

Case No.

137

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Application, Transcript,  
Small Exhibits, Etc.

NO

ADDRESS

Case 137 In the matter of app. of Renewal Oil  
Co. for order granting permission to drill  
one well location of its Balish B Lease SWSB  
27-17-32

DATE

JOHN E. COCHRAN, JR.  
WILLIAM M. SIEGENTHALER

LAW OFFICES  
**COCHRAN & SIEGENTHALER**  
CARPER BUILDING  
ARTESIA, NEW MEXICO

June 14, 1948

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

RECEIVED  
JUN 17 1948

Mr. George Graham, Attorney  
Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

In re: Case No. 137, Order No. 767

Dear Mr. Graham:

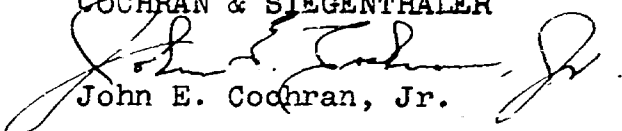
In Case No. 137, Order No. 767, issued by the Oil Conservation Commission of the State of New Mexico in the matter of application of Kewanee Oil Company for an order granting permission to drill one unorthodox location designated as Balish Well No. 35-B to the "red sand", located in the SW/4 SE/4 Section 27, Township 17 South, Range 32 East, N.M.P.M. in Lea County, New Mexico, it was required that you be furnished for your file a copy of notice of intention to drill this well by Kewanee Oil Company filed with the United States Geological Survey at Roswell, New Mexico and also copy of approval of the United States Geological Survey.

In this connection we enclose herewith copy of notice of intention to drill Balish Well No. 35-B to the "red sand", as filed by Kewanee Oil Company with the United States Geological Survey, and also photostatic copy of letter dated May 14, 1948 addressed to Kewanee Oil Company, Tulsa, Oklahoma, from the United States Geological Survey office at Artesia, New Mexico, approving the drilling of this well. The conditions set forth in this letter of approval have satisfactorily been met by Kewanee Oil Company.

We trust the enclosures satisfactorily complete your file in connection with this well for the time being and until such time as additional wells may be applied for.

Very truly yours

COCHRAN & SIEGENTHALER

  
John E. Cochran, Jr.

JEC:rm

Encls

cc: Mr. F. D. Baker  
Assistant Production Superintendent  
Kewanee Oil Company

Form 9-331a  
(Nov. 1936)  
Indian Agency.....

(SUBMIT IN TRIPLICATE)

1. Land Office Las Cruces

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Lease or permit No. 057210

Allettee.....  
Lease No. ....

SUNDRY NOTICES AND REPORTS ON WELLS

NOTICE OF INTENTION TO DRILL.....	<input checked="" type="checkbox"/>	SUBSEQUENT REPORT OF WATER SHUT-OFF.....	
NOTICE OF INTENTION TO CHANGE PLANS.....		SUBSEQUENT REPORT OF SHOOTING OR ACIDIZING.....	
NOTICE OF INTENTION TO TEST WATER SHUT-OFF.....		SUBSEQUENT REPORT OF ALTERING CASING.....	
NOTICE OF INTENTION TO RE-DRILL OR REPAIR WELL.....		SUBSEQUENT REPORT OF REDRILLING OR REPAIR.....	
NOTICE OF INTENTION TO SHOOT OR ACIDIZE.....		SUBSEQUENT REPORT OF ABANDONMENT.....	
NOTICE OF INTENTION TO PULL OR ALTER CASING.....		SUPPLEMENTARY WELL HISTORY.....	
NOTICE OF INTENTION TO ABANDON WELL.....			

(INDICATE ABOVE BY CHECK MARK NATURE OF REPORT, NOTICE, OR OTHER DATA)

BAISH "B" LEASE

Tulsa, Oklahoma May 14, 1948

Well No. 35 is located 1249 ft. from N line and 2606 ft. from E line of sec. 27

SW 1/4 SE 1/4 section 27 17S 32E N.M.P.M.  
(1/4 Sec. and Sec. No.) (Twp.) (Range) (Meridian)

Pearshall-Extension Lea New Mexico  
(Field) (County or Subdivision) (State or Territory)

The elevation of the ~~surface~~ <sup>ground</sup> floor above sea level is 3934.3 ft.

DETAILS OF WORK

(State names of and expected depths to objective sands; show sizes, weights, and lengths of proposed casings; indicate mudding jobs, cementing points, and all other important proposed work)

We propose to drill this location with cable tools to an approximate total depth of 3350'. We also plan on cementing 8-5/8" OD 28# casing at approximately 1100' with 50 sacks cement and 7" OD 23# casing 30' above the top of the Red Sand, encountered at approximately 3300', with 150 sacks cement. Aquagel will be circulated ahead of cement on both strings of casing. After cementing will let well stand for 72 hours for cement to set.

See attached plat prepared by Registered Professional Engineer and Land Surveyor.

I understand that this plan of work must receive approval in writing by the Geological Survey before operations may be commenced.

Company Kennecott Oil Company

Address P.O. Box 729

Tulsa, 1, Oklahoma

By W.D. Albert

Title Production Superintendent

U. S. GEOLOGICAL SURVEY

P. O. Box 187  
Albuquerque, New Mexico

May 11, 1948

Kewanee Oil Company  
P. O. Box 729  
Tulsa, Oklahoma

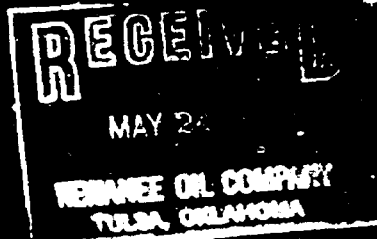
Re: L.C. 057210

Gentlemen:

Receipt is acknowledged of your "Notice of Intention to Drill" dated May 11, 1948, covering your No. 35-B Baish well on the subject land in the SW 1/4, SE 1/4, section 27, T. 17S., R. 32E., Pearsall Field, Lea County, New Mexico.

