

Case No.

203

Application, Transcript,
Small Exhibits, Etc.

January 13, 1950

REGISTERED MAIL

Mr. Glenn Staley
Lea County Operators Committee
Drawer I
Robbs, New Mexico

Dear Mr. Staley:

We are enclosing the following signed copies of :

Case No. 203, Order No. R-1
Case No. 204, Order No. R-3
Case No. 202, Order No. R-4.

These are for your records and distribution. Order No. R-2 will follow at a later date. When these copies are mimeographed, may we have five copies of each one?

Thank you.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrer
Secretary-Director

RRS:bw
encls.

January 13, 1950

Mr. E. C. Iden
Mr. Bryan G. Johnson
715 First National Bank Building
Albuquerque, New Mexico

Gentlemen:

We enclose herewith, signed copy of Case No. 203, Order No. R-1, which order was issued by the Oil Conservation Commission on January 11, 1950, in connection with the hearing held in Santa Fe, New Mexico, on November 22, 1949.

Very truly yours,

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrer
Secretary-Director

RRS:bw
encl.

Encl 2 c3

December 29, 1949

Mr. Don McCormick
Bajec Building
Sanitabel, New Mexico

Dear Don:

This is in reply to your letter of December 23, in which you request the transcript of the hearing in the matter of the 80-acre spacing in the Crossroads pool, as presented by the Oil Development Company, in connection with the hearing held on November 22, 1949. Also, you have requested a copy of the original order entered in 1946 setting the spacing pattern for the Crossroads Pool, which we are enclosing herewith.

As our files contain only the original transcript, we request that you obtain a copy from our Artesia office.

We are forwarding a copy of this letter, and your letter of December 23 to Governor Mabry and Mr. Shepard, because we concur with this idea that any decision in this case will be precedent-making, and we should therefore be very careful and the order should be very carefully drawn.

Very truly yours,

R. R. Spurrier
Secretary-Director

RRS:bw
encl.

cc: Governor Mabry
Guy Shepard

GEORGE L. REESE, JR.
DON G. MCCORMICK
S. M. RUTHERFORD, III

REESE AND MCCORMICK
ATTORNEYS AT LAW
BUJAC BUILDING
CARLSBAD, NEW MEXICO

December 23, 1949

Mr. R. R. Spurrier
State Geologist
Santa Fe, New Mexico

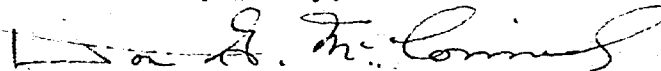
Dear Dick:

You and I were discussing the matter of 80-acre spacing in the Crossroads Pool a few days ago. In my opinion a serious question confronts the Commission due to the application of the Oil Development Company for an exception to the spacing pattern.

Before giving you any advice as to what steps, if any, should be taken in regard to this question, I should like to be furnished with a transcript of the hearing at which the Oil Development Company presented its case. Also I should like to have a copy of the original order entered in 1948 setting the spacing pattern for the Crossroads Pool.

If you will please furnish me with these, I shall study the matter and advise you further.

Yours very truly,



Don G. McCormick

DGM:bb

NOTICE FOR PUBLICATION

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives public notice pursuant to law of a public hearing to be held November 22, 1949, beginning at 10:00 o'clock A.M. of that day in the City of Santa Fe, New Mexico, in the Hall of Representatives.

STATE OF NEW MEXICO TO:

All named parties in the following cases,
and notice to the public:

Case 200

In the matter of the Application of Worth Drilling Company, Inc. for an order approving an unorthodox location for A. C. Taylor well No. 7-A, 10 ft. from the south line, and 1320 ft. east of the west line (SW/4) of Section 12 in Township 18 south, Range 31 east, N.M.P.M., in North Shugart pool, Eddy County, New Mexico.

Case 201

In the matter of the Application of Danciger Oil and Refining Company for an order granting permission to drill twelve unorthodox ("five spot") locations in its Turner "A" and Turner "B" leases in Sections 17, 18, 19 and 20, in Township 17 south, Range 31 east, N.M.P.M., in the Premier pool, Eddy County, New Mexico.

Case 202

In the matter of the Application of Rowan Oil Company for an order reducing the daily allowable of the Brunson pool, Lea County, New Mexico, to 90 barrels per day per well for a period of six months, within which period of time through surveys and studies information may be had for the purpose of determining the maximum efficient rate of production of reservoir.

