

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

The State of New Mexico by its Oil Conservation Commission hereby gives notice, pursuant to law, of the following public hearings to be held April 14, 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. 130

In the matter of the application of W. D. Brookover for approval for an oil well to be drilled in an unorthodox location 2490 feet from the west line and 1170 feet from the south line of Section 4, Township 18, South, Range 29 East, N.M.P.M. in the Loco Hills Pool, Eddy County, New Mexico.

Case No. 131

In the matter of the application of Malco Refineries, Incorporated, Dale Resler dba Resler Oil Company and Martin Yates, Jr., for approval of the deepening of an unorthodox location 2390 feet from the North line and 2390 feet from the East line of Section 28 in Township 18 South, Range 28 East, N.M.P.M. in the Artesia Pool, Eddy County, New Mexico.

Case No. 132

In the matter of the application of Kewanee Oil Company for an order granting permission to drill four unorthodox locations designated as wells No. 21B, 22B, 23B, and 24B on that portion of its Pearl Lease described as All of Section 25, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico in the Maljamar Pool.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, On March 29, 1948.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

(SEAL)

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

MEMBERS OF COMMISSION:

Hon. R.R. Spurrier, Secretary, Oil Conservation Commission,
Member.

LEGAL ADVISOR TO THE COMMISSION:

George A. Graham, Attorney.

R E G I S T E R

John E. Cochran, Jr.	Artesia, N. M.	Kewanee Oil Co.
John M. Harbison	Box 1462 Pampa, Texas	Division Engineer Kewanee Oil Co.
Frank C. Barnes	Oil and Gas Con- servation Com- mission, Santa Fe, N. M.	Oil and Gas Con- servation Com- mission.
N. Raymond Lamb	Artesia, N. M.	New Mexico Bureau Mines and Mineral Resources
Vilas P. Sheldon	Artesia, N. M.	W. D. Brookover and Malco-Resler- Yates
Roy O. Yarbrough	Hobbs, N. M.	Oil Conservation Commission
Oliver Seth	Santa Fe, N. M.	Seth & Montgomery

Said meeting was convened at the Office of the State Land Commission, Santa Fe, New Mexico, at 10:00 o'clock A. M. on April 14, 1948.

The meeting was called to order by Commissioner Spurrier.

COMMISSIONER SPURRIER:

Let the record show that Commissioner Miles is ill and in the hospital and was unable to be here, and Governor Mabry is out of town. With the permission of the applicants in the cases on the docket today, I will sit merely to take the

record. And any orders written following these cases will be promulgated and docketed from an executive session of the Commission sometime in the future. Now, is there any objection to this procedure? Mr. Sheldon, is that all right with you?

MR. SHELDON: Yes, sir.

COMMISSIONER SPURRIER: And Mr. Cochran?

MR. COCHRAN: Yes, sir.

COMMISSIONER SPURRIER: And you, Mr. Harbison?

MR. HARBISON: Yes, sir.

COMMISSIONER SPURRIER: Mr. Graham, will you read the advertisement of the first case?

(Reads the notice of publication.)

COMMISSIONER SPURRIER: Mr. Sheldon, you will appear in this, I believe?

MR. SHELDON: Yes, sir.

COMMISSIONER SPURRIER: Proceed.

MR. SHELDON: The situation of Mr. Brookover is that he had a 160 acre lease relatively near the west edge of production from the Loco Hills sand. He did drill four wells on the 160, three of the wells producing from the Loco Hills sand and one well producing from a lower sand. At this time, in fact several years back, one of his wells--number 3--became so--became capable of producing such a small amount of oil, that it was no longer possible to produce it. And proper forms have been prepared and submitted to the Oil Conservation Commission for the question of approval to plug the well. And Mr. Brookover is now plugging the well, or planning to in the very near future. It might have been done in the last two or three weeks. He would like to dig another well 150 feet from the center of his lease, which would be 17--pardon me, 1170 feet from the south line and 2490 feet from the west line of the section. Here is a map which I will leave as an exhibit.

COMMISSIONER SPURRIER: All right.

MR. SHELDON: Showing that particular property.

COMMISSIONER SPURRIER: This is Exhibit A.

MR. SHELDON: And another map, Exhibit B, shows the western limitation of the production from Loco Hills sand, which more or less reveals why Brookover wants to dig the well where he does. Getting too crowded up in that corner to get any chance.

COMMISSIONER SPURRIER: Yes.

MR. SHELDON: He is not crowding any other person. He is just going into the center of his lease.