Your proposed work is hereby approved subject to compliance with the provisions of the "Oil and Gas Operating Regulations" revised May 25, 1942, a copy of which will be sent you on request, and subject to the following conditions:

1. Drilling operations so authorized are subject to the attached sheet for general conditions of approval.
2. Furnish the U. S. Geological Survey with copies of the sample description log from the base of the salt, and all other surveys run on the well.
3. This approval also subject to authorization by the New Mexico Oil Conservation Commission of the unorthodox well location prior to production of any oil or gas from said well, and
4. That Kewanee Oil Company file an appropriate stipulation agreeing that the lease will not be separated by assignment or otherwise until said well is plugged and abandoned in a satisfactory manner.



Very truly yours

*John A. Frost*  
JOHN A. FROST  
District Engineer

**AFFIDAVIT OF PUBLICATION**

State of New Mexico,  
County of Lea

I, Robert L. Summers

Of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not in a supplement thereof for a

period of \_\_\_\_\_

One issue \_\_\_\_\_ weeks.

beginning with the issue dated \_\_\_\_\_

April 18, \_\_\_\_\_, 19 48

and ending with the issue dated \_\_\_\_\_

Robert L. Summers  
19  
Publisher.

Sworn and subscribed to before me

this 10<sup>th</sup> day of \_\_\_\_\_

April, 19 48.

Marie Jones  
Notary Public.

My commission expires \_\_\_\_\_

January 7, \_\_\_\_\_, 19 51  
(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 8, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

**LEGAL NOTICES**

April 18, 1948.

**NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION  
COMMISSION**

The State of New Mexico, by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearing to be held April 30, 1948, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico.

**STATE OF NEW MEXICO TO:**  
All named parties in the following cases and notice to the public.

**CASE NO. 137**

In the matter of the application of Kewanee Oil Company for an order granting permission to drill one unorthodox location designated as Well No. 25-B to the "red sand" on that portion of its Beish B Lease described as the SW 1/4 SE 1/4 of Section 27, Township 17 South, Range 32 East, N.M.P.M. in Lea County, New Mexico.

**CASE NO. 138**

In the matter of the application of Petrolite Corporation Ltd., for a permit or authority to clean tanks, treat waste, purchase and/or process tank bottoms, and waste oil otherwise unusable and for a general order relating to such operations.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico April 18, 1948.

**STATE OF NEW MEXICO**

**OIL CONSERVATION  
COMMISSION**

By **R. R. SPURRIER,**  
Secretary

C  
O  
P  
Y

16 April 1948

Mr. John E. Cochran, Jr.  
Carper Bldg.,  
Artesia, New Mexico

Dear Mr. Cochran:

This is to advise you that your petition known as Case No. 137 will be heard at a hearing set for April 30th, beginning at 10:00 o'clock A.M.

The hearing will be held at the House of Representatives.

Very truly yours,

---

RRS:bap

C  
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Y

16 April 1948

Honorable Thomas J. Mabry  
Governor of New Mexico  
Santa Fe, New Mexico

Dear Governor Mabry:

Attached is Notice of Publication on cases to be heard April 30th.

The hearing will be held in the Hall of Representatives.

Very truly yours,

---

RRS:bsp



C  
O  
P  
Y

16 April 1948

Hon. John E. Miles  
State Land Office  
P. O. Box 971  
Santa Fe, New Mexico

Dear Mr. Miles:

Attached is Notice of Publication on cases to be heard April 30th.

The hearing will be held in the Hall of Representatives.

Very truly yours,

---

RES:bap

C  
O  
P  
Y

16 April 1948

The Santa Fe New Mexican  
Santa Fe, New Mexico

RE: Cases 137,138,139 - Notice of  
Publication.

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher executed in duplicate. The necessary blanks are enclosed.

Very truly yours,

---

C  
O  
P  
Y

16 April 1948

Hobbs Sun  
Hobbs, New Mexico

RE: Cases 137 & 138 - Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

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CASE NO. 138

In the matter of the application of Petrolite Corporation Ltd., for a permit or authority to clean tanks, treat waste, purchase and/or process tank bottoms, and waste oil otherwise unmerchantable and for a general order relating to such operations.

CASE NO. 139

In the matter of the application of Roland Rich Woolley, Paton Bros. & Sargent, Aston & Fair, and Premier Petroleum Corporation for approval of an unorthodox well spacing plan and proration plan for a part of the Premier Pool and involving certain 80-acre tracts in Sections 23, 25, 26, and 27, in Township 17 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico on April 15, 1948.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BY R. R. Spurrer  
R. R. SPURRER, Secretary

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STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BY R. R. Spurrer  
R. R. SPURRER, Secretary

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

The following proceedings, coming on pursuant to notice of publication, were held at 10:00 A. M. in the House of Representatives, Capitol Building, Santa Fe, New Mexico, April 30, 1948.

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OIL CONSERVATION COMMISSION

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STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

BY /s/ R. R. Spurrier  
R. R. SPURRIER, Secretary

**BEFORE:**

Hon. R. R. Spurrier, Member and Secretary

**REGISTER:**

George Graham  
Santa Fe, N. M.  
For the Commission

H. M. Sweeney  
Hobbs, N. M.  
For the Commission

Frank C. Barnes  
Santa Fe, N. M.  
For the Commission

Roy O. Yarbrough  
Hobbs, N. M.  
For the Commission

J. M. Harbison  
Box 1462, Pampa, Texas  
For Kewanee Oil Co.

John E. Cochran, Jr.  
Artesia, N. M.  
For Kewanee Oil Co.

J. O. Seth  
Santa Fe, N. M.  
For Stanolind Oil and Gas Co.

Herbert R. Kane  
Santa Fe, N. M.  
For Petrolite Corporation

Geo. H. Miller  
Houston, Texas  
For Shell Pipeline Corporation

F. C. Brown  
Houston, Texas  
For Shell Pipeline Corporation

O. H. Tucker  
El Paso, Texas  
El Paso Natural Gas Co.

Glenn Staley  
Hobbs, N. M.  
For Lea County Operators

Guy Shepard  
Santa Fe, N. M.  
For the Commissioner of Public Lands

Harve H. Mayfield  
Midland, Texas  
Magnolia Petroleum Co.

