CASE 1953: Application of KEOHANE, SAUNDERS, WELCH AND IVERSON for an unorthodox oil well location -Hinkle-Federal Well No. 7-B -Shugart Pool.

Replication, Transcript,
Smill Exhibits, Etc.

# Memo

From

Oliver E. Payne General Counsel

Explication of Keohane, Saunders, Welch and Sverson for an unortholox oil well lozation. applicable, in the above styles cause, seeks approval of an unortholox oil well lozation for its Henkle- Federal well No. 7-B. I in the Shugart Port at a point 330-feet from the South line and 2329 feet from the South line of Section 35, Township 18 South, Range 31 East, Eddy County, here medico.

Care 1953

## BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF KEOHANE, SAUNDERS, WELCH, AND IVERSON FOR AN UNORTHODOX OIL WELL LOCATION FOR THEIR HINKLE FEDERAL NO. 7 XB LOCATED 330 FEET FROM THE SOUTH LINE AND 2329 FEET FROM THE EAST LINE OF SECTION 35, TOWNSHIP 18 SOUTH, RANGE 31 EAST, EDDY COUNTY, NEW MEXICO IN THE SHUGART POOL

#### APPLICATION

Comes now Keohane, Saunders, Welch and Iverson and make application for an unorthodox oil well location for their Hinkle Federal well No. 7 XB to be located 330 feet from the South and 2329 feet from the East line of Section 35, Township 18 South, Range 31 East in the Shugart Pool and states:

- 1. Applicants are the owners and operators of the SE% of Section 35, Township 18 South, Range 31 East under Federal lease bearing Las Cruces Serial Number 029392(b) and that the applicants are also the owners and operators of the E%SW% of Section 35, Township 18 South, Range 31 East, under Federal lease No. LC 029392(a).
- 2. On January 30, 1960 the applicants commenced drilling operations at a location on the SW\set\* of Section 35, the same being 330 feet from the South line and 2310 feet from the East line of Section 35, Township 18 South, Range 31 East and that after drilling to a total depth of 830 feet the tools were lost in the hole and it was necessary to junk the hole and abandon the well.
- 3. Applicants desire to skid the rig 19 feet West of the original location to a point 330 feet from the South line and

2329 feet from the East line of Section 35, Township 18 South, Range 31 East and to commence drilling operations at said point.

4. That the proposed unorthodox location of applicants' well will not cause waste nor impair the correlative rights of any other operator in the Shugart Pool.

wherefore applicants request permission to set this matter down for hearing at an early date before an examiner for the purpose of authorizing an unorthodox oil well location for applicants' Hinkle Federal No. 7 XB well, that notice of the hearing be published as required by law, and that after said hearing the Commission issue an order authorizing an unorthodox location for the applicants' No. 7 XB well, that notice of the hearing be published as required by law, and that after said hearing the Commission issue an order authorizing an unorthodox location for the applicants' No. 7 XB Hinkle Federal well to be located 2329 feet from the East and 330 feet from the South line of Section 35, Township 18 South, Range 31 East.

Respectfully submitted,

KEOHANE, SAUNDERS, WELCH and

Attorney for Applicants

Box 977

Roswell, New Mexico

JAMES T. JENNINGS ATTORNEY AT LAW J. P. WHITE BUILDING ROSWELL, NEW MEXICO MAIN 2-8432 ( Vilo April 19, 1960 Oil Conservation Commission Santa Fe New Mexico Attention: Oliver Payne Re: Application of Keohame, et al for Unorthodox Oil Location; Case No. 1953 Dear Mr. Payne: In accordance with our conversation during my recent trip to Santa Fe I prepared and you will find enclosed herewith in triplicate Keohane, Saunders, Welch and Iverson's Application for an Unorthodox Oil Well Location. I note that this case is the thirteenth one on the docket and if possible I would like to have permission not to appear until 1:30 and would certainly appreciate it if you would discuss this matter with the examiner or consider it yourself if you contemplate being the examiner and then call me collect and let me know if this can be arranged. My reason for making the request is that I plan to spend the remaining portion of the week in Albuquerque in connection with the Mid-Year Legal Institute and this would permit me to spend another night at home. With kindest personal regards, Yours very truly, JTJ:jr

# OIL CONSERVATION COMMISSION P. O. 80X 871 SANTA FE, NEW MEXICO

April 21, 1960

Mr. James T. Jennings, Attorney J. P. White Building Roswell, New Mexico

Dear Jim:

Case No. 1953 will not be heard prior to 1:30 p.m. on April 27th, so you need not be here any earlier than that.

