

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

PROCEEDINGS

The following matter came on for consideration before a hearing of the Oil Conservation Commission of the State of New Mexico, pursuant to legal notice, at Santa Fe, New Mexico, on December 1, 1949, at 10:00 A. M.

NOTICE OF 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 December 1, 1949, beginning at 10:00 o'clock A.M. of that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO

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

Case 205

In the matter of the application of E. J. McCurdy of Fort Worth, Texas, for an order authorizing the drilling of an unorthodox (fifth) location to the "red sand", and 1214 feet south of the north line and 1426 feet east of the west line (NE NW/4) of Section 20, Township 18S, Range 32E, N.M.P.M., and to adjust the allowable for the five wells in the northwest quarter of said Section 20, in the Young Pool, Lea County, New Mexico.

Case 206

In the matter of the application of American Republics Corporation for an order authorizing the drilling of an unorthodox location for its C. A. Russell No. 10, well located 220 feet south of the north line and 2665 feet west of the east line (SE/4 NW/4) of Section 18, Township 17S, Range 31E, N.M.P.M., in the Grayburg-Jackson Pool, Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on November 17, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, SECRETARY

SEAL

BEFORE:

R. R. Spurrier, Chairman
George Graham, Attorney

REGISTER:

John E. Cochran, Jr.
Artesia, New Mexico
For American Republics Corporation

W. B. Macey
Artesia, New Mexico
For American Republics Corporation

Clarence E. Hinkle
Roswell, New Mexico
For E. J. McCurdy

(The meeting was called to order in the Senate Chambers at 10 o'clock. The meeting was then adjourned to meet in Mr. Spurrier's office.)
CHAIRMAN SPURRIER: Let the record show that Commissioner Shepard and Mr. Spurrier met on this day. Mr. Spurrier was directed to take the record in the two cases advertised for this date. No decisions can be rendered until the record is made available for the other members of the Commission. We will reverse the order of the cases and hear Case 206 first. Mr. Graham, will you please read the Notice of Publication?

(Mr. Graham read the Notice of Publication in Case 206.)

(Mr. W. B. Macey, witness in behalf of the American Republics Corporation was sworn.)

MR. COCHRAN: John E. Cochran, Jr., American Republics Corporation.

Mr. Spurrier, the American Republics Corporation owns what is called the C. A. Russell Lease which is located in Section 18, Township 17S, Range 31E, N.M.P.M, in the Grayburg-Jackson Pool, Eddy County, New Mexico. This is a Federal lease, and I have letter addressed to me, dated November 14, 1949, from Foster Morrell, Supervisor of United States Geological Survey at Roswell, in which he states that no objection is offered by his office to well spacing plan providing for drilling of a well at the location specified in the application, and that it might afford an opportunity to obtain greater recovery of oil. We offer this letter in evidence as Applicant's Exhibit 1.

MR. SPURRIER: It will be received.

*(Off record discussion.)

MR. COCHRAN: Since the inception of production on this C. A. Russell Lease there have been drilled a total of 6 wells. All 6 of the wells are producing at present time and are producing from the Grayburg-Jackson Pay of the upper San Andres formation, encountered at a depth ranging from 3105 feet to 3480 feet. Upon the basis of geological information which American Republics Corporation has and studies made by Mr. Macey, American Republics Corporation doesn't believe that one well is sufficient to drain 40 acres in this area.. They feel that by drilling well No. 10 at the proposed location that they would obtain substantial additional quantities of oil which would not otherwise be produced if such unorthodox location was not drilled; that the drilling of this well is in the interests of conservation and prevention of waste. With reference to allowable for this proposed second well on a legal 40-acre subdivision, American Republics Corporation is not asking nor does it intend to ask the Commission to grant any additional allowable produced from the two wells upon the legal 40-acre. The allowable fixed by the Commission for that 40-acre proration unit in no event will the withdrawal from those two wells exceed the allowable as fixed by the Commission for that 40 acres. I have a proposed formal order to submit to the Commission. There are four copies; I believe you like two for your files. If we may, we would like to have two signed copies at such time as the Commission has considered the matter.