M. L. Patterson  
Odessa, Texas  
For Phillips Petroleum Co.

R. G. Schuehle  
Midland, Texas  
For Texas-Pacific Coal and Oil

H. R. Markley  
Odessa, Texas  
For Phillips Petroleum Co.

Carl W. Jones  
Midland, Texas  
For Phillips Petroleum Co.

Chuck Aston  
Artesia, N. M.  
Consulting Petroleum Geologist

Foster Morrell  
Roswell, N. M.  
U. S. Geological Survey

M. C. Brunner  
Midland, Texas  
For Shell Oil Co.

E. J. Gallagher  
Hobbs, N. M.  
For Gulf Oil Corporation

Francis C. Wilson  
Santa Fe, N. M.  
Wilson Oil Co.

W. D. Gerand, Jr.  
Hobbs, N. M.

T. H. Card  
Ft. Worth, Texas  
For Stanolind Oil and Gas Co.

Albert F. Keel  
Santa Fe, N. M.  
For Petrolite Corporation

Walter Famariss  
Hobbs, N. M.  
For Famariss Oil Co.

COMMISSIONER SPURRIER: Gentlemen, we are faced again with the prospect of having only one member of the Commission present. I have reason to believe that it is entirely within the law for one member to sit to take the record. However, I want you all to understand that there can be no decisions rendered here this morning. I am sitting for the purpose of taking the record. Any order issued from the record taken here will be passed upon by at least one more Commissioner, and if possible, two.

I think we will review the order of the cases. I



have been informed that it would be convenient under the circumstances to call Case No. 138 first.

MR. GRAHAM: 139.

COMMISSIONER SPURRIER: Is it 139, George?

MR. GRAHAM: 138.

COMMISSIONER SPURRIER: Case No. 138, which pertains to a tank cleaning permit for Petrolite. If there is no objection from the other applicants, we would like to try 138 first. Is that all right with you, Mr. Aston and Mr. Cochran? Mr. Graham, read the advertisement from 138, please.

(Mr. Graham reads the advertisement.)

COMMISSIONER SPURRIER: Will the applicant come forward, please?

MR. KOOL: If the Commission please, I have been requested by Petrolite to ask at this time that the Commission--if the Commission will concede it--that we be given a continuance to a definite date approximately in the middle of July. If it meets with the Commission's approval. I do not have all the information as to why the company is requesting this continuance, but it is our information that they are unable to be present to present their matter at this time. I have some additional information, if you would like it for the record, as to why ...?

COMMISSIONER SPURRIER: Well, I don't think it is necessary, Judge Kool, but since I am caught here by myself I will have to take the record. Obviously, we can't hold it today, but I will have to let the Commission decide to what date--to what definite date. You asked for approximately the 15th of July?

MR. KOOL: Approximately the 15th of July, if that is convenient. We could be notified as to what date at some future time, and that would be perfectly satisfactory to us.

MR. GIRAND: If the Commission please, we would like for the record to show that Neal and Girand of Hobbs, M. M. would like to be notified of any hearing made in which this appli-

cation would be set out. We represent both Walter Famariss and Hardin & Houston who are authorities on permits for the purpose of treating tank bottoms.

MR. SETH: The Lee County Operators yesterday also requested that this matter be postponed. While as to the date--there will in all probability be a hearing on the matter of these gas wells in oil fields, and we suggest that they be set down together because there will be people interested in both of the questions.

COMMISSIONER SPURRIER: Yes.

MR. SETH: And this gas well business ought to be determined before the middle of July. It is getting rather urgent.

MR. KOOL: If I might state one reason for Petrolite asking for a continuance at this time, they do a great deal of their hauling by railroad and it is our information that cars in their business are unavailable at this time, and that is why they ask this continuance for this length of time. It might be taken into consideration by the Commission. I don't know of my own knowledge, of course, of the matter that Judge Seth was speaking about, and whether or not it is important that this would have to be heard at the same time, or whether or not it could be heard at a later date. If it is urgent that the gas matter come up first, we would still request that we be allowed at least to the 15th of July for hearing.

MR. GIRAND: I would like to join Judge Kool on that matter because I don't see the relationship between the gas well ....

MR. SETH: No relationship except the peoples' convenience.

COMMISSIONER SPURRIER: Any further comment from anyone on this matter?

MR. GIRAND: I would like to know this, Mr. Commissioner, whether or not any discussion or any endeavor of the group here today will try to pass on the general order? The only

application is for a general order relating to tank cleaning and is the one that has been continued. There has been no notice of any others. A suggestion of a general order regulating tank cleaning. Before I leave the meeting I would like to know whether or not there will be any discussion of the proposed order presented.

MR. SETH: We want the whole thing continued.

MR. GIRAND: We do, too, Judge.

COMMISSIONER SPURRIER: I think you have pretty well answered your own question. Mr. Graham, have you anything to add on that?

MR. GRAHAM: Nothing, except that at one time the operators were circularized with some suggested such order relating to general activity of tank cleaning in Case No. 110.

MR. GIRAND: If I am correct, and I think I am, at one time the industry--a committee appointed by the Commission--submitted to the Commission a suggested order. That was on November 3rd, and there has been no action on that submitted order. I believe that is right, isn't it, Mr. Graham?

COMMISSIONER SPURRIER: It is right. I don't know about the date, but I know that the recommendation was submitted. And it is my thinking, after this proposed order was circulated just lately and reviewed in the Lea County Operators meeting yesterday, that now Judge Seth and you, Mr. Girand, have asked a continuance of your case, and Judge Kool. And certainly this proposed order that was reviewed yesterday by the operators committee will have some bearing on the hearing, whatever date it is continued to.