Case 203

In the matter of the Application of Santa Fe Pacific Railroad Company and Oil Development Company of Texas, for an order allowing an exception from Commission Order No. 779, of July 27, 1948, providing an 80 acre spacing pattern for wells in the Crossroads pool, Lea County, New Mexico.

Case 204

In the matter of the Application of Amerada Petroleum Corporation for an order establishing proration units and uniform spacing of wells for the common source of supply discovered in the W. W. Hamilton #1 well, NE SW Section 35, Township 16 south, Range 38 east, N.M.P.M., Knowles pool, Lea County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on November 7, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER, SECRETARY

SEAL

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 203
ORDER NO. R-1

IN THE MATTER OF THE APPLICATION OF
SANTA FE PACIFIC RAILROAD COMPANY AND
OIL DEVELOPMENT COMPANY OF TEXAS FOR
AN ORDER ALLOWING AN EXCEPTION FROM
ORDER 779 DATED JULY 27, 1948, RELATING
TO 80-ACRE SPACING, CROSSROADS POOL,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This case came on for hearing on November 22, 1949, on the application of Santa Fe Pacific Railroad Company and Oil Development Company of Texas for an exception to Order No. 779 heretofore issued on July 27, 1948, providing for spacing in the Crossroads Pool, Lea County, New Mexico.

The Commission having heard the evidence presented, the argument of counsel and having taken the case under advisement,

FINDS:

1. It has jurisdiction of this case and the parties interested therein, due notice of the hearing having been given.
2. Santa Fe Pacific Railroad Company is the owner of the minerals under NW/4 Section 27, Township 9 south, Range 36 east, Lea County, New Mexico and Oil Development Company of Texas is the owner of an oil and gas lease thereon.
3. At the time of the entry of Order No. 779, referred to above, the available evidence, based on one well, indicated the Devonian formation would produce from a large area but since such time seven additional wells have been drilled in the Crossroads Pool from the results of which it is apparent that
 - a. Production from the Devonian formation in the Crossroads pool will cover a much smaller area than originally indicated.
 - b. A fault exists in the Devonian formation which causes the W/2 W/2 Section 27, Township 9 south, Range 36 east to be non-productive in that formation.
4. Pursuant to the spacing pattern approved by Order No. 779, Mid-Continent Petroleum Corporation has completed and is now producing wells adjacent to the NW/4 Section 27, Township 9 south, Range 36 east, located as follows:
 - a. In NE SW Section 27, Township 9 south, Range 36 east on proration and drilling unit covering N/2 SW Section 27, Township 9 south, Range 36 east.
 - b. In SW NE Section 27, Township 9 south, Range 36 east, on proration and drilling unit covering S/2 NE/4 Section 27, Township 9 south, Range 36 east.

5. Also pursuant to the spacing pattern approved in Order No. 779 Oil Development Company of Texas has drilled a well at a cost of more than \$300,000.00 in SW/4 NW/4 Section 27, Township 9 south, Range 36 east, which well was a dry hole, being located west of the fault referred to in 3b above.

6. Unless applicants are permitted to drill a well in SE/4 NW/4 Section 27, Township 9 south, Range 36 east, large quantities of oil under said tract may be drained by offset wells, which drainage cannot be compensated for by counter-drainage, and which will result in confiscation of the property of applicants.

7. In order to prevent confiscation, meet changed conditions, preclude inequities and preserve correlative rights, the applicants should be granted an exception from Order No. 779.

IT IS THEREFORE ORDERED:

1. Proration and drilling units in NW/4 Section 27, Township 9 south, Range 36 east are hereby changed so as to make W/2 NW/4 Section 27 one unit and E/2 NW/4 Section 27 another unit, with well locations to be in the center of the NW/4 NW/4 and the center of SE/4 NW/4.

2. Any wells completed as producers from the Devonian formation on the proration and drilling units set forth above shall be given a daily oil allowable equal to that of other wells of like depth range in the Crossroads Pool.