COMMISSIONER SPURRIER: Yes.

MR. SHELDON: And this land is patented land. I believe that is all I have unless there are questions. I might add there, Dick, that his reason for wanting to dig the hole is that he feels pretty sure he can get a small well, and it will increase the ultimate yield from the lease.

COMMISSIONER SPURRIER: This well is about 150 feet from out of the corner, isn't it?

MR. SHELDON: Yes, it is 150 feet out of the corner of one unit.

COMMISSIONER SPURRIER: And he owns all four of the forty's immediately offsetting?

MR. SHELDON: Yes, he owns 160.

COMMISSIONER SPURRIER: Does anyone have any question of Mr. Sheldon? If there are no questions, that will be all for Case No. 120. Mr. Sheldon, you understand, now, that I can't take this under advisement. I can't do anything about it. I will have to wait until we get the Commission together.

MR. SHELDON: That is understood.

COMMISSIONER SPURRIER: And we will consider what you have put in the record, and no doubt some order will be promulgated from the record.

MR. SHELDON: Yes.

COMMISSIONER SPURRIER: The next case, Mr. Graham.

(Reads the notice of publication in Case No. 131.)

COMMISSIONER SPURRIER: Mr. Sheldon, I believe this falls on you again.

MR. SHELDON: This well is very similar to several cases you had not long ago. It is identical.

COMMISSIONER SPURRIER: Identical?

MR. SHELDON: Well, several months ago--I forget which day--this operator requested a hearing, and a hearing was held in front of the Commission. As a result of which, permission was granted to deepen some five or six wells from the sand from which they had been producing for some twenty years down to the Lime Pay. At that time, through oversight--well, it wasn't through oversight--the operator requested permission to deepen well 19 in a particular forty-acre unit. When the operator attempted to rig up over that well, and checked into it, it was discovered that the hole was in such bad mechanical condition it would have been very expensive to go into it. So, the operator is now requesting permission to deepen the 14, which is on the same forty-acre tract as the 19. Of course, we will be willing to have our permission to deepen 19 removed. We will never deepen 19. We can't deepen it. I know of nothing to add. I am perfectly willing to let this case ride on the same testimony we offered before as to why we want to do it. The only reason we picked this well was because we had to make a substitution.

COMMISSIONER SPURRIER: These cases follow identically with the cases heard on February 17th, I believe it was, Bill.

MR. SHELDON: Yes. In fact, permission to deepen State 19 was heard in Case No. 122.

COMMISSIONER SPURRIER: Yes.

MR. SHELDON: And now, we are requesting that that authority

be simply transferred to State 14 on the same proration.

MR. GRAHAM: Do you ask that the authority for 19 be rescinded?

MR. SHELDON: Not necessarily. You may. The hole is junked. It is in bad mechanical condition and we can't do anything with it. It would be perfectly all right to rescind it.

COMMISSIONER SPURRIER: I think the plugging of it will cover that one, probably.

MR. SHELDON: Yes.

COMMISSIONER SPURRIER: Referring to Case No.130. Just for a minute, Mr.Sheldon. That is the Brookover well.

MR. SHELDON: Yes.

COMMISSIONER SPURRIER: What does the operator, Mr. Brookover, contemplate that his allowable will be from this well now? What I am driving at is: how many wells are there on the forty acres?

MR. SHELDON: There will be one well on this forty-acre unit because well number 3 is being plugged. He will want just one forty-acre unit alive. The fact is, he couldn't possibly produce forty barrels.

MR. GRAHAM: The original well actually is being plugged?

MR. SHELDON: Papers have been filed with the State requesting or notifying the state. I presume that the well will be plugged. Whether the spudder has actually moved on to plug it or not, I don't know. I haven't seen the well for several weeks. It will be perfectly all right with Mr. Brookover to make the plugging of that well compulsory for the privilege of digging the next one. That will be all right if you so desire.

COMMISSIONER SPURRIER: I think that clears our record, Mr. Sheldon. The next case, Mr. Graham.

(Reads the notice of publication in Case No. 132.)

