

CASE 2508: Application of WESTATES  
PETR. CO. for assignment of special  
allowances for four walls.

1052 / 10.

2508

edition, Transcript,  
all Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 28, 1962

Mr. Dale R. Worth, Manager  
Rocky Mountain Mid-Continent Area  
Westates Petroleum Company  
855 Petroleum Club Building  
Denver, Colorado

Dear Mr. Worth:

Reference is made to your letter of May 17, 1962, regarding Commission disposition of Case No. 2508, and to my letter of May 22nd, wherein I promised to reply as soon as I had the opportunity to study in detail the various points which you covered in your letter.

We can understand your disappointment at not being permitted to put the pool separation evidence into the record at the April 3rd hearing. However, the application was filed and the case had been advertised limiting the scope of the hearing to the assignment of special allowables to four wells and not for the purpose of considering the revision of the vertical limits of the Tubb-Drinkard Pool. As a matter of fact, several companies which probably would oppose any such revision had been advised by the Commission that such a revision was not within the scope of the legal notice of the case and would not be considered. As to consideration of the alleged separation as a basis for an extension of the double allowable provision of Order No. R-1776, we can see no correlation between the two. Order No. R-1776 permitted the extra allowable to be assigned to each of two 40-acre Westates tracts for a period of 18 months solely for the purpose

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Mr. Dale R. Worth  
May 28, 1962

of helping to compensate for the added expense of completing an extra well on the tract. We feel that Mr. Kastler, representing Gulf Oil Corporation, very appropriately described the Commission's original intention when he stated at the March 28th hearing, "We do not believe that it was the intent of the original 18 months special order to guarantee the payout on four wells, but rather to help relieve the financial burden incurred for two additional wells." It was not shown at the hearing that the added cost of one extra dual completion in the Tubb-Drinkard Pool on each of the tracts had not paid out.

We agree with you that conservation of hydrocarbons is the prime factor in the consideration of a case of this type. However the Commission also has the obligation to protect correlative rights insofar as is practicable without causing waste. We believe that all correlative rights, including yours as well as those of other operators in the pool can best be protected from violation by limiting the production from each 40-acre tract to a single allowable. We further believe that waste will not be caused from such a limitation. Although the geology of the area is extremely complicated with the gross reservoir thickness containing various permeable beds separated from each other at points, the Commission was convinced from the record of Case 2064 that there was sufficient interconnection and communication among the majority of these beds to constitute a single common source of supply, which of course would presuppose the idea that adequate drainage will result from a single well on each 40-acre tract. The Commission also considered, of course, those marginal isolated beds which might never be perforated and might never be produced if dual completions with complete separation in the absence of consolidation of the Tubb and Drinkard formations were required.

It is not our desire to see any of the extra wells on any of the tracts shut-in or abandoned. Rather we encourage the continued operation of both wells on each of the tracts.

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Mr. Dale R. Worth  
May 28, 1962

sharing a single 40-acre allowable just as all of the other tracts in the pool have.

Please let me know if any further discussion of this matter is desired so that you may fully understand the position of the Commission in this case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

May 22, 1962

Mr. Dale R. Worth, Manager  
Rocky Mountain Mid-Continent Area  
Westates Petroleum Company  
955 Petroleum Club Building  
Denver, Colorado

Dear Mr. Worth:

When I returned to my office on May 18th from conducting a hearing and attending a symposium in Hobbs, I found your letter concerning Case 2508.

As soon as I have had time to make a study in detail of the points you brought out in your letter, I will give you a reply.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc: Mr. Joe Ramey  
Oil Conservation Commission  
Box 2045  
Hobbs, New Mexico

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MAILED 000  
**WESTATES PETROLEUM COMPANY**

855 PETROLEUM CLUB BUILDING • TABOR 5-2854 • DENVER, COLORADO

1962 MAY 15 PM 1:20

May 17, 1962

Mr. A. L. Porter, Jr.  
Secretary - Director  
Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Dear Mr. Porter:

We received the denial of Westates Petroleum Company's application, Case #2508, Order #R-2209 wherein we asked for continued allowables on our four (4) wells on the 80 acres in Sec. 25-T25S-R37E, Lea County, New Mexico. These four (4) wells produce two (2) from the Tubbs reservoir and two (2) from the Drinkard reservoir.

We were disappointed in the hearing and the order since it was denied on the failure of the applicant to show satisfactory evidence why the wells should continue to produce in their present status, mainly because we were unable to present all of our evidence. We had additional evidence to present on bottom hole pressure build-up curves and well interference tests which indicated that the two reservoirs are definitely not connected in our area and are separate sources of supply. As far as we are concerned the additional evidence that we wanted to present should have been admitted whether it attacked the original order, Case #2064, or not. The original order called for additional evidence and cause to be presented within the 18-month production period and this order definitely did not state the kind of evidence or what could or could not be presented. There was some discussion and controversy over economics at the hearing which in our thinking is not the prime concern since conservation of hydrocarbons is the main factor.

Since our hearing we have reviewed the Transcript of Proceedings of the original application of Anderson-Pritchard and Amerada Petroleum, Case #2064, dated September, 1960, wherein they asked for an extension of the vertical limits of the Justis-Drinkard Pool. It appears that the original intention of the hearing and proceedings were satisfactory and the Tubbs and



Mr. A. L. Porter  
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Drinkard zones were correlated with the same zones from wells some 20 miles away where the limits have previously been set. It was also indicated in this hearing that the Commission informally had accepted up to that time and approved the drilling of several wells to both zones and that the Drinkard and Tubbs pay section were considered separate sources of supply. However, as the hearing developed the geological evidence did not conclusively define the limits or barrier between the two reservoirs because of certain local porosity developments in certain wells and areas which indicated an overlap of the two zones. This, however, appeared to be the exception rather than the rule since some of the wells which were perforated across this minor porosity zone probably contained little if any hydrocarbons and is not the main Drinkard and Tubbs reservoirs. Exceptions should have been granted these wells since conclusive evidence was not presented and this appeared to be the original intention for the hearing.

