

CASE 1623: Wellshire Development Co.
application for unorthodox oil well location
for its Wellshire #1 Federal Well, 35-25N-
10W, Bisti-Lower Gallup Oil Pool, San Juan

~~Part - given this
as per order signed~~

1124
1178
1264

Casa No.

1623

Application, Transcript,
Small Exhibits, Etc.

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case No. 1623

TRANSCRIPT OF HEARING

MARCH 25, 1959

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

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

Case 1623 Application of Wellshire Development Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Bisti-Lower Gallup Oil Pool for its Wellshire No. 1 Federal Well located 530 feet from the South line and 2110 feet from the East line of Section 35, Township 25 North, Range 10 West, San Juan County, New Mexico.

Mabry Hall
Santa Fe, New Mexico
March 25, 1959

BEFORE:

Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: The next case will be 1623.

MR. PAYNE: Case 1623, "Application of Wellshire Development Company for an unorthodox oil well location."

MR. FUNDINGSLAND: May it please the Commission, my name is E. L. Fundingsland of Denver and I represent Wellshire Development Company in this matter. I think probably you are as well advised of the situation and what occurred here as I am.

The Wellshire Development Company undertook to drill this well on short notice. The independent geologist, Mr. F. H. Stevens, Jr., of Albuquerque, communicated with Wellshire

relative to undertaking the deal for Petro-Atlas. Mr. Stevens communicated with the San Juan Engineering Company to stake the location and run elevations, which he did, and it has been called to our attention that at the time the well was completed, an attempt was being made, that it was off location.

According to what Mr. Stevens told us, and what Jim Leese of San Juan Engineering Company confirmed, that San Juan had stated that the tolerance was a hundred and thirty feet off the area and that he was staking it accordingly, and he did, and we are apparently thirty feet off. So the well has been placed on production and we're sitting idle at the present moment.

MR. UTZ: What was your name?

MR. FUNDINGSLAND: E. L. Fundingsland, F-U-N-D-I-N-G-S-L-A-N-D.

MR. UTZ: Mr. Fundingsland, in view of the fact that this appears to be a good faith error, we will not expect any further testimony; however, I do think that the letter from San Juan Engineering Company, as well as the one from Mr. Stevens, the consulting geologist in Albuquerque, should be entered as Exhibits One and Two in this case.

MR. FUNDINGSLAND: We would like to have them marked as Exhibits One and Two and admitted, if it pleases the Commission.

(Thereupon, the documents were marked as Wellshire's Exhibits Nos. 1 and 2 for identification.)

MR. UTZ: This well is completed at the present time --

MR. FUNDINGSLAND: It is, sir.

MR. UTZ: --is it not?

MR. FUNDINGSLAND: Yes, sir.

MR. UTZ: And it is completed in the Gallup formation?

MR. FUNDINGSLAND: That is correct.

MR. UTZ: It is not at the present time producing, is it?

MR. FUNDINGSLAND: No sir, it is not; I believe that they are pumping back load oil is all, but there's been no production of live oil.

MR. UTZ: Do you have anything further to present in this case?

MR. FUNDINGSLAND: No, except to thank you very much.

MR. UTZ: Are there any other statements to be made in this case?

If not, the case will be taken under advisement.

MR. FUNDINGSLAND: May I ask--this is off the record.

(Discussion off the record.)

MR. UTZ: The hearing is adjourned.

STATE OF NEW MEXICO)

: ss

COUNTY OF BERNALILLO)

I, JERRY MARTINEZ, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing were reported by me in Stenotype, and 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 27th day of March, 1959, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Jerry Martinez
Notary Public

My Commission Expires:

January 24, 1962

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's hearing of Case No. 1623,
heard by me on *March 25*, 19 *58*.