Very truly yours,

OLIVER E, PAYNE General Counsel

OEP/ir

to delet mailed 4-18-60 pc GREDHANE-SAUNDERS-WEICH & IVERSON. CAR 1953 A WELL # 7- b HiNKIE-FESERA! 4.6.029392- b Sec. 35- Township No./8. 5. of Range No.31. E. NM.P.M. Eddy. County application to be pet for april 27th.

7.6- 330 FR. 5. Line & 2310 FR. E. Line 405t. hole: 5kidded-19 W-7.X-b-330 FR. 5. Line & 2329 FR. E. Line Location desired

1320

## HEOHANE-SAUNDERS-WEICH& IVERSON.

4.6.02939	12-6-11	VHIE LIE	ASE	. pagis not see the designation of
	BEFORE	MINER UTB	BEFORE BLAN	MAMER UTZ
·	CIL CONSERVAT	OH COTAMISSIDAY	CH. CChasenary	NORSE
	CASE NO.	~	the state of the s	<u> </u>
Sec 22	Township N	0. 18 = 1	of Range No.	The state of the s

	<b>?</b>	/2 •	J. M. WE	1ch.
9	<b>9</b>	/ <u>o</u>	<i>(</i>	4
	L. C. 029	8 0 h ANE-5 AUNO 392-a	46 EKS-WE/ch- LC.029392	
	<b>4</b>	5	1×6-16	

ORIGINAL WELL. # 7.6 Hinkle 2310- FR. E. LINES 330 - FR. S. LINE Skidded. Loc. # 7xb. " 2329" " " " "

#### DOCKET: EXAMINER HEARING APRIL 27, 1960

Oil Conservation Commission - 9 a.m., Mabry Hall, State Capitol, Santa Fe
The following cases will be heard before Elvis A. Utz, Examiner, or Oliver
E. Payne, Attorney, as alternate examiner:

CASE 1942:

Application of Continental Oil Company for an oil-oil dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the Jicarilla Well No. 28-1, located in the NW/4 SE/4 of Section 28, Township 25 North, Range 4 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of oil from the Gallup formation and the production of oil from the Dakota formation through parallel strings of tubing.

CASE 1927:

(Continued)

Application of J. W. Brown for the establishment of special rules and regulations governing the Brown Pool in Chaves County, New Mexico, to provide for 2½-acre spacing in said pool.

CASE 1943;

Application of Gulf Oil Corporation for a dual completion and for an exception to the tubing requirements of Rule 107.

Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Apache-Federal Well No. 8, located in Unit D. Section 8, Township 24 North, Range 5 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the Otero-Gallup Oil Pool and the production of gas from the Dakota Producing Interval through the casing-tubing annulus and the tubing respectively.

Applicant further seeks an exception to certain tubing requirements set forth in Rule 107 of the Commission's Rules and Regulations.

CASE 1944:

Application of Great Western Drilling Company for establishment of a 200-acre non-standard gas proration unit in the Eumont Gas Pool. Applicant, in the above-styled cause, seeks an order establishing a 200-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the E/2 NE/4 of Section 32 and the E/2 NW/4 and NW/4 NW/4 of Section 33, all in Town-ship 19 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to its Bordages Well No. 1 located 330 feet from the North line and 270 feet from the West line of said Section 33.

-2-Docket No. 12-60

CASE 1945:

Application of Permian Oil Company for an order force-pooling the interests in a 320-acre unit in the Dakota formation. Applicant, in the above-styled cause, seeks an order force-pooling all Dakota formation mineral interests in the 320 acres comprising the E/2 of Section 5, Township 30 North, Range 13 West, San Juan County, New Mexico, the non-consenting mineral interest owners being Raymond H. Walker and Edith Walker, 1250 South Figueroa Street, Los Angeles, California, and Norman Roybark and Rose Ella Roybark, address unknown.

CASE 1946:

Application of J. R. Cone for an exception to the over-production shut-in provisions of Order R-520, as amended by Order R-967, for two wells in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks an order allowing the following-described wells in the Jalmat Gas Pool to compensate for their overproduced status without being completely shut-in in order to prevent possible waste:

Mobil-Myers Well No. 4, Unit I, Section 22

Pan American-Myers Well No. 1, Unit H, Section 22

both in Township 24 South, Range 36 East, Lea County, New Mexico.