In the interest of Conservation we wanted an exception to continue to produce these wells as they are apparently low structurally and in the oil ring as compared to wells up structure in the gas cap zone. We feel that if the oil is not withdrawn from the oil ring it will move up structure to the gas cap and as the gas is withdrawn it will result in resaturation of the gas cap with this oil and thus cannot ever be recovered. We believe the maximum recovery of the hydrocarbons from the reservoir is the prime concern of the Conservation Commission as well as the oil operators and that economics is a secondary factor. Even though an operator has recovered his investment from a well with oil production he still has no reason to shut the well in and leave the hydrocarbons in the reservoir. It was not our intention to force any operators to drill uneconomical wells in the gas cap area and with an exception they would not have to but I do believe an exception should be granted to continue to produce wells that were drilled in good faith and this would not harm any offset operator and would definitely be in the interest of conservation of one of our more important natural resources.

Mr. Porter, we do not know the thoughts of the Commission on this particular problem but we would be very interested in a reply from you on what our position should be. Your interest and comments on the above subject are respectfully requested.

Very truly yours,



Dale R. Worth  
Mgr. Rocky Mt. Mid-Cont. Area

DW:mb

CC: Joe Ramey - OCC, Hobbs, N.M.  
W. L. Boyer, V.P., Westates, L.A.  
Gene Chaffin, Supt., Westates, Jal



GOVERNOR  
EDWIN L. MECHEM  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission

LAND COMMISSIONER  
E. S. JOHNNY WALKER  
MEMBER



STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 871  
SANTA FE

April 3, 1962

Re: CASE NO. 2308

ORDER NO. R-2209

APPLICANT:

Westates Petroleum Company

Mr. Jack Campbell  
Campbell & Russell  
P. O. Drawer 640  
Roswell, New Mexico

Dear Sir:

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

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC   X    
Artesia OCC         
Aztec OCC       

OTHER        Mr. Jason Kallahan  
Mr. Bill Kastler

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. 2064  
Order No. R-1776  
(NOMENCLATURE)

APPLICATION OF AMERADA PETROLEUM  
CORPORATION AND ANDERSON-PRICHARD  
OIL CORPORATION FOR AN EXTENSION  
OF THE VERTICAL LIMITS OF THE  
JUSTIS-DRINKARD POOL, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 7, 1960, 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 3rd day of October, 1960, 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 applicants propose that the vertical limits of the Justis-Drinkard Pool, Lea County, New Mexico, be extended 74 feet above the top of the Drinkard formation as picked by the Commission at 5858 feet in the Amerada Petroleum Corporation Ida Wimberly Well No. 5, located in the NE/4 NW/4 of Section 25, Township 25 South, Range 37 East, NMPM.

(3) That this application was necessitated by the fact that the applicants have singly completed wells which are perforated both above and below the above-described Drinkard top, and such wells are presently producing from both the interval designated as the Justis-Tubb Pool and the interval designated as the Justis-Drinkard Pool.

(4) That the evidence indicates that the Justis-Tubb and Justis-Drinkard Pools are actually one common source of supply.

CASE No. 2064  
Order No. R-1776  
(NOMENCLATURE)

The characteristics of the two zones are similar and there appears to be no impermeable barrier between them.

(5) That accordingly the Justis-Tubb Pool and the Justis-Drinkard Pool should be combined and should be designated as the Justis Tubb-Drinkard Pool.

(6) That while the Justis-Tubb Pool and the Justis-Drinkard Pool were treated as separate common sources of supply, four 40-acre tracts were developed with a well in each of said pools.

(7) That each well on these four 40-acre tracts should, for at least 18 months, continue to be assigned top unit allowable for the Justis Tubb-Drinkard Pool if it is capable of producing that amount.

IT IS THEREFORE ORDERED:

(1) That the Justis-Tubb Pool and the Justis-Drinkard Pool, both in Lea County, New Mexico, be and the same are hereby combined into one pool which is to be designated the Justis Tubb-Drinkard Pool. The 40-acre depth factor for said pool shall be 1.33.

(2) That the horizontal limits of said pool shall be as described in Appendix "A" attached hereto and made a part hereof.

(3) That the following-described wells shall each be assigned an allowable not to exceed top unit allowable for the Justis Tubb-Drinkard Pool for a period of 18 months:

Anderson-Prichard Carlson-Federal "A" Well No. 1,  
Unit J, Section 25

Anderson-Prichard Carlson-Federal "A" Well No. 2,  
Unit I, Section 25

Anderson-Prichard Carlson-Federal "A" Well No. 5,  
Unit I, Section 25

Anderson-Prichard Carlson-Federal "A" Well No. 6,  
Unit J, Section 25

Westates Carlson-Federal "B" Well No. 2, Unit P,  
Section 25

Westates Carlson-Federal "B" Well No. 3, Unit O,  
Section 25

Westates Carlson-Federal "B" Well No. 4, Unit P,  
Section 25

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CASE No. 2064  
Order No. R-1776  
(NOMENCLATURE)