Chris A. [Signature], Examiner
New Mexico Oil Conservation Commission

Memo

From
Elvis A. Utz
Gas Engineer

To:

E. S. Cunningham
1210 35 25 10 West
Denver, Colo.
March 25, 1952

Wellshire Development Co.
1210 35 25 10 West

CLASS OF SERVICE

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

WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

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

SYMBOLS

DL = Day Letter

NL = Night Letter

ITL = International Letter Telegram

LA170 SSC182

L FRA036 DL PD=FARMINGTON NMEX TO 1212PMM=

A L PORTER, NEW MEXICO OIL AND GAS CONSERVATION COMM=
SANTA FE NMEX=

WELLSHIRE DEVELOPMENT CO. IS OPERATOR OF WELL KNOWN AS
WELLSHIRE NUMBER ONE FEDERAL IN B1ST1 LOWER GALLUP OF
SAN JUAN COUNTY LOCATED AND SURVEYED BY SAN JUAN
ENGINEERING CO. OF FARMINGTON ACCORDING TO ITS
UNDERSTANDING OF LOCATION REQUIREMENTS IN THIS AREA 530
FEET NORTH OF SOUTH LINE AND 2110 FEET WEST OF EAST LINE
IN SOUTHEAST QUARTER SECTION 35 25 NORTH 10 WEST

WE ARE INFORMED THAT THIS LOCATION IS UNORTHODOX
UNDER OIL COMMISSION RULES AND REQUEST THAT THIS MATTER

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

BE SET FOR HEARING FOR THE MARCH 25 HEARING IN SANTA FE
OFFICE IN ORDER TO OBTAIN APPROVAL OF THIS LOCATION AS
THE WELL IS BEING PUT ON PRODUCTION NOW TO MEET FEDERAL
LEASE REQUIREMENTS=

WELLSHIRE DEVELOPMENT CO G W ALBERG 425 PETRO CLUB
BLDG DENVER COLO==

2110 35 25 10 25=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

DOCKET: EXAMINER HEARING MARCH 25, 1959

Oil Conservation Commission 9 a.m. Mabry Hall, State Capitol, Santa Fe

The following cases will be heard before ELVIS A. UTZ, Examiner:

CASE 1548: Application of Shell Oil Company for an amendment of Order R-1290. Applicant, in the above-styled cause, seeks an order amending Order R-1290 to eliminate the restriction requiring separate metering of production from each lease prior to commingling, since all interests are common except for small override on one lease and the holder of this interest has waived objection to commingling prior to metering.

CASE 1620: Application of Sunset International Petroleum Corporation for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its SIPCO Kutz A Federal Well No. 1, located in the NE/4 SW/4 of Section 32, Township 28 North, Range 10 West, San Juan County, New Mexico, in such a manner as to permit the production of oil from an undesignated Gallup oil pool and the production of gas from the Angels Peak-Dakota Gas Pool through parallel strings of 2-1/16 inch Hydril tubing.

CASE 1621: In the matter of the application of Humble Oil & Refining Company for an order reclassifying the Four Lakes-Devonian (Oil) Pool in Lea County, New Mexico, as a gas pool.

CASE 1622: Application of Gulf Oil Corporation for two non-standard gas proration units. Applicant, in the above-styled cause, seeks an order establishing a 160-acre non-standard gas proration unit in both the Tubb Gas Pool and the Blinebry Gas Pool, each to comprise the SE/4 NW/4, NW/4 SE/4, and the N/2 SW/4 of Section 31, Township 22 South, Range 38 East, Lea County, New Mexico, and to be dedicated to applicant's Scarborough Estate Well No. 4 located 1980 feet from the North and West lines of said Section 31 which well is dually completed in the aforementioned pools.

CASE 1623: Application of Wellshire Development Company for an unorthodox oil well location. Applicant, in the above-styled cause, seeks an order authorizing an unorthodox oil well location in the Bisti-Lower Gallup Oil Pool for its Wellshire No. 1 Federal Well located 530 feet from the South line and 2110 feet from the East line of Section 35, Township 25 North, Range 10 West, San Juan County, New Mexico.

CONTINUED CASES

CASE 1573: Application of Southwestern, Inc. Oil Well Servicing for permission to make a "slim hole" completion. Applicant, in the above-styled cause, seeks an order authorizing it to utilize the "slim hole" method of completion for a well located in the SE/4 NW/4 Section 32, Township 16 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico. Applicant proposes to utilize 2 1/2 inch tubing as a substitute for casing in the above-described well.