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

DIRECT EXAMINATION BY MR. COOPER:

- Q. Will you please state your name?
- A. John M. Harbison.
- Q. By whom are you employed, Mr. Harbison?
- A. Kewanee Oil Company.
- Q. In what capacity are you employed?
- A. Division engineer.
- Q. As division engineer, are you familiar with their properties in West Texas and New Mexico?
- A. I am.
- Q. You are familiar with what they designate as their Pearl Lease?
- A. I am.
- Q. Is the portion of that lease involved in this application described as all of Section 25, Township 17 South, Range 32 East?
- A. It is.
- Q. Lea County, New Mexico?
- A. Yes, sir.
- Q. Will you state how many wells have been drilled on the entire Pearl Lease up to the present time?
- A. Twenty wells.
- Q. Will you state how many of these wells are producing at the present time?
- A. Eighteen wells.
- Q. There are two wells on the property that are not producing?
- A. That is right.
- Q. Will you state the spacing pattern upon which the present wells were drilled?
- A. Forty-acre spacing.
- Q. One well to forty acres?
- A. That is right.

Q. From what horizon are the wells on this property producing?

A. Approximately 4,000 feet.

Q. What is that pay called?

A. Maljamar.

Q. In your application it is stated that it is your belief that one well in the center of forty acres is not sufficient to obtain all of the recoverable oil under a forty-acre tract.

A. That is right.

Q. Will you state your opinion or ideas with reference to that?

A. Well, in that particular part of the field it is believed that the permeability is such that the oil will not travel across the forty-acre tract into each one of those wells. It is felt that closer spacing will recover a higher ultimate yield than the regular forty-acre spacing would do.

Q. Will you state to Mr. Spurrier and for the purpose of the record the locations of the four wells applied for?

A. Yes. Pearl No. 21B is in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, Township 17 South, Range 32 East, N.M.R.M. It is located 2665 feet south of the north line and 1295 feet west of the east line of said Section 25. For simplicity, all of these are in Section 25, Township 17 South, Range 32 East. To keep you from copying that, I will just omit that. 22B will be located in NW $\frac{1}{4}$ SE $\frac{1}{4}$, to be located 2665 feet south of the north line and 2615 feet west of the east line of said Section 25. Pearl 23B NE $\frac{1}{4}$ SW $\frac{1}{4}$, to be located 2665 feet south of the north line and 1345 feet east of the west line of said Section 25. Pearl 24B in SE $\frac{1}{4}$ NW $\frac{1}{4}$, to be located 1345 feet south of the north line and 1345 feet east of the west line of said Section 25.

Q. Now, Mr. Harbison.....

COMMISSIONER SPURRIER: Does he have a map on that?

A. Yes, I do.

Q. Mr. Harbinger, in the event permission is granted to drill these wells, will you state how you propose to produce these wells with respect to the allowable for the forty-acre tract that each well is on?

A. We only expect to produce the oil that is set up as that forty-acre unit allowable.

Q. In other words, where the well drilled constitutes a second well on the forty, the allowable will remain unchanged?

A. That is true.

Q. And you will withdraw the allowable from two wells instead of one?

A. That is true.

Q. Mr. Harbinger, I believe the lease in question is a Federal lease?

A. It is.

Q. Mr. Spurrier, we offer in evidence as Applicant's Exhibit A a letter addressed to me from Foster Morell, Supervisor of the United States Geological Survey, showing their position with respect to the application for these four unorthodox wells and in which no objection is made. Do you have any questions, Mr. Spurrier?

COMMISSIONER SPURRIER: I don't have a question, Mr. Cochran. That was the one thing that was in my mind.

MR. COCHRAN: Do you, Mr. Graham?

MR. GRAHAM: No questions.

MR. COCHRAN: As part of this application, Kewanee Oil Company asks that they be granted permission to drill the four wells at the locations described and set forth, and that they be furnished a written order granting this permission.

MR. GRAHAM: Mr. Cochran, do you expect to follow our rules of procedure? You will give us a copy of the Federal relocation notice?

MR. COCHRAN: Yes. I believe the notice has been filed in Mr.

Morrell's office. But, of course, it has not been approved, and as he states in this letter, their office approves it subject to approval by the Commission. We will see that you are mailed a copy of that notice of intention to drill. Do you want a copy of the approved copy which Morrell approves?

MR. GRAHAM: After he approves it.

COMMISSIONER: It is a nice thing to include in the case file, John. That completes it.

MR. COCHRAN: Yes, sir.

COMMISSIONER SPORRIS: Is there anything further? Any more questions? If not, the meeting is adjourned.

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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, State of New Mexico, on April 14, 1948, in Santa Fe, New Mexico, is a true transcript of such proceedings to the best of my knowledge, skill, and ability.

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

Dated at Santa Fe, New Mexico, this 15th day of April, 1948.

COURT REPORTER