Westates Carlson-Federal "B" Well No. 5, Unit O,  
Section 25

all in Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(4) That the provision contained in paragraph (3) above shall terminate in 18 months after the date of this order unless the affected operators show cause at public hearing why such provision should be continued in effect.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

JOHN BURROUGHS, Chairman

MURRAY E. MORGAN, Member

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

S E A L

esr/

APPENDIX

The horizontal limits of the Justis Tubb-Drinkard Pool shall be that area described as follows:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM

Section 13: W/2  
Section 14: SE/4 NE/4, E/2 SE/4 and  
SW/4 SE/4  
Section 23: E/2 E/2  
Section 24: All  
Section 25: All  
Section 26: E/2 NE/4 and NE/4 SE/4  
Section 36: NE/4 NW/4 and N/2 NE/4

TOWNSHIP 25 SOUTH, RANGE 38 EAST, NMPM

Section 30: W/2 NW/4 and NW/4 SW/4

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. 2508  
Order No. R-2209

APPLICATION OF WESTATES PETROLEUM  
COMPANY FOR ASSIGNMENT OF SPECIAL  
ALLOWABLES TO FOUR WELLS, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 28, 1962, at Santa Fe, New Mexico, before Elvis A. Uts, 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 3rd day of April, 1962, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Uts, 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 by Order No. R-1776, entered in Case No. 2064 on October 3, 1960, the following-described wells each were assigned a special allowable, not to exceed top unit allowable for the Justis Tubb-Drinkard Pool, for a period of 18 months:

Westates Carlson-Federal "B" Well No. 2, Unit P,  
Section 25;

Westates Carlson-Federal "B" Well No. 3, Unit O,  
Section 25;

Westates Carlson-Federal "B" Well No. 4, Unit P,  
Section 25;

Westates Carlson-Federal "B" Well No. 5, Unit O,  
Section 25;

all in Township 25 South, Range 37 East, MNPM, Lea County, New Mexico.

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CASE No. 2508  
Order No. R-2209

(3) That said Order No. R-1776 contained the provision that the allowable assigned to each of the wells listed above would terminate in 18 months after the date of that order "unless the affected operators show cause at public hearing why such provision should be continued in effect."

(4) That in the present case the applicant, Westates Petroleum Company, seeks an order extending the period within which each of its four wells listed above will be assigned a special allowable.

(5) That the applicant failed to present satisfactory evidence to show cause why a special allowable should continue to be assigned to the subject wells.

(6) That, accordingly, the subject application should be denied.

IT IS THEREFORE ORDERED:

That the application of Westates Petroleum Company in the subject case is hereby denied.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



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



esx/

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

SYMBOLS

DL = Day Letter  
NL = Night Letter  
IT = International Letter Telegram

1201 (4-30)

1962 MAR 22

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

1962 MAR 23 LA 150 SSK449

L RWA103 NL PD=ROSWELL NMEX 22=

A L PORTER JR= NMEX OIL CONSERVATION COMM  
SANTA FE NMEX=

*Care  
File*

SUBJECT CASE 2503 ON NMOCC DOCKET FOR MAR 28 1962  
ATLANTIC OPPOSES WESTATES APPLICATION FOR EXTENSION  
OF THE PERIOD FOR SPECIAL ALLOWABLES FOR THEIR  
CARLSON FEDERAL B WELLS NUMBERS 2 3 4 AND 5. IN OUR  
OPINION THE ADDITIONAL OIL THEY HAVE PRODUCED THUS  
FAR HAS COMPENSATED FOR THEIR ADDITIONAL COMPLETION.  
WE RECOMMEND THEIR SPECIAL ALLOWABLE FROM THE TUBB  
DRINKARD BE TERMINATED IN ACCORDANCE WITH ORDER R=1776=  
W P TOMLINSON ATLANTIC RFG CO ROSWELL NMEX==



DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 28, 1962

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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The following cases will be heard before Elvis A. Utz, Examiner, or Daniel S. Nutter, as alternate examiner:

Cases 2515 through 2519 will not be heard before 1:00 P.M.

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CASE 2507:

Application of Union Oil Company of California for an order creating a new oil pool, establishing special rules and regulations for said pool, and contracting the Anderson Ranch-Wolfcamp Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool to be designated the North Anderson Ranch-Wolfcamp Pool and comprising portions of Sections 28, 32 and 33, Township 15 South, Range 32 East, and Lots 1, 2, 7 and 8 of Section 2, Township 16 South, Range 32 East, Lea County, New Mexico. Applicant proposes the promulgation of special rules and regulations to govern said pool, including a provision for 80-acre proration units; it is further proposed that the Anderson Ranch-Wolfcamp Pool be contracted by the deletion of the SE/4 and S/2 SW/4 of Section 28, E/2 SE/4 of Section 32 and W/2 and NE/4 of Section 33, Township 15 South, Range 32 East, and Lots 1, 2, 7 and 8 of Section 2, Township 16 South, Range 32 East.

CASE 2508:

Application of Westates Petroleum Company for assignment of special allowables to four wells, Lea County, New Mexico. Applicant, in the above-styled cause, pursuant to Order No. R-1776, seeks an order extending the period within which its Carlson-Federal "B" Wells Nos. 2, 3, 4 and 5, located in Section 25, Township 25 South, Range 37 East, Lea County, New Mexico, are assigned a special allowable not to exceed top unit allowable for the Justis Tubb-Drinkard Pool.

CASE 2509:

Application of Amerada Petroleum Corporation for approval of the Langlie Mattix Woolworth Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Langlie Mattix Woolworth Unit Agreement embracing 2559.48 acres of Federal and fee lands within Sections 27, 28, 33 and 34, Township 24 South, Range 37 East, Lea County, New Mexico.