DONE at Santa Fe, New Mexico, on the 11th day of January, 1950.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


THOMAS J. MABEY, CHAIRMAN


GUY SHEPARD, MEMBER


R. R. SPURRIER, SECRETARY

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

In the Matter of the Application of
SANTA FE PACIFIC RAILROAD COMPANY and
OIL DEVELOPMENT COMPANY OF TEXAS for an order
of the Commission allowing an exception from
its order of July 27, 1948, in the spacing of
well desired to be drilled in the Southeast
Quarter of the Northwest Quarter of Section
Twenty-seven (27), Township Nine (9) South,
Range Thirty-six (36) East, known as the
Crossroads Pool, Lea County, New Mexico

CASE NO. _____

A P P L I C A T I O N

Come now SANTA FE PACIFIC RAILROAD COMPANY and
OIL DEVELOPMENT COMPANY OF TEXAS, by their attorneys, E. C.
Iden and Bryan G. Johnson, 715 First National Bank Building,
Albuquerque, New Mexico, and show to this Honorable Commission:

I

That applicant, Santa Fe Pacific Railroad Company
is the owner of the mineral rights in the Northwest Quarter
of Section Twenty-seven (27), Township Nine (9) South, Range
Thirty-six (36) East, Lea County, New Mexico, and the applicant,
Oil Development Company of Texas, is the owner of an oil and
gas lease thereon.

II

That after the drilling of the discovery well
in this field known as the Crossroads Pool to a depth of

12,258 feet and production from the Devonian formation, it was thought to be desirable, in order to insure a uniform plan and particularly on account of the great cost of drilling to such depth, to fix a spacing pattern of eighty-acre units.

III

That pursuant to such plan this Commission, on July 27, 1948, entered its order in Case No. 149, being its Order 779, so providing.

IV

That applicant, Oil Development Company of Texas, has recently completed a test to the depth of 12,657 feet in the center of the Southwest Quarter of the Northwest Quarter of said Section Twenty-seven (27), resulting in a dry hole, or salt water, and no production of oil from the Devonian.

V

That the Order of the Commission of July 27, 1948, was made only in the light of circumstances and conditions which were then assumed to exist and not upon any history or accurate information with reference to the Crossroads Pool and, therefore, necessarily with the intention and implied understanding that should conditions change the Commission would at all times be open for the further consideration of determining proper drilling units in order to do equity as between the interested parties and as would best develop the pool and production therefrom.

VI

That the oil and gas lease on the other three quarter sections, i. e., the Northeast Quarter, the Southeast Quarter and the Southwest Quarter, is owned by Mid-Continent Petroleum Corporation and there are producing wells in the centers of the Northeast Quarter of the Southwest Quarter and in the Southwest Quarter of the Northeast Quarter, both of which are only 660 feet from the property line of applicants, and that unless applicants are permitted to drill in the Southeast Quarter of the Northwest Quarter of Section Twenty-seven (27), the only and ultimate result will be that the adjoining wells will drain practically all of the applicants' oil from the easterly portion of the South one-half of the Northwest Quarter, it having been demonstrated by applicants, at great cost, that the westerly end has no production in the Devonian formation.

That such a result would be unjust and inequitable as between the adjoining owners and not for the best interests of the Crossroads Pool or the State of New Mexico.

WHEREFORE, applicants pray an order of this Commission making an exception to the spacing plan heretofore, at least tentatively, established by its Order of July 27, 1948, and permit applicants to drill a second test well to the Devonian formation in the center of the Southeast Quarter of the Northwest Quarter of Section Twenty-seven (27),

Township Nine (9) South, Range Thirty-six (36) East, Lea
County, New Mexico.