CASE 1947:

Application of Phillips Petroleum Company for the establishment of two 80-acre non-standard oil proration units and one unorthodox oil well location. Applicant, in the above-styled cause, seeks an order establishing two 80-acre non-standard oil proration units in the Kemnitz-Wolfcamp Pool, Lea County, New Mexico, each consisting of a portion of the S/2 of Section 25, Township 16 South, Range 33 East. Applicant further seeks approval of an unorthodox oil well location in said Kemnitz-Wolfcamp Pool, the location to be in the center of the NW/4 SE/4 of said Section 25.

CASE 1948:

Application of Humble Oil & Refining Company for authority to commingle the production from several separate leases and for approval of an automatic custody transfer system to handle said commingled production. Applicant, in the above-styled cause, seeks permission to commingle the Empire-Abo Pool production from certain leases in Sections 4, 8, 9, 16 and 17, Township 18 South, Range 27 East, Eddy County, New Mexico, all of such leases being in the Chalk Bluff Draw Unit. Applicant also seeks approval of an automatic custody transfer system to handle said Empire-Abo Pool production from all wells presently completed or hereafter drilled on said leases.

-3, Docket No. 12-60

CASE 1949:

Application of Trice Production Company for approval of a "slim-hole" completion. Applicant, in the above-styled cause, seeks an order authorizing the "slim-hole" completion of its Four Lakes State Well No. 1, located in the NE/4 NW/4 of Section 11, Township 12 South, Range 34 East, Lea County, New Mexico, to be completed in either the Pennsylvanian or Wolfcamp formation at a minimum total depth of 10,000 feet.

CASE 1950:

Application of Sinclair Oil & Gas Company for permission to commingle the production from two separate leases. Applicant, in the above-styled cause, seeks permission to commingle the West Teas Pool production from its State Lea 886 lease consisting of the S/2 NW/4 and N/2 NE/4 of Section 16 with the West Teas Pool production from that portion of its State Lea 6019 lease consisting of the NW/4 NW/4 and SE/4 of said Section 16, all in Township 20 South, Range 33 East, Lea County, New Mexico.

CASE 1951:

Application of Texaco Inc. for a gas-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of the State "CH" Well No. 1, located in Unit H, Section 36, Township 20 South, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of gas from an undesignated Atoka gas pool and the production of gas from the South Salt Lake-Pennsylvanian Gas Pool through parallel strings of tubing.

CASE 1952:

Application of Texaco Inc. for establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool. Applicant, in the above-styled cause, seeks the establishment of a 476-acre non-standard gas proration unit in the Jalmat Gas Pool consisting of the N/2 of Section 4 and the NE/4 of Section 5, Township 24 South, Range 37 East, Lea County, New Mexico, said unit to be dedicated to the E. D. Fanning Well No 6, to be located 660 feet from the North and West lines of said Section 4.

CASE 1953:

Application of Keohane, Saunders, Welch and Iverson for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Hinkle-Federal Well No. 7-B in the Shugart Pool at a point 330 feet from the South line and 2329 feet from the East line of Section 35, Township 18 South, Range 31 East, Eddy County, New Mexico.

--4-Docket No. 12-60

CASE 1954:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Saunders (Permo-Pennsylvanian) Pool from all wells presently completed or hereafter drilled on the State A lease comprising the E/2 of Section 34, Township 14 South, Range 33 East, Lea County, New Mexico.

CASE 1955:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Monument Pool from all wells presently completed or hereafter drilled on the State B lease comprising the NW/4 of Section 36, Township 19 South, Range 36 East, Lea County, New Mexico.

CASE 1956:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Townsend-Wolfcamp Pool from all wells presently completed or hereafter drilled on the State ETA lease comprising all of Section 8, Township 16 South, Range 35 East, Lea County, New Mexico.

CASE 1957:

Application of Shell Oil Company for approval of an automatic custody transfer system. Applicant, in the above-styled cause, seeks an order authorizing the installation of an automatic custody transfer system to handle the production from the Denton (Devonian) Pool from all wells presently completed or hereafter drilled on the Priest lease comprising the N/2 of Section 1, Township 15 South, Range 37 East, Lea County, New Mexico.