- CASE 2510: Application of Texaco, Inc. for an exception to Rule 107 (e), Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 107 (e) authorizing the completion of its K. F. Quail-Federal Well No. 1, located 2086 feet from the South line and 556 feet from the West line of Section 1, Township 20 South, Range 34 East, Lea County, New Mexico, as a 2 7/8-inch tubingless completion below the depth of 5,000 feet.
- CASE 2511: Application of Texaco, Inc. for an order pooling all mineral interests in the Basin-Dakota and Blanco-Mesaverde Pools in the W/2 of Section 12, Township 30 North, Range 12 West, San Juan County, New Mexico. Interested parties include Pan American Petroleum Corporation, Southwest Production Company and Tidewater Oil Company.
- CASE 2512: Application of Skelly Oil Company for approval of the Gallegos-Gallup Sand Unit Agreement, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Gallegos-Gallup Sand Unit Agreement embracing 22,997.51 acres, more or less, of Federal, State, Indian and fee lands in portions of Townships 26 and 27 North, Ranges 11, 12 and 13 West, San Juan County, New Mexico.
- CASE 2513: Application of Skelly Oil Company for a secondary recovery project, Gallegos-Gallup Oil Pool, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a secondary recovery project in the Gallegos-Gallup Oil Pool in an area underlying its proposed Gallegos-Gallup Sand Unit Area, comprising 22,997.51 acres, more or less, in portions of Townships 26 and 27 North, Ranges 11, 12 and 13 West, San Juan County, New Mexico, the injection of water initially to be through six wells located in Sections 1, 2, 11 and 12, Township 26 North, Range 12 West and the project to be governed by the provisions of Rule 701.
- CASE 2514: Application of Skelly Oil Company for approval of the West Dollarhide Queen Sand Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the West Dollarhide Queen Sand Unit Agreement embracing 2562.52 acres, more or less, of Federal, State and fee lands in Sections 19, 29, 30, 31, 32 and 33, Township 24 South, Range 38 East, and Sections 4, 5, and 6, Township 25 South, Range 38 East, Lea County, New Mexico.

The following cases will not be heard before 1:00 P.M.

- CASE 2515: Application of D. W. Falls, Inc. for the assignment of a special temporary deliverability for allowable purposes to its Federal Well No. 2-11, located 1190 feet from the South line and 2210 feet from the East line of Section 11, Township 28 North, Range 13 West, San Juan County, New Mexico, which well is completed in the Basin-Dakota Gas Pool. Applicant proposes that the deliverability to be assigned to said well be the average deliverability of all gas wells in the Basin-Dakota Gas Pool.
- CASE 2516: Application of Pan American Petroleum Corporation for a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a pressure maintenance project on its Gallegos Canyon Unit Area, San Juan County, New Mexico, in the Cha Cha-Gallup Oil Pool, with the injection of water initially to be through two wells located in Section 26, Township 28 North, Range 13 West, and requests adoption of special rules to govern the operation of said project.
- CASE 2517: Application of Pan American Petroleum Corporation for a unit agreement and a pressure maintenance project, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Southeast Cha Cha Unit Agreement embracing Federal, State and fee lands in portions of Sections 7, 8, 9, 10, 15, 16, 17, 18, 20, 21, 22 and 27, Township 28 North, Range 13 West, and Sections 30, 31, 32 and 33, Township 29 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks authority to institute a unit-wide pressure maintenance project by the injection of water into the Gallup formation through 10 wells located within said unit and requests adoption of special rules to govern the operation of said project.
- CASE 2518: Application of Humble Oil & Refining Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permission to complete its D. H. Crockett Well No. 1, located in Unit C of Section 21, Township 18 South, Range 26 East, Lea County, New Mexico, as a dual completion (conventional) in the Caudill Permo-Pennsylvanian and Caudill-Devonian Pools with the production of oil from

the Devonian zone to be through a string of 2 3/8-inch tubing and the production of oil from the Permo-Pennsylvanian zone to be through a parallel string of 1 1/4-inch tubing.

CASE 2519:

Application of The Atlantic Refining Company for a unit agreement, a pressure maintenance project and the reclassification of two wells, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Horseshoe-Gallup Unit Agreement embracing 20,925.58 acres, more or less, of Federal, State, Indian and fee lands in Townships 30 and 31 North, Ranges 16 and 17 West, San Juan County, New Mexico. Applicant further seeks permission to institute a pressure maintenance project in the proposed Horseshoe-Gallup Unit Area with water to be injected into the Gallup formation through 112 wells located in said unit, and requests adoption of special rules to govern the operation of said project. Applicant further seeks the reclassification of two wells located in the proposed unit area from Verde-Gallup Oil Pool wells to Horseshoe-Gallup Oil Pool wells, the Verde-Gallup Oil Pool to be contracted by the deletion of the NE/4 NE/4 of Section 2, Township 30 North, Range 16 West, and the SW/4 SW/4 of Section 36, Township 31 North, Range 16 West, said acreage to be included in the Horseshoe-Gallup Oil Pool.

iqg/

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

1962 MAR 15 AM 8:30

*See Order No. R-1776*

IN THE MATTER OF THE APPLICATION OF )  
WESTATES PETROLEUM COMPANY FOR AN )  
ORDER MAKING PERMANENT THE AUTHORITY )  
GRANTED BY COMMISSION ORDER NO. R-1776 )  
JUSTIS-DRINKARD POOL, LEA COUNTY, NEW )  
MEXICO )

