1958, I wish to add the following Comments. Potash Company of America, under normal circumstances, would object to any deviation from OCC Order R-111-A. However, since the subject well is but a short distance inside our potash lease area, and located where exploratory drilling has indicated the absence of potash mineralization in sufficient concentration to be of economic value, we do not feel that objection to the casing program outlined in the application defined under Case No. 1513 is justified. We wish to stress that our decision not to offer protest in this case, is not to be construed as indicating that the casing program outlined by Drilling and Exploration Company, Inc., is acceptable in known or potential potash areas. Signed, Very truly yours, R. Haworth."

We also will incorporate in the record Potash Company's letter of September 24, which was a letter which was also received.

MR. UTZ: Without objection, they will be received as a part of the record in this case.

Mr. Heaton, your objection to the program as outlined by the applicant is for the reason that you don't think that it will protect your potash deposits in the area, is that true?

MR. HEATON: More particularly it is in the potash lease where it is assumed there is no potash deposits.

MR. COOLEY: Does your company have a lease on this area?

MR. HEATON: No, sir.

MR. COOLEY: I didn't hear your answer, sir.

MR. HEATON: No, sir, we don't have a lease in that area.

MR. GIRAND: May I ask Mr. Heaton a question?

MR. UTZ: Yes.

MR. GIRAND: Mr. Heaton, what is your nearest potassium lease to Section 27, Township 9, 34 East, if you recall, sir?

MR. HEATON: I don't know.

MR. GIRAND: Could you hazard a guess as to how far your nearest lease --

MR. HEATON: I can't recall offhand, but it must be a couple of miles.

MR. UTZ: Anything further in this case? If not, the case will be taken under advisement.