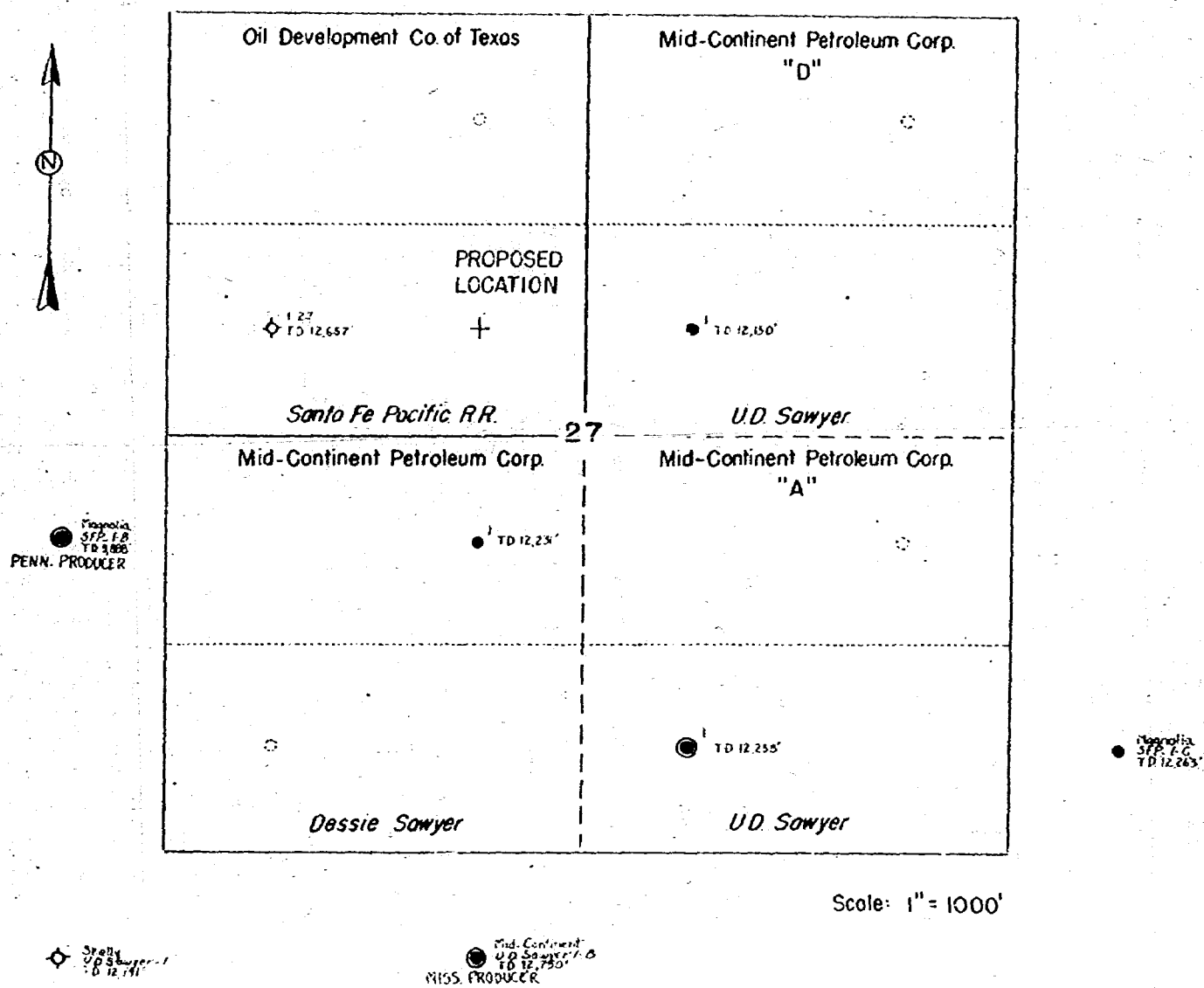
E. C. Shu

B. J. Johnson

ATTORNEYS FOR APPLICANTS
715 First National Bank Building
Albuquerque, New Mexico

CROSSROADS FIELD

T9S-36E LEA COUNTY, NEW MEX.



Plat accompanying application of Oil Development Co. of Texas for permit to drill in C-SE-NW of Sec. 27 as an exception to the Crossroads Field rules.

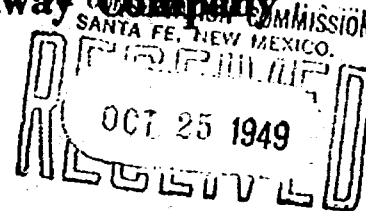
October 1949

The Atchison, Topeka and Santa Fe Railway Company

Santa Fe Pacific Railroad Company

E. O. HENENWAY,
Land Commissioner,
Albuquerque, New Mexico

LAND DEPARTMENT



Albuquerque, October 24, 1949
File 15134

New Mexico Oil Conservation Commission,
P. O. Box 871,
Santa Fe, New Mexico.

Case
203

Gentlemen:

In connection with the filing of the application of Santa Fe Pacific Railroad Company and Oil Development Company of Texas for authority to drill a well in the center of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 27, township 9 south, range 36 east, Lea County, New Mexico, on October 19, am enclosing herewith three copies of map showing location of wells in the immediate vicinity, which maps are to be attached to the application.

Very truly yours,

Hc
Encs.

cc - Mr. E. C. Iden,
Albuquerque, New Mexico.