MR. GIRAND: Mr. Seth, we take the position that Walter Famariss and Hardin Houston were more or less the pathfinders in trying to obtain from this Commission a set of rules and regulations covering tank cleaning. Both of the individuals, the partnership and Mr. Famariss, have spent

considerable money coming to hearings here and trying to perfect an order that was workable both from the standpoint of the oil industry and the tank cleaning operator. We now stand in the position that here is another applicant coming in asking for the very thing we asked for last July, and still no rules or regulations governing his application or what he must state to show himself entitled to be granted a permit or license. We feel before further hearings or additional applications should be considered by this Commission that some rules and regulations pertaining to the operations of those permittees should be entered. And, of course, I feel that Walter Famariess and Hardin and Houston should be subject to those rules as well as any new applicant. But I do feel that we have tried to be all the help we could to the Commission and we have asked for guidance, but we would rather that a general order be entered before additional applications are heard, so that any new applicant would have to comply with that order.

COMMISSIONER SPURRIER: Mr. Girand, I am sure that you know the Commission well enough to know that they have appreciated what you have tried to do, and anyone coming in for another permit would certainly have to abide by the same rules and regulations that you would. I am going to take this record to the other members of the Commission and we will work out the best solution to it.

MR. FAMARISS: In the hearing of October 15, 1947 .....

COMMISSIONER SPURRIER: What case?

MR. FAMARISS: 110.

MR. GRAHAM: That was consolidated, wasn't it, with 104?

MR. FAMARISS: Yes, because the Commission held jurisdiction of 104. The Commission, at a later date after that hearing, appointed a committee representative of the industry. That committee met, and after considerable effort and consideration,

submitted to the Commission their report, and a general order, which, at that time was agreeable to the industry by virtue of the membership of the committee. That suggested general order is on file with your office. The proposal made by the Lea County Operators, or the order circularized through the Lea County Operators yesterday, is at variance with that committee report. My testimony here is not for the purpose of presenting any controversy at this time over it. I only ask that the Commission in considering the recommendations of the committee first, and then the Lea County Operators, if the Lea County Operators report should be considered for adoption, that the other members of the industry be circularized and considered before final action would be taken on that suggested order. It was circularized amongst the one factor of the industry only.

COMMISSIONER SPURRIER: To go a little further with this case, there are some facts that have been brought to the Commission which are not in evidence in the record, and apparently the Commission stands to be criticised here this morning for undue delay in getting out a general order in this matter. The order which was circulated in Lea County Operators yesterday is not necessarily the Lea County Operators' idea of a general order for this thing. As a matter of fact, it wasn't written by Lea County Operators. It has been proposed to everyone here for their criticism. And that is exactly what we want done, both by Lea County Operators and Walter Famariss and Hardin & Houston and Petrolite and everyone else. It doesn't seem practical, although the great State of Texas has such an order, that we should enter one just like theirs. And I am sure that Lea County Operators nor the tank cleaners want one of that type. Does anyone have anything further in this matter?

MR. SWEENEY: Mr. Spurrier, may I make a remark off the record?

COMMISSIONER SPURRIER: Yes, sir.

(Remarks of Mr. Sweeney not taken.)

MR. GIRAND: This is for the record. Any time an attempt for compromise between any two parties is made, both parties should be consulted, and that was not done in the instant case.

MR. FAMARISS: I would like also to add for the record that the tank cleaners do not consider the proposed order of compromise.

COMMISSIONER SPURRIER: Does anyone have anything further?

MR. JONES: Mr. Commissioner, are you asking now for criticism to go in the record as to the proposed order?

COMMISSIONER SPURRIER: No, I am not. If you had been here before you would have known that Judge Seth and Judge Kool and Mr. Girand have asked for a continuance of this case. I think that any further comments are probably not warranted at this time. The Commission, as a whole, is not here and there can be no decision made. We have taken the record which contains their request, and a decision will be made later as to what date the further record will be taken on this tank cleaning matter. If there is nothing further in this matter, we will call the next case.

MR. GIRAND: May we be excused?

COMMISSIONER SPURRIER: Yes, sir. George, let's read the advertisement for the next case.

(Mr. Graham reads the advertisement for Case No. 137.)

MR. COCHRAN: Mr. Spurrier, as stated in the notice, this is an application of Kewanee Oil Co. to drill a red sand well on that portion of its Baish B Lease located in Section 27, Township 17 South, Range 35 East, N.M.P.M., in Lea County, New Mexico. Do you wish to swear Mr. Harbison?

COMMISSIONER SPURRIER: Yes, please. George, swear the witness. (Witness sworn.)

John M. Harbison, having been first duly sworn,  
testified as follows:

DIRECT EXAMINATION BY MR. COCHRAN:

Q. Will you state your name, please?

A. John M. Harbison.

Q. Are you employed by Kewanee Oil Co., Mr. Harbison?

A. I am.

Q. In what capacity?

A. Division engineer.

COMMISSIONER SPURRIER: Mr. Cochran, if you are going to qualify him, the record of your case a few days ago shows that and that will be satisfactory.

MR. COCHRAN: All right, sir.

COMMISSIONER SPURRIER: Just go ahead with the case.

Q. You are familiar with Kewanee operations in West Texas and New Mexico?

A. I am.

Q. You are familiar with Kewanee's Baish B Lease?

A. I am.

Q. This is a Federal lease?

A. It is.

Q. How many acres in Kewanee's Baish B Lease?

A. Approximately 1200.

Q. You have made application to drill a well on a portion of this lease?

A. We have.

Q. Will you state to the Commission where and to what depth you propose to drill this well?

A. It will be approximately 3400 feet, in the NW $\frac{1}{4}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$  of Section 27, Township 17 South, Range 32 East, N.M.P.M.

Q. That describes the portion of the Baish lease in Section 27?

A. That does.

Q. Will you state to the Commission the exact location of the proposed well from the section line?

A. The well is to be located--and the well is No. 35-B--in the SW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 27, Township 17 South, Range 32 East, N.M.P.M., to be located 2606 feet west of the east line and 1249 feet north of the south line of said Section 27.