No. 2585

APPLICATION

COMES NOW Westates Petroleum Company by its attorneys,  
Campbell & Russell, and states:

1. By its Order No. R-1776 dated October 3, 1960, the  
Commission assigned certain allowables to the following described  
wells of Applicant in the Justis-Drinkard Pool, Lea County, New  
Mexico:

- (1) Westates Carlson Federal "B" #2 - Dual Blinebry Tubbs Unit P
- (2) Westates Carlson Federal "B" #3 - Dual Drinkard Fusselman Unit O
- (3) Westates Carlson Federal "B" #4 - Dual Drinkard Fusselman Unit P
- (4) Westates Carlson Federal "B" #5 - Dual Blinebry Tubbs Unit O

2. Said Order was limited in its application to 18 months  
after its date and will expire April 3, 1962, unless extended or made  
permanent.

WHEREFORE, Applicant requests that the Commission publish  
notice of hearing before an Examiner on March 28, 1962, as provided  
by law, and after hearing issue its order making permanent Order  
R-1776.

Respectfully submitted,

WESTATES PETROLEUM COMPANY

By Jack M. Campbell  
CAMPBELL & RUSSELL  
P. O. Drawer 640  
Roswell, New Mexico

DATED: March 1, 1962

Its Attorneys

*Docket  
March 3/19/62  
Jv*

BEFORE THE  
OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 28, 1962

## EXAMINER HEARING

## IN THE MATTER OF:

Application of Westates Petroleum  
Company for assignment of special  
allowables to four wells, Lea  
County, New Mexico. Applicant, in  
the above-styled cause, pursuant to  
Order No. R-1776, seeks an order ex-  
tending the period within which its  
Carlson-Federal "B" Wells Nos. 2, 3,  
4 and 5, located in Section 25, Town-  
ship 25 South, Range 37 East, Lea  
County, New Mexico, are assigned a  
special allowable not to exceed top  
unit allowable for the Justis Tubb-  
Drinkard Pool.

CASE 2508

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

(Whereupon, Westates' Exhibits  
1 through 7 were marked for  
identification.)

MR. UTZ: The hearing will come to order, please. For  
those of you who might be interested, there seems to be very  
little likelihood of hearing Cases 2510, 2511, 2518 and 2519.  
As a matter of fact, I rather believe that there's little likeli-  
hood of hearing 2516 or 2517, but I wouldn't want to state

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182ALBUQUERQUE, N. M.  
PHONE 243-6691

this afternoon.

Perhaps I was misunderstood, 2510, 2511, 2518, 2519 will not be heard until morning. Case 2508.

MR. WHITFIELD: Application of Westates Petroleum Company for assignment of special allowables to four wells, Lea County, New Mexico.

MR. CAMPBELL: Mr. Examiner, I am Jack M. Campbell, Campbell and Russell, Roswell, New Mexico, on behalf of the Applicant.

MR. UTZ: Are there other appearances?

MR. CAMERON: John Cameron representing Tidewater.

MR. KASTLER: W. V. Kastler representing Gulf.

MR. KELLAHIN: Jason Kellahin representing Amerada.

MR. HIXON: William Hixon representing Union Texas Petroleum Corporation. Union Texas Petroleum Company was just formerly Union Texas Gas Corporation, a successor to Anderson Prichard Oil Corporation.

MR. CAMPBELL: I have one witness. Stand and be sworn.

(Witness sworn.)

DEWEY WATSON

called as a witness, having been first duly sworn, testified as follows:

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DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Dewey Watson.

Q Where do you live, Mr. Watson?

A Denver, Colorado.

Q By whom are you now employed?

A Westates Petroleum Company.

Q What capacity? A Division engineer.

Q Have you previously testified before this Commission or its examiners in your professional capacity?

A Yes, I have.

MR. CAMPBELL: Are the witness's qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Campbell) Mr. Watson, are you acquainted with the application of Westates Petroleum Company in this case?

A Yes, sir.

Q Will you please give to the Examiner, and for the record, a brief statement of the history of the development of this application, the history of the previous orders of the Commission as you know them?

A Well, on April 3rd, of 1960, Order R-1776 --





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Q I believe that's October 3rd.

A October, right. Went into effect the 3rd of October, 1961 and it combined what had formerly been called the Tubb and the Drinkard Pool and called it the Tubb-Drinkard Pool. They gave special allowables for a period of eighteen months for eight wells, four of Anderson-Prichard and four of Westates, the old Anderson-Prichard Company, and that special allowable will be up April the 3rd, 1962. The reason for our application is to get an extension or make permanent the special allowable assigned by that order.

Q I refer you to what has been identified as Applicant's Exhibit No. 1 in this case and ask you to state to the Examiner what this is.

A This is a map showing the wells and locations in the Justis area, and in red you will find the Westates acreage, the South Half of the Southeast Quarter of Section 25, and the Westates wells are designated, No. 5 is a Blinebry-Tubb dual, No. 3 the Drinkard Fusselman, and those two are on 140 acres. The No. 4 is a Drinkard-Fusselman dual, and the No. 2 is a Blinebry-Tubb dual.

Q Had these wells been drilled prior to the entry of Order R-1776?

A Yes, sir.



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Q What present special allowable you wish to have extended or made permanent by this application?

A Well, on our Order R-1776 we will be required to produce only one allowable from each 40 acres. We propose to continue producing an allowable from each well on each 40 acres.

Q Now, you have stated that these wells were drilled at a time prior to the combination of these two zones into one pool. Can you give the Examiner the present status, payout status of these wells which you drilled prior to the issuance of this order?