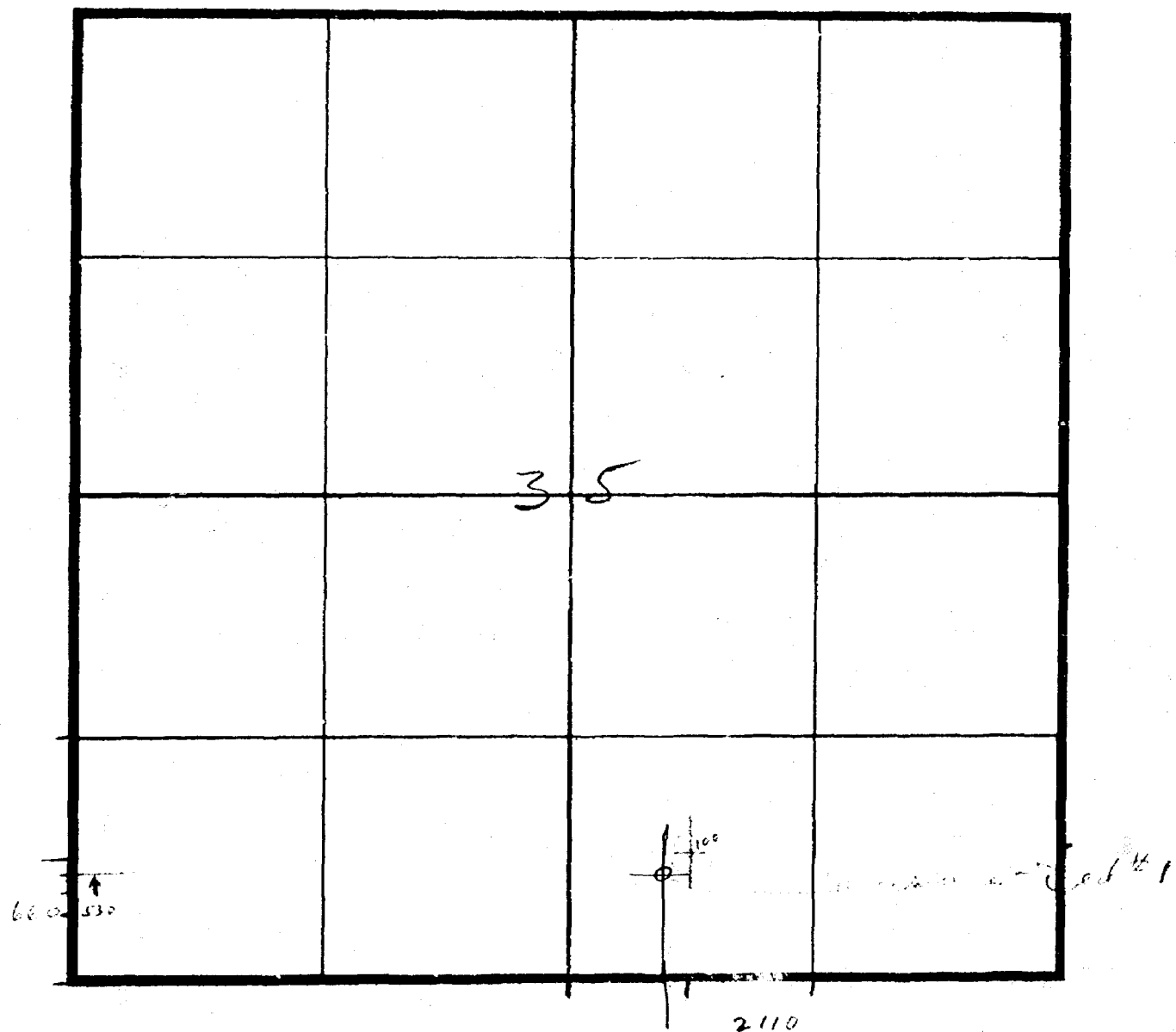
-2-
Docket No. 10-59

CASE 1590: Application of Rex Moore for an order authorizing a gas injection project in San Juan County, New Mexico, and for the promulgation of special rules and regulations in connection therewith. Applicant, in the above-styled cause, seeks an order authorizing it to inject gas into the Gallup formation of the Bisti-Lower Gallup Oil Pool through its Scott No. 5 Well located 2115 feet from the South line and 2080 feet from the West line of Section 3, Township 24 North, Range 10 West, San Juan County, New Mexico. Applicant further proposes that special rules and regulations be promulgated to govern the above-described project, which rules would provide for the transfer of the allowable from the injection well to producing wells, transfer of allowables from wells which have been shut-in for observation or to increase the efficiency of the project, operation of the wells on a net gas-oil ratio basis giving allowance for gas injected, and such other rules and regulations as the Commission deems necessary.

ir/

Sec _____ Township No. _____ of Range No. _____

251 NW



Case 1623

PHONES

HOME OFFICE:
MUSKOGEE, OKLA. MURRAY 7-6812

FARMINGTON, N. M. DAVIS 5-2162

MOAB, UTAH ALPINE 3-4331

DURANGO, COLO. CHERRY 7-0851

San Juan Engineering Company

WELL LOCATIONS - ROADS - ELEVATIONS - CLAIM SURVEYS - LAND SURVEYS - PIPE LINES

REGISTERED PROFESSIONAL ENGINEERING SERVICE
IN NEW MEXICO, COLORADO, OKLAHOMA, UTAH, ARIZONA

P. O. BOX 752

FARMINGTON, NEW MEXICO

10 March 1959

Mr. A. L. Porter
New Mexico Conservation Commission
Santa Fe, New Mexico

Dear Sir:

I am the surveyor who supervised the staking of the location for the Wellshire Developement Company at a point 530 feet from the South line and 2110 feet from the East line of Section 35, T 25 N, R 10 W, N.M.P.M.