Q. How many wells have been drilled on Kewanee's Baish lease in Section 27 to date?

A. Sixteen wells.

Q. How many of these wells are producing wells?

A. Fourteen.

Q. What are the other two wells?

A. Input wells.

Q. From what depth or horizon are these fourteen wells producing?

A. They are approximately 4200 feet.

Q. And from what pay?

A. Maljamar Pay, Grayburg and San Andres.

Q. And 35-B is proposed to be drilled to the red sand?

A. That's right.

Q. What reason do you have to believe that the proposed location would make a producing red sand well?

A. In our recent drilling of 32-B we encountered what we thought in the red sand would make a top allowable well. So that is our reason for wanting to drill to red sand in that location.

Q. If the proposed well is a producing well--if the permit is granted--would you propose to drill other red sand wells?

A. Yes, sir.

Q. Would it be your plan to set up a spacing pattern? A uniform spacing pattern for additional red sand wells?

A. It would be.



Q. Why is it you have selected this particular location for the first red sand well?

A. Since we encountered red sand there and what we think is in producing quantities, our management is of the opinion that we should drill a well where we are sure of getting a good well to start with. From it we can further develop the red sand area if it extends.

Q. In other words, it is your thought if the first red sand well is a producing well that you would go ahead with the red sand well program?

A. That's right.

Q. And if your first red sand well was dry you might never try to develop red sand production in this particular area?

A. That is correct.

Q. Mr. Spurrier, this is a Federal lease, and even if a permit is granted to drill this well by the Commission, the matter still must be cleared with the U. S. Geological Survey office at Roswell. Mr. Morrell, the supervisor, and I have had some discussion about this matter, and he is here this morning, and I believe it would be well if you heard his comment with reference to the proposed red sand well.

COMMISSIONER SPURRIER: I would like to hear his comment. They are just another regulatory body.

MR. MORRELL: If the Commission please, I think it would be appropriate to enter a few things on the record in connection with this particular location. First, the survey office does not desire to take any action that will tend to delay or retard development. Mr. Cochran has already stated for the record, together with the witness, the reason for the selection of this particular location, known as 35-B. Whatever action is taken on that particular well location, it should be considered entirely as a project in the nature of an exploratory development and not setting a precedent for a well spacing

program. The reason I mention that is that the Commission held a hearing on April 14th in Case No. 132. Kewanee made application for four additional so-called five-spot wells in Section 25-17-32. Those were additional wells being drilled essentially at the common intersection of the forty-acre tracts, fifty feet off. That was a spacing pattern that the company has adopted which we concurred in and gave them a lease or agreement which was filed in the record. For the development out of the main reservoir of the Maljamar Pool in the Grayburg and San Andres formations.

COMMISSIONER SPURRIER: About 4200 feet.

MR. MORRELL: About 4200 feet, that's right. Now, it so happens that 35-B, the well in question in the case this morning, is essentially almost exactly that same spacing pattern, but it is scheduled to go to the red sand. Consequently, it is apparent that if additional wells can be drilled to the Maljamar reservoir on the spacing pattern adopted in 35, you are going to have complications if that extends over to Section 27. In talking preliminarily with Kewanee, we suggested the possibility of the red sand location being the center of the ten acres, 330 two ways from the forty-acre subdivision. Their chief petroleum engineer from Tulsa says it is a question of getting management to authorize expenditure. That the records of some of the earlier wells drilled in the center of forty-acre tracts around well No. 35-B did not indicate too favorable an accumulation from the red sand, but that the showing found in 32, which was drilled for input purposes, indicated substantial production from the red sand. We have had to consider a similar type of case before in other areas to encourage exploratory wells. But in each case, we have it definitely understood that it is a search for exploratory purposes, and if satisfactory production is obtained, that further development would be on a regular well spacing

pattern. In this case, preferably 330 locations so that additional five-spot locations to the Maljamar Pay could be made in the regular manner. As Mr. Cochran has stated, Kewanee has to still make an adequate showing before approval is granted, regardless of the actions of the Commission. But if the Commission does grant it and an adequate showing is made to us, they would then be in position to receive approval and go ahead without further delay.

COMMISSIONER SPURRIER: Mr. Morrell, is there any reason to believe, providing production is found in this red sand, that the Nomenclature Committee won't recognize it as a separate pool?

MR. MORRELL: So far as production from the red sand, it would be automatically put into the Pearsall Pool, which is now established by the Commission to include acreage immediately south of this location.

COMMISSIONER SPURRIER: Yes.

MR. MORRELL: So, it would be subject to a separate allowable so far as proration is concerned.

MR. COCHRAN: Any further questions, Mr. Spurrier?

COMMISSIONER SPURRIER: No, I have none.

MR. COCHRAN: Kewanee Oil Company asks that an order be entered granting it permission to drill well No. 35-B on its Baish B Lease in the proposed location, and that if production is obtained from this well, that the well be granted an allowable separate from other wells located on the same tract which are producing from a different horizon. Thank you.

COMMISSIONER SPURRIER: Does anyone have anything further?

MR. GRAHAM: Let me ask one question?

COMMISSIONER SPURRIER: Mr. Graham.

MR. GRAHAM: By reference to the map, how far is 35-B from 32-B?

MR. HARBISON: Approximately twenty-five feet southwest.

MR. GRAHAM: About twenty-five feet?

A. Yes, sir, from 32-B.

MR. GRAHAM: Is that a producing well?

A. 32-B is a producing well.

COMMISSIONER SPURRIER: If there is nothing further, the witness is excused.

Mr. Graham, will you read the advertisement for the next case?

(Mr. Graham reads the advertisement in Case No. 139.)

MR. ASTON: Mr. Commissioner, if it would be to the advantage of the Commission, I would like to be sworn as an expert witness and present the testimony in this case, as an expert witness, to facilitate matters.

COMMISSIONER SPURRIER: You have been qualified before this Commission before?

MR. ASTON: Yes, sir.

COMMISSIONER SPURRIER: All right.

(Mr. Aston sworn.)

