

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

The following matter coming on to be heard pursuant to legal notice, the following proceedings were had in Santa Fe, New Mexico, 10 April 1950, beginning at 10:00 A. M.

BEFORE: Hon. R. R. Spurrier, Secretary and Member.

R E G I S T E R

George Graham, Santa Fe, New Mexico, for the Commission.

Ray Andrew, Santa Fe, New Mexico, for the Commission.

Raymond Lamb, for the Wilson Oil Company.

CASE NO. 216 (cont.)

MR. SPURRIER: Let the record show the hearing is in session. In the absence of either of the other commissioners, I am sitting as an examiner for the purpose of taking the record only. As a matter of convenience, we will recess the hearing to my office.

(Recess.)

MR. SPURRIER: Let the record show we will adopt the previous record in this case as part of this record. We will remind Mr. Lamb that he has been sworn previously in this case.

MR. LAMB: I don't need to go through the part as to who I am and the case, and so forth?

MR. SPURRIER: No. I would just start out and say, Wilson Oil Company wants to do this because--in other words, just present the case.

MR. LAMB: As stated in the application, the applicant desires to drill an unorthodox location located 1270 ft. from West line and 2310 ft. from the north line, Section 13-21-34. This location will be 1270 ft. from the lease line of the Phillips Petroleum Co., and 990 ft. from the lease line of Darrell Smith,

independent operator. We believe that on the basis of geological and engineering information a well drilled in this location would recover a substantial amount of oil that would otherwise be unproduced. The Wilson Oil Company No. 9 located in the 40-acre tract east of the proposed location was completed 5-15-42, and to January 1, 1950, has produced 116,700 barrels of oil, and is at the present time a top-allowable well. Wilson-State No. 14, south of the proposed location, was completed on October 13, 1944; and to January 1, 1950, has produced 80,057 barrels, and is at present flowing top allowable. The structure position of the proposed location will probably be slightly higher than the position of Well No. 14.

(Off the record discussion)

MR. LAMB: Wilson-State No. 11, a dry hole drilled on the same unit on which the proposed location is located, was what could be termed a near miss of being an oil well. We believe that the unorthodox location as mentioned above will be a producing oil well. However, we realize the risk involved that the location may be dry if sufficient drainage has taken place from under this tract.

In our application we requested that the allowable for the proposed unorthodox location be that of any top-allowable unit if the well is capable of producing that amount. In other words, we request a full allowable for this well.

If there are any questions by the Commission, I would be very happy to answer the questions in regard to this case.

MR. SPURRIER: Well, Mr. Lamb, the Commission notified your offset operators by registered mail, and we have to this date received no comment from them pro or con. Now, do you have any notice or comment from any operator you would like to

introduce?

MR. LAMB: I have no notice at all from the Phillips Petroleum Co., the west offset operator. Mr. Darrell Smith was in my office a few days ago and stated that he had no objection to the proposed location. In fact, he was quite interested to see what the outcome of this location would be, in the light that it might prove another location on his lease to the north.

MR. SPURRIER: Mr. Graham, do you have any questions?

MR. GRAHAM: No questions.

MR. SPURRIER: Mr. Andrew?

MR. ANDREW: No questions.

MR. LAMB: I might state that on the 40-acre tract which is the NESE of this same section we drilled our No. 6, which was a dry hole. And on the same 40-acre tract on March 12, 1944, we completed our No. 12, which has to date produced 90,000 barrels of oil which would have been lost if we had not drilled the second location on the forty. We completed our No. 40 well Saturday night and are preparing to skid our rig to the unorthodox location as proposed in this case, which is our No. 41, as soon as we obtain a decision from the Commission.

MR. GRAHAM: Mr. Lamb, do you care to add anything to your statement in response to Mr. McCormick's questions at the last hearing with respect to the ?

MR. LAMB: Twenty-acre allowable?

MR. GRAHAM: Twenty-acre allowable.

MR. LAMB: Mr. Graham, the only thing I would care to say on that is, as we did in the case I mentioned a few minutes ago in our wells Nos. 6 and 12, we could do the same thing in

this case and drill a 330 location and be entitled to full allowable. But we think we will recover additional oil by moving the location to within 50 ft. of the line which would otherwise be lost; and we don't feel that should jeopardize our allocation plan at all.

MR. GRAHAM: What reason, geological or otherwise, do you have for such a view?

MR. LAMB: You mean from the structural position of the well?

MR. GRAHAM: Yes.

MR. LAMB: Well, as I stated a few minutes ago, it is my thought that the No. 41 location will be slightly higher than No. 14, and some 10 or 12 feet lower than No. 9; and with the effective water drive we have from the east, we have some doubt as to whether the oil will move up structure as is the usual case due to the activeness of the water drive; and that all oil produced from the No. 41, or most of the oil produced from the No. 41 location, will probably come from that unit since we do not feel that the oil will move much in that area.

MR. SPURRIER: Mr. Lamb, in view of the evidence you have presented, and in view of the fact that the Commission has never seen fit to reduce the allocation to a 40-acre tract; never seen fit to reduce the allocation, that is, give it a proportional part because the well isn't located near the center, I will recommend to the Commission that this application be granted.

MR. LAMB: I can understand if the Commission took the--took it upon themselves to decide what portion of a tract is productive, and then apportion the allowable on that basis, they would have quite a problem on their hands in the future. As I understand the present rules, we could move the location on

the tract to a less favorable position and be entitled to full allowable.

MR. SPURRIER: That's right.

MR. GRAHAM: Heretofore the Commission has been governed by the surface rights--surface ownership, by the ownership within the unit.

MR. SPURRIER: Forty-acre unit or 160.

MR. GRAHAM: This pooling business affecting the Monument situation where there are two-acre tracts.

MR. LAMB: This 40-acre tract--I don't have the map of the U. S. Land Office survey--but being an inside 40-acre tract, I believe it would be a full 40-acre unit.

MR. SPURRIER: Does anyone have anything further?

MR. GRAHAM: No further questions.

MR. SPURRIER: If not, the meeting stands adjourned.

STATE OF NEW MEXICO)
 : SS
COUNTY OF BERNALILLO)

I HEREBY CERTIFY That the foregoing transcript is a true record of the matters therein recorded.

DATED At Albuquerque, N. M., 14 April 1950.



Notary Public

My Commission Expires: 8-4-52