A Yes, sir. On our Carlson "B" 25 No. 2, and this is as of December 31, 1961, we have \$28,875 yet to go before we will be paid out. The "B" 25 No. 3, \$6,814.00; Carlson "B" 25 No. 4 is \$93,752.00, and "B" 25 No. 5 is \$138,400.00.

Q Will you state to the Examiner whether or not you have made studies to try to determine whether or not these two zones, the Drinkard and the Tubb zone, are separate?

A Yes, sir, I have.

Q I refer you to what's been identified as Applicant's Exhibit No. 2 and ask you to state what that is, please?

A This is a cross section through the four wells on Westates property correlated from the top of the Blinebry through the Drinkard. On this cross section are shown the



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perforated intervals on each well except for the Fusselman.

These logs do not go deep enough to show the Fusselman perforations on No. 3 and No. 4. They show the Tubb perforations and the Drinkard perforation on each well, as the case may be.

Colored in green across the cross section is an interval between the bottom of the Tubb perforations in Westates 25 No. 2 and "B" 25 No. 5, and the top of the perforations in the Drinkard zone, "B" 25 No. 3 and "B" 25 No. 4.

The minimum distance between perforations is 68 feet. There are no perforations in that interval between the Tubb and the Drinkard zone, and the top of the Drinkard as shown on the cross section falls entirely within that zone.

Q You show at the right-hand side of Exhibit 2 what information?

A This is the well history of each well location, spud date, completed casing program and the date and order number of the dual completion order, and the I. P.'s, and then the most recent test we have on the wells. There is some production history at the bottom.

Q What information is there on Exhibit 2 which indicates to you that these are separate producing zones in these wells?

A As far as the log is concerned there shows to be --

MR. KELLAHIN: We want to object to the question as



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going beyond the scope of the hearing in this case. The question of pool delineation was decided in a preceding case resulting in an order to which they're now seeking an exception. We are certainly not prepared to go into the pool delineation at this hearing.

MR. CAMPBELL: We are entitled, it seems to me, to establish here, in order to try to obtain an extension of the allowable provisions, that we are producing these wells from separate zones.

MR. KELLAHIN: The Commission determined otherwise in the previous case, that's my recollection of it.

MR. KASTLER: I concur with Mr. Kellahin in his objection. It's not within the call of the hearing.

MR. UTZ: Is that what this line of questioning is intended to show, the two separate pools?

A Well, in this case, the other evidence will show, I don't think there's any reasonable doubt there are separate pools now under this particular lease.

MR. CAMPBELL: The testimony which we're going to present for the purpose of requesting special allowables and an extension of the exception in the original order will go to that point. The apparent reason for the exception, originally with the period of time granted, was, I assume, to present to the



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Commission testimony and evidence concerning the justification for the special allowable.

The provisions contained in paragraph three, which grants the exception, provides that the provisions which grant the exception shall terminate in eighteen months unless the affected operator show cause at public hearing why such provision should be continued in effect.

MR. UTZ: The allowable provision?

MR. CAMPBELL: Yes. The special allowables to the four wells involved here. I didn't participate in this original hearing so I'm not intimately acquainted with the background for it. It would appear from reading it that probably the basic reason for the exception was an economic one, because the wells had been drilled prior to the combination of these two pools into one pool. We'll have to just let the Commission rule on it.

MR. UTZ: Mr. Campbell, it's the Examiner's belief that the advertisement is not broad enough to cover any change in nomenclature.

MR. CAMPBELL: If the Examiner please, that may be correct. What I would like to suggest is that we have put into evidence the economic situation, which I presume was a part of the original hearing. I was not a participant in these hearings. These wells which were drilled prior to the combination of the



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pools were given this special treatment apparently because they had been drilled under previous pool designations.

The witness has testified that these wells are not under this allowable paid out at this time, and we would like to suggest this possibility, if the Westates desires to at this time question the designation of the pool, I presume they could if they saw fit, file an application for that purpose and have a hearing on that basis. In the meantime, we would like to request a continuation on some limited basis, if the Commission sees fit, of the present allowables so that we can consider preparing an application to redesignate the pools and advertise it as such so that those who oppose it can make their presentation.

MR. UTZ: You want, then, to continue with the testimony as to the need for extension time on the allowables?

MR. KELLAHIN: It's not quite clear to me as to when this allowable runs out. Do they have the month of April --

MR. UTZ: April 3rd.

MR. CAMPBELL: April 3rd it runs out.

MR. UTZ: Let the record show that Mr. Kellahin's motion was sustained.

MR. KELLAHIN: I believe that this didn't come out on the schedule until November, although this order was entered in October, if you give them eighteen months' allowable it should



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be greater than that unless it was a retroactive allowable granted, I don't know.

MR. CAMPBELL: If the allowable doesn't expire until June, then, of course, if they saw fit they could make an application in a different form and present this evidence at that time. Can we determine that?

MR. KASTLER: Is it possible that the allowable might have come out late but Westates might have made up the production?

MR. CAMPBELL: We'll find that out.

MR. CHRISTIE: May I suggest here, I checked the proration schedules and the first time that the combination pool, the Tubb and the Drinkard, shows up in the proration schedule was the first of November, so I would assume they wouldn't know what the allowable would be until that time. That would make the eighteen months run out the 3rd of May.

MR. NUTTER: May I interject a thought? Prior to the time that the order was entered they were all receiving the allowable. There has never been a day's loss of the allowable for the wells. Whether the order was in effect or not, they continued on the same allowable basis.