MR. ASTON: This application encompasses thirteen 80-acre tracts or units in the sections as named in the notice of the application; and are all encompassed in Federal oil and gas leases. Approval is requested to drill two additional wells in each 80-acre tract to be located 330 feet from the outer boundary of each track and fifty feet from the common boundary of the two 40-acre tracts included in each 80-acre tract. The additional wells are to be drilled to more effectively drain the area and prevent underground waste by the loss of otherwise unrecoverable oil. The application also includes a request for a proration plan covering said 80-acre tracts. In this proration plan the 80-acre units, as set out, be given two 40-acre allowables to permit the operator to produce this allowable in the most efficient manner to prevent waste. This 80-acre allowable plan to go into effect on each

unit--each 80-acre unit--when the first of the unorthodox locations is drilled. A map covering the wells and the 80-acre tracts is filed with the Commission as Exhibit A, and I would like at this time, as noted under paragraph 3 of the petition, to file as Exhibit B a letter from the U. S. Geological Survey, and signed by Mr. Morrell as supervisor, stating that they do not protest this application. This letter is addressed to Mr. J. L. Briscoe, agent for Roland Rich Wooley.

Is there anything further that you need on that, Mr. Commissioner?

COMMISSIONER SPURRIER: I have one question, Mr. Aston.

MR. ASTON: Yes, sir.

COMMISSIONER SPURRIER: From what you said, do I understand that you expect to get two 40-acre allowables by drilling one well on an 80-acre unit?

MR. ASTON: No, I mis-spoke myself there if that is the construction. The intent was that the two 40-acre allowables would be as they are now run into a common tank battery.

COMMISSIONER SPURRIER: Yes.

MR. ASTON: And due to the fact that these wells go to the same reservoir as the other wells in the same tank battery, the two 40-acre allowables are now in effect.

COMMISSIONER SPURRIER: That's right.

MR. ASTON: But it would facilitate matters to allow the operator to drill his wells and then have the 40-acre allowables allocated to the 80-acre tracts. There are none of the wells considered in this proposal that will make top allowable, and these unorthodox locations will later allow the operators to make their top allowable in the 40-acre units encompassed in the 80 acres.

COMMISSIONER SPURRIER: I think that clears the record. Does anyone have anything further?

MR. GRAHAM: One question.

MR. ASTON: Yes, sir.

MR. GRAHAM: What about underground drainage?

MR. ASTON: There will be no complications because in each case the location is 330 feet from the offset operator's line. The proximity of the line will be to the middle line or common line between the two forty's, and they will be draining their own acreage rather than the offset operator's. It will remain a standard ten-spot location away from the other operators.

COMMISSIONER SPURRIER: If no one has anything further, the meeting is adjourned.

#### C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Commission of the State of New Mexico is a true record of such proceedings to the best of my knowledge, skill, and ability.

I FURTHER CERTIFY that I am the official Court Reporter for the United States District Court for the District of New Mexico.

DATED at Santa Fe, N. M. this 8th day of May, 1948.

E. E. Greeson  
E. E. GREESON  
Court Reporter

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

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

CASE NO. 137  
ORDER NO. 767

IN THE MATTER OF THE APPLICATION OF KEWANEE  
OIL COMPANY FOR AN ORDER GRANTING PERMISSION  
TO DRILL ONE UNORTHODOX LOCATION DESIGNATED  
AS WELL NO. 35-B TO THE "RED SAND" ON THAT  
PORTION OF ITS BAISE B LEASE DESCRIBED AS THE  
SW $\frac{1}{4}$ SE $\frac{1}{4}$  OF SECTION 27, TOWNSHIP 17 SOUTH, RANGE  
32 EAST, N.M.P.M. IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing at 10:00 o'clock A.M., April  
30, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of  
New Mexico, hereinafter referred to as the "Commission".

NOW, on this 14th day of May 1948, the Commission having before it for  
consideration the testimony adduced at the hearing of said cause and being  
fully advised in the premises;

**FINDS:**

1. That due public notice having been given in compliance with law, the  
Commission has jurisdiction hereof.
2. That the proposed unorthodox well is located upon federal acreage.
3. That the "red sand" formation, to drill to which, authority is sought,  
lies above the regular Maljamar pay formation, from which regularly spaced  
wells in the immediate vicinity are now producing.
4. That the Commission has no objection, subject to the issuance of  
proper federal location notice, to the drilling of an exploratory well to the  
so called "Red Sand" at the proposed location.

**IT IS THEREFORE ORDERED:**

1. That the application of Kewanee Oil Company for an order authorizing  
an unorthodox location to be designated as well No. 35-B to be drilled to the  
"Red Sand", 2606 feet west of the east line and 1249 feet north of the south  
line (SW $\frac{1}{4}$ SE $\frac{1}{4}$ ) of Section 27, Township 17 South, Range 32 East, is hereby  
approved for an "exploratory" well, subject to satisfactory showing, before,  
and approval of the Federal Oil and Gas Supervisor, and production being had,  
such well shall be given an allowable separate from wells producing from the  
Maljamar pay.
2. That this case is held open on the Commission's Docket for further  
consideration of a "red sand" spacing program in case production is had in  
such exploratory well.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

CHAIRMAN

MEMBER

SECRETARY

LAW OFFICES  
**COCHRAN & SIEGENTHALER**  
CARPER BUILDING  
ARTESIA, NEW MEXICO

JOHN E. COCHRAN, JR.  
WILLIAM M. SIEGENTHALER

March 26, 1948

Oil Conservation Commission  
State of New Mexico  
State Capitol Building  
Santa Fe, New Mexico

Attention: Mr. Spurrier

Gentlemen:

Enclosed herewith is application, in duplicate, of Kewanee Oil Company for order granting permission to drill one unorthodox location designated as well No. 35-B on that portion of its Baish B Lease described as the SW/4 SE/4 of Section 27, Township 17 South, Range 32 East, N.M.P.M.

At your earliest convenience will you please set a date for hearing this application and publish notice thereof and advise the undersigned of the time and place of hearing on this application.

The land upon which this location is desired is Federal land and, therefore, a copy of this application is being furnished Mr. Foster Morrell, Supervisor of the United States Geological Survey at Roswell, New Mexico.