* The Commission will take notice of similar testimony offered by Mr. Macey in Case 180, and it will therefore not be necessary for Mr. Macey to offer complete testimony in this case which is of the same nature as Case 180.

(Meeting recessed until 11 A. M.)

MR. SPURRIER: Mr. Graham, will you read the Notice for Publication in Case 205?

(Mr. Graham read the Notice for Publication in Case 205.)

MR. HINKEL: I am Clarence E. Hinkle of Hervey, Dow & Hinkle, representing E. J. McCurdy. This is a matter before the Conservation Commission, the application of E. J. McCurdy for drilling of a fifth well on the NW $\frac{1}{4}$, Section 20, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico. E. P. McCurdy is the owner and holder of northern gas lease issued by the U. S. Government: the NW $\frac{1}{4}$ of Section 20, Township 18S, Range 32 East. He has heretofore drilled four wells upon that 160 acres, each being located in approximately the center of each 40-acre legal subdivision. The four wells are producing from what is known as Red Sand or Queen Sand at a depth of approximately 3,750 feet. It is believed that the producing horizon or zone in which this area is such that four wells will not adequately drain the 160 acres, and that it is necessary to drill a fifth well to be located in approximately the center of the 160 acres to recover all of the oil from the 160 acres that it is economically possible to recover. The royalty ownership is uniform for the entire 160 acres, and the drilling of the well will not make any difference as far as the division of royalty is concerned. Mr. McCurdy desires to drill the well and have it allowed as an exception to regular spacing, and that he be permitted to allocate the normal unit maximum as to allowable on the 160 acres for the four wells to five wells.

MR. GRAHAM: Do you have any information of the productivity of the present wells?

MR. HINKLE: No, I don't.

MR. GRAHAM: Do you know whether or not they are making their allowable at this time?

MR. HINKLE: I believe he said there were two that were making their allowable and two that were under allowable.

MR. GRAHAM: That could be checked from production records?

MR. HINKLE: Yes, that could be checked.

MR. SPURRIER: For the purpose of the record, will Mr. McCurdy intend to produce more than the present allowable for the four wells in this 160 acre tract in which the proposed well would be drilled?

MR. HINKLE: It is my understanding that he would like, if he gets a well capable of making allowable, to produce from the 160 acres the regular allowable for the four wells prorated among the five wells. I assume that is what would be done in cases like these.

MR. GRAHAM: In some cases they unitize.

MR. SPURRIER: What were they thinking about?

MR. HINKLE: Would be unitized for purpose of using allowable for unit.

MR. GRAHAM: The whole thing from any number of wells not in excess of regular allowable for 40-acre tracts. In that 160 acres the five wells would never produce greater allowable than that fixed for four.

MR. HINKLE: That is the intention. The United States Geological Survey requires Mr. McCurdy to enter stipulation that he will not assign any of the forty acre legal subdivision involved in this 160 acres unless this fifth well is plugged up and abandoned. It will be maintained as a unit as long as those five wells are there. They require a stipulation to that effect to be filed before they give their approval to the fifth well.

MR. SPURRIER: I wonder for the purpose of the record if we shouldn't have something in writing from Mr. Morrell to that effect or Mr. McCurdy.

MR. HINKLE: We could furnish you with a copy of the stipulation which we will file with the Supervisor of the United States Geological Survey.

MR. SPURRIER: I think we should have something like that.

MR. GRAHAM: It would be entirely satisfactory for our purposes.

MR. HINKLE: We would be glad to do that.

(Meeting 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 of New Mexico in Santa Fe, New Mexico, on December 1, 1949, at 10:00 A. M., is a true record of such proceedings to the best of my knowledge, skill, and ability.

DATED at Albuquerque, New Mexico, this 1st day of December, 1949.

Margaret Samuel
REPORTER