MR. MORRIS: The point is that the eighteen months would not begin running until such time as the pools had been



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combined by order.

MR. NUTTER: The pools were combined by this order and it specifies that the allowable provision terminates eighteen months after the date of the order.

MR. MORRIS: That's right, so it would have to be from the date of the order.

MR. NUTTER: Yes.

MR. UTZ: I believe, Mr. Campbell, that the allowable would terminate on the 3rd of April.

MR. CAMPBELL: I'm afraid so, on the basis of the order. We would like to request an extension of time sufficient to permit us to, if we see fit, to file an application for a designation of the pool here. The only evidence that we have is the evidence that has been presented with regard to the fact that the wells which were drilled under the old nomenclature still have not paid out. This would be the only basis for any extension of time. The other evidence we have is directed toward the point that was mentioned here. There's not much question about that.

MR. MORRIS: If the Examiner please, Mr. Campbell, as I understand your request, then, in this case you are asking for an extension of time for say a six-month period?

MR. CAMPBELL: We are at the point where we'd be





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happy to get any.

MR. MORRIS: Some definite period of time?

MR. CAMPBELL: Yes.

MR. MORRIS: I think there might be some question as to the propriety of bringing up the question of nomenclature in this particular area where in the previous order the Commission has found that they are, the Tubb and the Drinkard are actually one common source of supply, but if based upon new and additional evidence that's come to light in the interim, you intend to justify your position, then, of course, that case would have to stand on its own merits?

MR. CAMPBELL: That's right. We would have to file a new application on that basis. I'm not prepared to say at this moment whether we'll file one or not. I haven't consulted with my applicant here.

MR. MORRIS: I'm at a loss to know what your proposal is for Commission action on this case.

MR. CAMPBELL: On this case, based on the Commission's ruling, the only thing we could seek is an extension of time for the exception granted in the original order based upon the economic information that was presented here. In the interim period, if we desire to put this testimony in, we would have to revise our application or make a new application.



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MR. UTZ: Are you prepared at this time to request a certain length of time for your extension?

MR. CAMPBELL: We would like to request a ninety day extension of this order.

MR. KASTLER: Before you rule on the request, representing Gulf Oil Corporation, I would like to state that we object on the grounds that there has been no legitimate basis for an extension shown. Westates has had all of eighteen months in which to bring this matter on for hearing, or for a determination of the pool rules, the pool delineation, and such a matter should be brought up with notice to all operators so that it can be pool wide, so we object to any extension whatever.

MR. CAMERON: Tidewater joins in that objection.

MR. KELLAHIN: Amerada joins in the objection too.

MR. MORRIS: May I interject this, the witness is still, I don't think has ever been released from direct examination. I think we ought to withhold statements until the end of the case.

MR. CAMERON: We are objecting to that motion.

MR. KELLAHIN: The applicant made a motion for extension and we are objecting to his motion.

MR. MORRIS: Mr. Kellahin, the extension is not in the form of a motion, that's the purpose of the case.



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MR. KASTLER: But his motion is in this form, that this hearing be dismissed if this motion is to be approved.

MR. KELLAHIN: That's the way I understood it.

MR. CAMERON: We need a clarification.

MR. UTZ: Are you willing to proceed on the basis of economics as far as your extension of time request is concerned?

MR. CAMPBELL: The only evidence we have is in connection with the payout, that these wells have not paid out, and that they were drilled prior to the change of the pool designation. Those two facts are in evidence.

I agree that there probably isn't any necessity for a motion here except for the fact the order expires on April 3rd, and that these people have a right to cross examine if they wish and to put on any testimony. But I'll withdraw the motion on the ground that the Commission can act or not act.

MR. MORRIS: The decision will have to be an administrative action rather than actually by Examiner, Mr. Campbell.

MR. CAMPBELL: That's right.

MR. MORRIS: Is your witness available for cross examination?

MR. CAMPBELL: Yes, he is.

MR. UTZ: Mr. Morris.



CROSS EXAMINATION

BY MR. MORRIS:

Q Could you give me some information with respect to each of these wells as to how long at current rates of production it will take for each of the wells to pay out?

A I can give you an approximate figure, but it's going to be pretty rough.

MR. UTZ: Before you answer that, let me clarify one point. Are these figures that you are about to give for the dual completion in both zones or are they effective only for the Drinkard and Tubb zones?

A No, sir, it is for both zones.

MR. UTZ: Both zones even where the Fusselman is concerned?

A That's right.

Q (By Mr. Morris) Mr. Watson, with that in mind, I don't believe that's the information that the Commission desires. The Commission would desire information concerning how long it would take to pay out that portion of the well allocated to either the Drinkard or the Tubb formation only, not to both zones. We aren't interested in the zones that the Tubb or Drinkard wells might be dualled with. Do you have any information on that?

A Well, I couldn't furnish that at this time, no.

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MR. UTZ: You have no breakdown as to what the completion charge is to each zone?

A No.

Q (By Mr. Morris) Is the information that you gave previously with respect to each well as to how much money would have to come in before the wells would be paid out, is that with respect to the wells that are duals --

A Yes, sir.

Q -- or with respect to each of the two zones?

A That is a combination of both zones. That is all the oil that we have produced out of both zones.

Q Do you have any breakdown on that as to the Drinkard or Tubb formation within the dual completion?

A No, sir, I do not.

Q If such an allocation were made, is it possible that that particular zone of the dual completion might have paid out the Drinkard or the Tubb zone?