It would be appreciated if hearing on this application would be held at the same time as on application for the four unorthodox locations on the Pearl Lease, which application is also being sent to you today.

Very truly yours

COCHRAN & SIEGENTHALER

  
John E. Cochran, Jr.

JEC:rm  
Encls

cc: Mr. Foster Morrell, Supervisor  
United States Geological Survey  
Roswell, New Mexico



BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
KEWANEE OIL COMPANY FOR ORDER GRANT-  
ING PERMISSION TO DRILL ONE UNORTHO-  
DOX LOCATION DESIGNATED AS WELL NO.  
35-B ON THAT PORTION OF ITS BAISH B  
LEASE DESCRIBED AS THE SW/4 SE/4 OF  
SECTION 27, TOWNSHIP 17 SOUTH, RANGE  
32 EAST, N.M.P.M., IN LEA COUNTY,  
NEW MEXICO

NO. \_\_\_\_\_

APPLICATION

Kewanee Oil Company, applicant herein, is  
a corporation organized and existing under and by  
virtue of the laws of the State of Delaware, and is  
duly licensed to transact business in the State of  
New Mexico, and in connection herewith it respect-  
fully shows to the Commission:

1. That applicant is the owner and holder  
of Federal Oil and Gas Lease Las Cruces Serial Number  
057210(b) insofar as said lease covers the following  
described land situated in Lea County, State of New  
Mexico, to-wit:

NW/4, SW/4 NE/4, NE/4 NE/4 and S/2 of  
Section 27; and All of Section 28,  
Township 17 South, Range 32 East, N.M.  
P.M., containing 1200 acres, more or  
less.

2. That on that portion of the Baish B  
Lease located in Section 27 there have been drilled  
a total of sixteen wells and that at the present time

two of said wells are being used as input wells and the balance of said wells in Section 27 are producing wells; that all of said wells are located in what is known as the Maljamar Pool of Lea County, New Mexico and are all producing from what is known as the Maljamar Pay encountered at an approximate depth of 4,000 feet.

3. That Kewanee Oil Company knows from its experience in drilling wells on said tract to the Maljamar Pay that production of oil and gas can be obtained from what is designated as the Red Sand encountered at an approximate depth of 3,400 feet and which producing horizon in this area is designated as the Pearsall Pool.

4. Kewanee Oil Company desires to drill one Red Sand well on this tract, to be numbered and located as follows:

BAISH WELL NO. 35-B: In SW/4 SE/4 of Section 27, Township 17 South, Range 32 East, N.M.P.M., to be located 2606 feet West of the East Line and 1249 feet North of the South Line of said Section 27;

the location of said well being shown on the map attached hereto, marked Exhibit "A".

WHEREFORE, applicant prays that it be granted permission to drill the Red Sand well at the location hereinabove described on its Baish B Lease in Section 27; that the Commission set a date for hearing this application in accordance with its rules and regulations, and that upon presentation of this

application to the Commission that a proper order be entered granting permission to applicant to drill said well and that upon completion of the same, if productive, that it be granted an allowable separate from the other wells located upon the same tract which are producing from the Maljamar Pay.

COCHRAN & SIEGENTHALER

By

*John E. Cochran, Jr.*  
Attorneys for applicant  
Kewanee Oil Company

STATE OF NEW MEXICO     )  
                                  ) ss.  
COUNTY OF EDDY         )

John E. Cochran, Jr., being first duly sworn upon his oath deposes and states: That he is one of the attorneys for the applicant in the above and foregoing application and that he has read the same and from personal knowledge knows the matters therein contained to be true and correct, except such statements as are alleged upon information and belief and as to those, he verily believes them to be true; that this verification is made by him on behalf of Kewanee Oil Company because a representative or agent of Kewanee Oil Company is not available to sign this application.

*John E. Cochran, Jr.*  
SUBSCRIBED AND SWORN to before me this 26th

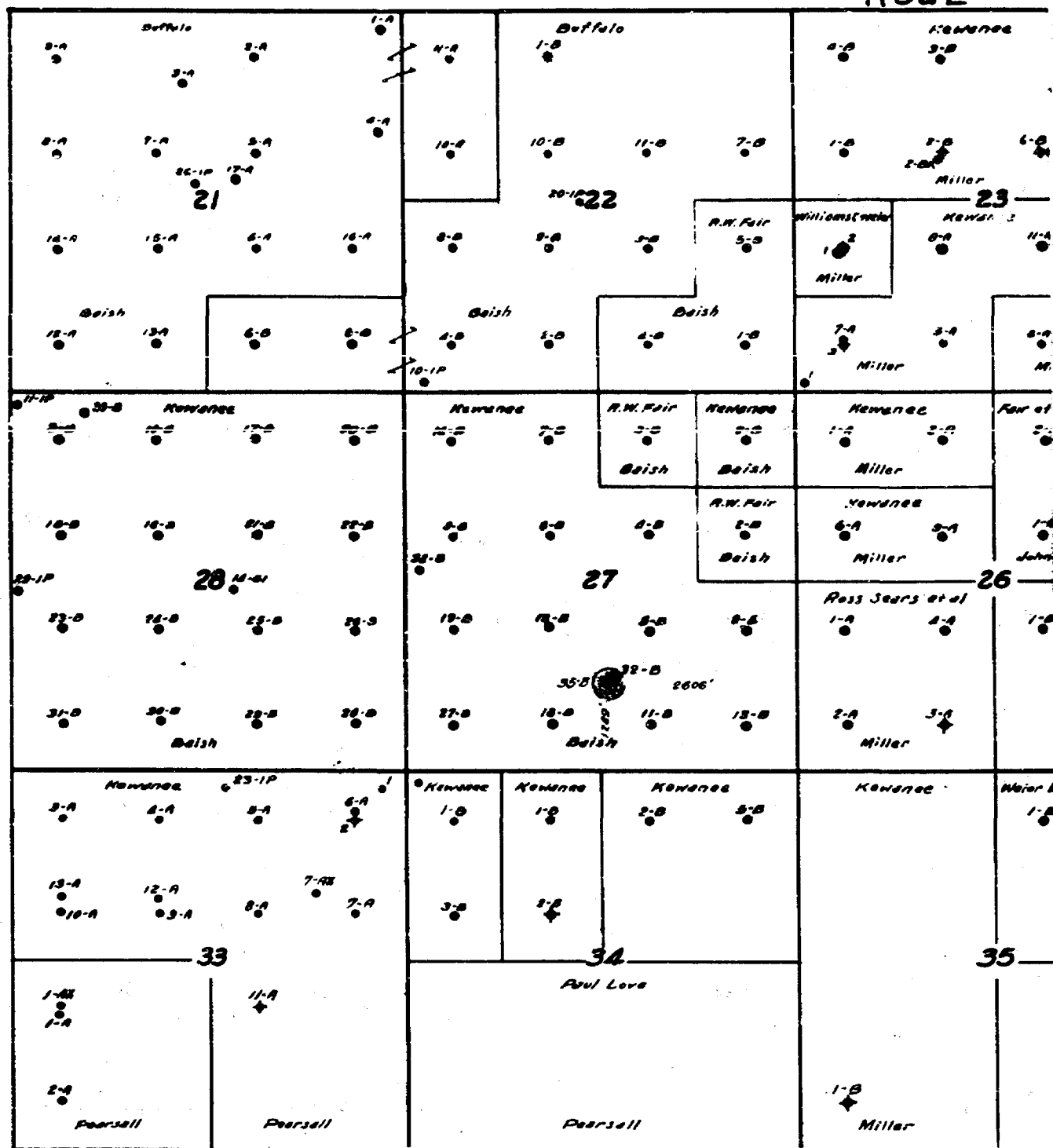
day of March, 1948.