I wish to make it clear at this time that the responsibility for staking the location at those footages lies entirely with me.

Mr. Stevens, who is an independent geologist, did not order the location staked there nor did any person employed by Wellshire.

My instructions were to stake the location as far to the South and West as allowed. I did not realize that the Bisti Field as a unit had been extended to take in all of Township 25 - 10 and I therefore instructed my people to stake the location at the above footages provided the terrain would allow it.

I would hate to see anyone penalized for an infraction of a rule when they were not responsible.

Very truly yours,

James P. Leese
James P. Leese

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
CASE NO. 1623

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3-28-59

CASE NO. 1623

HEARING DATE 3-25-59

My recommendations for an order in the above numbered case(s) are
as follows:

Grant the emorthadex location in
Bisti because of an honest error on
the part of the surveyor who was un-
informed as to Bisti Rules.

Ernest H. Vetter

Staff Member

Utah

Colorado

Arizona

New Mexico

Case 1623

F. H. STEVENS, JR., Consulting Geologist
Pent House Suite ~~XXXXXX~~ 2929 Monte Vista N.E.
Albuquerque, New Mexico

March 18, 1959

Mr. A. L. Porter
New Mexico Oil & Gas
Conservation Commission
Santa Fe, New Mexico

BEFORE EXAMINER UTZ

OIL CONSERVATION COMMISSION

Wellshire EXHIBIT NO. 2

CASE NO. 1623

Dear Mr. Porter:

Relative to the hearing to be held March 25th and Wellshire Development Company's request for approval of an unorthodox location for their No. 1 Federal, 530' from the South and 2110' from the East lines Section 35-T25N-R10W, San Juan County, New Mexico, I wish to submit the following pertinent information.