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

May 9, 1960

Mr. James Jennings P. O. Box 977 Roswell, New Mexico

Dear Mr. Jennings:

On behalf of your client, Keohane, Saunders, Welch and Iverson, we enclose two copies of Order No. R. date.

Very truly yours,

A. L. PORTER, Jr. Secretary-Director

1r/

Enclosures: (2)

## OIL CONSERVATION COMMISSION SANTA FE, MEW MEXICO

	Date
CASE	ring Date 4-27-60
My recommendations for an order in the a	bove numbered cases are as follows:
gust Rochane, 5	bove numbered cases are as follows:  aundus, Welcho, are many  N.S.L. for its. Vinlele  B to be located. 330/5,
The for a	N.S.L. Jon tel. 330/S,
regue of All No.7X	B to to to
her whom	
1. Ite operate 19 ft selsfe only 19 ft	so coowding him- so coowding him- but toolsing him- and could not, and could not,
	( and
2. Horation	ost looks wot, and could not, North or Fast Lue to
spid to the	Northon Fack but to Northon Fack. Had he sipple rack. Had he woodlob require or leaving
Pitos and Y	lolorequie a leavy
Conown this	sipol rack. Had heaving a leaving a leaving or heaving a leaving a leaving of the cond.
he would be	
mored the	
	the second will be a second with

EXPEDITE THIS ORDER

DRAFT OEP:esr May 3

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.

Order No. R-

APPLICATION OF KEOHANE, SAUNDERS, WELCH AND IVERSON FOR APPROVAL OF AN UNORTHODOX OIL WELL LOCA-TION IN THE SHUGART POOL, EDDY COUNTY, NEW MEXICO.

## ORDER OF THE COMMISSION

### BY THE COMMISSION:

April 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utz Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of May 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. , and being fully advised in the premises,

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the sub-

- (2) That the applicant is the owner and operator of the Hinkle-Federal Well No. 7-B, located 330 feet from the South line and 2329 feet from the East line of Section 35, Township NMFM, 18 South, Range 31 East, Eddy County, New Mexico.
- (3) That in the drilling of an oil well on a standard for the 40-acce tract, location the applicant lost tools in the hole and was unable to skid the rig to the North or East.
- (4) That the drilling of a well at the location proposed.

  by the applicant with result in its crowding only the applicant's

  acreage and thus approval of the subject application will

  neither impair correlative rights nor cause waste in as which as the applicant is crowding its own acreast only.

  IT IS THEREFORE ORDERED:

That an unorthodox oil well location for the applicant's Hinkle-Federal Well No. 7-B in the Shugart Pool at a point 330 feet from the South line and 2329 feet from the East line of Nation, Section 35, Township 18 South, Range 31 East, Eddy County, New Mexico, be and the same is hereby approved.

DONE at Santa Fe, New Mexico, -----

## BEFORE THE OIL COMBERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL COMBRYATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF COMBIDERING:

> CASE No. 1953 Order No. R-1658

APPLICATION OF MECHANE, SAUNDERS, WEICH AND IVERSON FOR APPROVAL OF AN UNORTHODOX OIL WELL LOCATION IN THE SHUGART POOL, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on April 27, 1960, at Santa Fe, New Mexico, before Elvis A. Utr., 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 9th day of May, 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 applicant is the owner and operator of the Hinkle-Federal Well No. 7-B, located 330 feet from the South line and 2329 feet from the East line of Section 35, Township 18 South, Range 31 Bast, NMPM, Eddy County, New Mexico.
- (3) That while drilling an oil well on a standard location for this 40-acre tract, the applicant lost tools in the hole and was unable to skid the rig to the North or East.
- (4) That approval of the subject application will neither impair correlative rights nor cause waste inasmuch as the applicant is crowding its own acreage only.

#### IT IS THEREFORE ORDERED:

That an unorthodox oil well location for the applicant's Hinkle-Federal Well No. 7-B in the Shugart Pool at a point

-2-CASE No. 1953 Order No. R-1658

330 feet from the South line and 2329 feet from the Hast line of Section 35, Township 18 South, Range 31 Hast, MUPM, Eddy County, New Mexico, be and the same is hereby approved.