*Lytle D. Marshall*  
Notary Public

My commission expires:  
April 15, 1950

AREA MAP  
KEWANEE OIL COMPANY  
MALJAMAR OIL FIELD  
LEA COUNTY, NEW ME

R32E

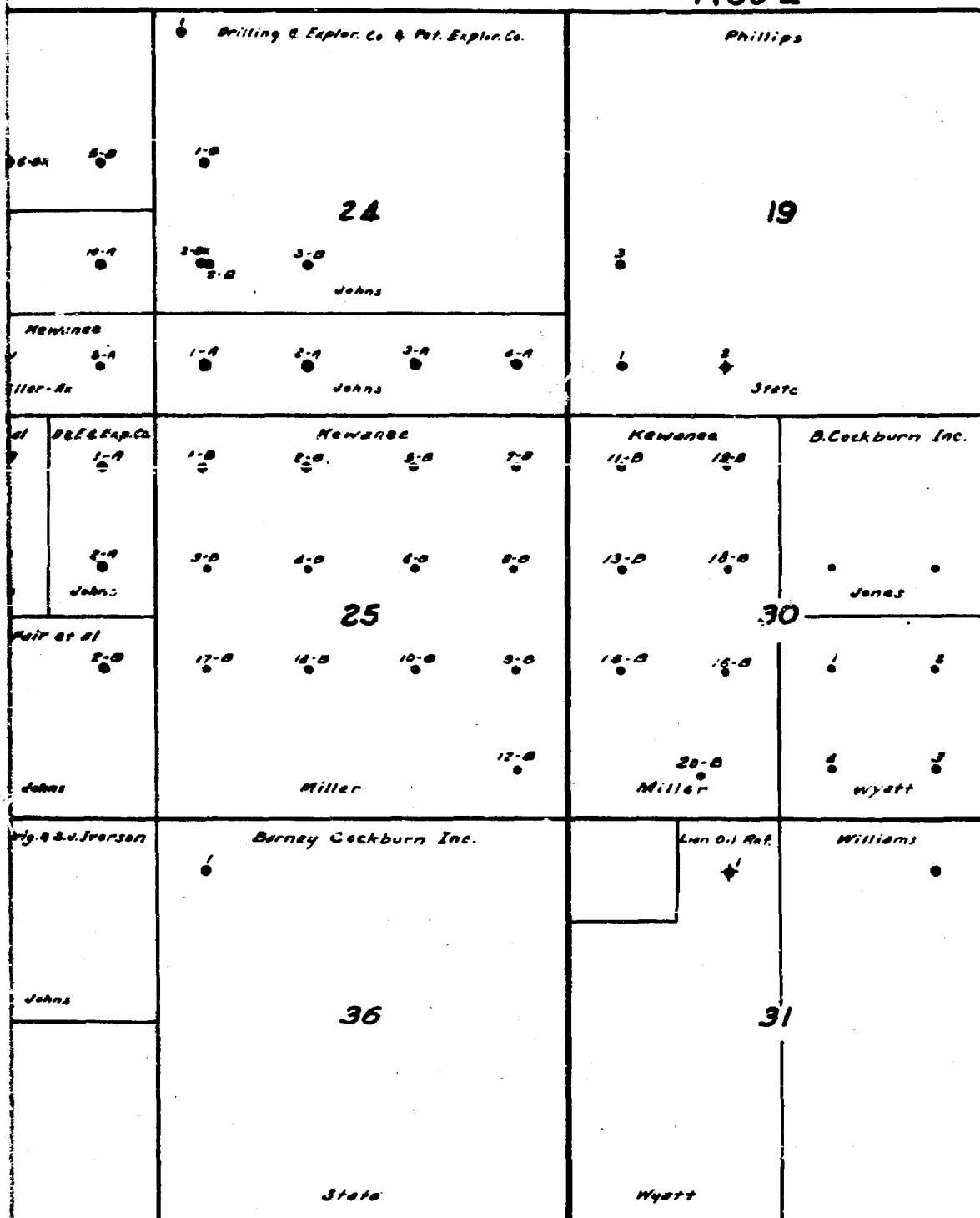


Location surveyed

EXHIBIT A

LEASES  
LD  
EXICO

R33E



T  
17  
S

by W.W.Parks, Reg Eng'r.



SCALE 1"=2000'