A As far as the Tubb and Blinebry wells are concerned, the oil has been the same, I mean they have been top allowable wells or very nearly so, and the Drinkard and Fusselman wells, one of the Drinkard wells is not top allowable so it would lack more than the others as far as the Tubb-Drinkard zones are concerned, but what exactly the figures are, I don't have that



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information.

Q It's impossible to tell, then, from the figures that you have presented to the Commission today whether the Tubb or Drinkard zones of the dual completions have actually failed to pay out to date, is that correct, Mr. Watson?

A Well, the only question there could be there is the No. 3 well which is very nearly paid out right now. Of the others, there's too much money to get back to be paid out at this time.

MR. MORRIS: I have no further questions.

BY MR. UTZ:

Q Mr. Watson, which well was the Drinkard zone marginal in?

A The "B" 25.No. 4.

Q Is that the only marginal zone, either the Tubb or the Drinkard?

A At the present time, yes, sir.

Q Mr. Watson, how long an extension are you prepared to request on the basis of the economic data which you have presented on direct?

A Does that just mean that the information would be in the Commission's hand or another hearing?

Q Well, that means on the basis of the information that you have submitted here today, how long an extension are you



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requesting on these allowables for each zone, or a double allowable for the one pool.

A As far as the economic information is concerned, I would say thirty days.

MR. UTZ: Any other questions of the witness?

MR. RAMEY: I have a question.

BY MR. RAMEY:

Q Mr. Watson, do you have any recent test information on these wells?

A It's, if you can still use this, it's on the production history right down there on the bottom.

Q I was trying to figure out where you'd lose barrels a day production. I think your gas-oil ratios tests would be due any time now and it looks like you can penalize wells.

A We're trying to remedy that before those tests come in. Whether we'll be able to completely cure it or not, that's down the road a little ways, but it would mean a considerable amount of oil more than just two allowables.

Q I figured from your February production here that by a combination of factors you could probably lose only about 28 barrels a day.

A That's possible.

MR. UTZ: Mr. Ramey, what is the ratio for this pool



at the present time?

MR. RAMEY: Two thousand.

MR. UTZ: Are there other questions? Mr. Kellahin.

BY MR. KELLAHIN:

Q Mr. Watson, I notice on your Exhibit 2 you have cumulative figures for the Tubb and Drinkard zone, that is the total production from those wells to January 31, is that correct?

A Yes, sir, that is correct.

Q Do you have the same information for the other zones in which those wells are completed?

A Not with me.

Q In other words, the Fusselman and the Blinebry?

A No, sir, I do not. It's available, but I don't have it with me.

MR. KELLAHIN: That's all.

MR. UTZ: Does that complete your questioning?

MR. KELLAHIN: That's all.

MR. UTZ: Are there other questions? The witness may be excused.

(Witness excused.)

MR. UTZ: Statements in this case? Mr. Kastler.

MR. KASTLER: Gulf Oil Corporation is the owner of the Arnold Ramsey State Lease, a portion of which is offset by the

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Westates Carlson "B" Lease. The total production from Westates Wells No. 2, 3, 4 and 5 as taken from the New Mexico Oil and Gas Engineering Committee reports for all zones in which these wells are dually completed, indicates that on an average cost basis the wells should be more than paid out. We find an average cost basis of about \$111,000.00 per well. We do not believe that it was the intent of the original eighteen months' special order to guarantee the payout on four wells, but rather to help relieve the financial burden incurred for two additional wells. In our opinion this has been more than accomplished.

In the interest of protection of correlative rights, Gulf Oil requests that Westates' application for special allowable be denied.

MR. CAMERON: Tidewater operates the Coates "C" Lease and the Buffington "B" Lease in the immediate proximity of the well in question. Tidewater concurs in Gulf's statement here in that we think that the Commission has been more than lenient in this eighteen months' special allowable, and we believe it now necessary that such special allowable be terminated, particularly in view of the fact that the applicant here has not made, in my opinion, a proper case for the extension of this special allowable, and we respectfully request that such special allowable be ceased as of April 3.



MR. HIXON: Union Texas Petroleum Corporation.

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

MR. HIXON: William L. Hixon, representing Union Texas Petroleum Corporation, which is Anderson-Prichard Oil Corporation joined with Amerada Petroleum Corporation in the application which resulted in the Order No. R-1776, does not favor Westates' application to extend the provisions set forth under Section 3 of the order. Especially in view of the fact that Westates has been extremely vague as to the extent of any economic hardship which would result to it from termination of the extension on April 3rd, 1962, and in view of the fact that our plans for future operations have been based upon the termination becoming effective as of April 3rd, 1962.

MR. UTZ: Mr. Kellahin.

MR. KELLAHIN: Jason Kellahin for Amerada. Amerada concurs with the statement made by Gulf Oil Corporation, we do not feel that the applicant in this case has offered a sufficient case to show any economic hardship which would justify an extension of the order, as pointed out by the Commission's attorney, on examination the Westates testimony is somewhat lacking in the details which would be necessary to determine whether there is an economic hardship or not.

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We have no information on well costs. We have no information on production from zones other than the zones involved here in the Drinkard and Tubb, and a lack of information on the entire situation. Amerada opposes any extension.

MR. UTZ: Any other statements? The case will be taken under advisement. It appears that we will not get to Cases 2516 or 2517 until tomorrow morning.

STATE OF NEW MEXICO )  
: ss  
COUNTY OF BERNALILLO )

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 29th day of March, 1962.

*Ada Dearnley*  
Notary Public-Court Reporter

My commission expires:  
June 19, 1963.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2508 heard by me on *March 29, 1962*

*Thurman W. [Signature]* Examiner  
New Mexico Oil Conservation Commission

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