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

Ih Burnay

JOHN BURROUGHS, Chairman

MURRAY B. MORGAN, Maphor

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

est/

Case

1953

BEFORE THE OIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO APRIL 27, 1960

#### EXAMINER HEARING

IN THE MATTER OF:

Application of Keohane, Saunders, Welch and Iverson for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approval of an unorthodox oil well location for its Hinkle-Federal Well No. 7-b in the Shugart Pool at a point 330 feet from the South line and 2329 feet from the East line of Section 35, Township 18 South, Range 31 East, Eddy County, New Mexico.

BEFORE:

Elvis A. Utz, Examiner.

#### TRANSCRIPT OF PROCEEDINGS

MR. UTZ: Case 1953.

MR. PAYNE: Application of Keohane, Saunders, Welch and Iverson for an unorthodox oil well location.

MR. JENNINGS: James T. Jennings, appearing on behalf of Keohane, Saunders, Welch and Iverson. One witness, B. M. Keohane. (Witness sworn)

#### B. M. KEOHANE,

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

#### DIRECT EXAMINATION



#### BY MR. JENNINGS:

- State your name, please.
- B. M. Keohane.
- Mr. Keohane, have you ever testifed before this Commission before?
  - No, I have not. A
- Q How long have you been actively engaged in the oil business?
  - Since 1918. A

MR. JENNINGS: Will the Examiner accept Mr. Keohane's qualifications?

MR. UTZ: As far as this case is concerned, yes.

- (By Mr. Jennings) Mr. Keohane, the company you represent is the owner and operator of the Federal Lease 029392B covering the southeast quarter of Section 35, Township 18 South, Range 31 East?
  - Yes, sir. A
  - Are you currently developing that property? Q
  - We are in the process of drilling our No. 7-B.
  - When was that well commenced? Q
  - It was commenced in January; I have forgotten the date.
  - What happened to that well? Q
- About 830 feet and jumped a pin off the bit; Red Beds caving in. Contractor fished and tried to drill by for about



```
three weeks, and finally skidded 19 feet west.
                   What was the original location?
                   2310 feet from the east-line and 330 feet from the south
        line, and the reason he skidded west is because the pipe rack was
       to the east, and the pits were to the north, and it was on towards
      our own acreage anyhow, but we didn't realize at the time -- in
      fact, Van called the State man down there and he said, well, it's
     towards yours, it's all right; then said, you have to go to the
    Examiner, or we would have skidded where the pits were or some-
   where else, but we didn't know that at the time.
             The adjoining acreage to the west is the east half,
  southwest of Section 35?
           Yes, sir.
          Is that covered by your LC 0392A, Federal Lease?
Lease, same royalty ownership?
         Yes, sir.
        And I believe the same group own it?
       We own this.
      And you have
                    a well located thereon?
      Yes.
Q
     Shugart Pool?
     Yes.
   What is the proposed depth of this well and the producing
```

ALBUQUERQUE, NEW MEXICO

well?



- You mean the one to the west?
- Yes, the well to the west.
- The lower Queen or some of them call it Penrose-Queen sand zone, at about 3500 feet, and we propose to carry this well to the same depth.
- You prepared, I believe, a plat, which you have marked Exhibit A?
  - Yes.
  - That was prepared by you?
- And that shows the location of this well and of the acreage in question?
  - That's right.
  - You own the entire east half? Q
  - Yes.
- Will the proposed location cause waste or impair the correlative rights of any other operator in the Shugart Pool?
  - I believe not.
  - No one can be hurt by this but yourself?
  - A That's right.

MR. JENNINGS: That's all we have. We have cleared it with the U.S.G.S.; we talked to them about it, to Jim in Artesia.

MR. UTZ: You don't object to crowding yourself?

No. It doesn't make any difference; we have those four



sections.

MR. UTZ: Any questions for the witness?

MR. JENNINGS: We'd like to offer this exhibit.

You say this is the only direction you could have moved without having to move some of the installation?

North, the pits were there, and they didn't think it made any difference.

- You couldn't have moved east?
- Pipe racks along there; pipe racked there.
- If you had moved south?
- We would have moved over toward the State; same problem. A

MR. UTZ: Any other statements in this case? Case will be taken under advisement.

STATE OF NEW MEXICO COUNTY OF BERNALILLO SS

I, the 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.

do hereby certify that the foregoing is complete record of the passessings in pard by me on Waring of Come No. 1953,

New Mexico Off Conservation Compassion ₹Examiner