On February 18, 1959 I telephoned Mr. James P. Leese of San Juan Engineering Company, Farmington, New Mexico, on behalf of Wellshire Development Company, and requested that he take immediate steps to stake the location for this well 560' from the South and 2080' from the east lines of the section. I pointed out that I wish to take advantage of the 100' tolerance from a center 40 acre location, allowed under my understanding of the Commission regulations for the Bisti Lower Gallup Field, in order to have the well as far to the south and west in the southeast quarter of Section 35 as possible. Mr. Leese advised me that actually a tolerance of 130' from a center 40 was allowed and asked if I wished to make full use of this tolerance. I replied that if 130' was allowed under existing regulations I did wish to take the full allowance. Accordingly, the location was staked, as described in paragraph 1, and within a few days drilling operations commenced.

It was not until March 9, 1959, when the well was at a total depth of 5440' and a completion attempt was being made, that I was advised that the location was unorthodox.

I believe that Mr. Leese's mistake was an honest one and for this reason I urge that Wellshire's request be given favorable consideration.

Very truly yours,

F. H. Stevens, Jr.
F. H. Stevens, Jr.

FHS/1

DOMESTIC SERVICE	
Check the class of service desired, otherwise this message will be sent as a fast telegram	
TELEGRAM	
DAY LETTER	
NIGHT LETTER	

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WESTERN UNION TELEGRAM

1200 (4-55)

W. P. MARSHALL, PRESIDENT

INTERNATIONAL SERVICE	
Check the class of service desired, otherwise the message will be sent at the full rate	
FULL RATE	
LETTER TELEGRAM	
SHORE SHIP	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED
	COLLECT			10:45 a.m.

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

MARCH 27, 1959

WELLSHIRE DEVELOPMENT CO.
425 PETROLEUM CLUB BLDG.
DENVER 2, COLORADO

YOUR APPLICATION FOR UNORTHODOX LOCATION FOR YOUR WELLSHIRE
NO. 1 FEDERAL IN THE BISTI-LOWER GALLUP OIL POOL HAS BEEN
APPROVED THIS DATE.

A. L. PORTER, JR.
OIL CONSERVATION COMMISSION

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 1623
Order No. R-1358

APPLICATION OF WELLSHIRE DEVELOPMENT
COMPANY FOR AN UNORTHODOX OIL WELL
LOCATION FOR A WELL IN THE BISTI-LOWER
GALLUP OIL POOL, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 25, 1959, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 27th day of March, 1959, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Wellshire Development Company, is the owner and operator of the Wellshire No. 1 Federal Well, located 530 feet from the South line and 2110 feet from the East line of Section 35, Township 25 North, Range 10 West, San Juan County, New Mexico.

(3) That the above-described well was drilled on an unorthodox location due to a good faith error.

(4) That the applicant requests approval for said unorthodox location.

(5) That no offset operator objected to the subject application.

(6) That the subject application should be approved.

-2-

Case No. 1623
Order No. R-1358

IT IS THEREFORE ORDERED:

That the unorthodox oil well location of the applicant's Wellshire No. 1 Federal Well in the Bisti-Lower Gallup Oil Pool at a point 530 feet from the South line and 2110 feet from the East line of Section 35, Township 25 North, Range 10 West, San Juan County, New Mexico, be and the same is hereby approved.

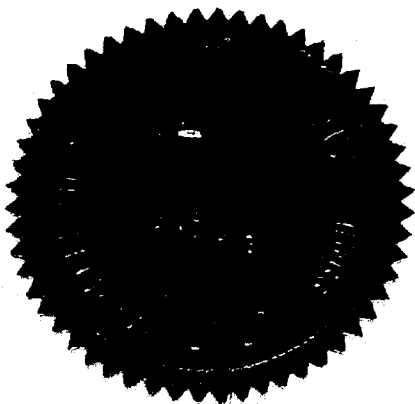
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURBOUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



lr/

OIL CONSERVATION COMMISSION
P. O. BOX 871
SANTA FE, NEW MEXICO

March 30, 1959

Mr. E. L. Fundingsland
Wellshire Development Company
425 Petroleum Club Building
Denver, Colorado

Dear Sir:

We enclose two copies of Order R-1358 issued March 27, 1959,
by the Oil Conservation Commission in Case 1623, which was heard
on March 25th at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encls.

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