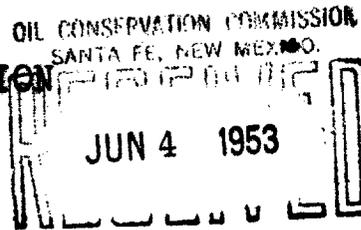


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO



CASE 536: Application of Hondo Drilling Company and T. J. Sivley for an order permitting the drilling of three unorthodox locations, the proposed wells being:

- (1) Miller No. 2, NW/4 SW/4 Section 23;
- (2) Miller No. 3, SW/4 SE/4 Section 22; and
- (3) Aid No. 2, SE/4 SE/4 Section 22.

TRANSCRIPT OF HEARING

May 19, 1953

Date

BEFORE: Honorable Ed. L. Mechem, Governor
Honorable E. S. Walker, Land Commissioner
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO)

ss

COUNTY OF BERNALILLO)

I HEREBY CERTIFY That the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill, and ability.

DONE at Albuquerque, N. M., this 2nd day of
June 1953.

E. E. Greeson

My Comm. Ex.:
August 4, 1956

E. E. Greeson
Notary - Reporter

COMMISSIONER SPURRIER: The next case on the docket is Case No. 536.

(Mr. Graham reads the call of the case.)

MR. COCHRANE: If the Commission please, my name is John C. Cochrane, representing the Hondo Drilling Company and T. J. Sivley.

Will you stand and be sworn, Mr. Sivley?

(Witness sworn.)

_____o_____

T. J. SIVLEY,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. COCHRANE:

Q Will you state your name, please?

A T. J. Sivley.

Q Where do you live, Mr. Sivley?

A Artesia, New Mexico.

Q Are you engaged in the oil business as an independent producer?

A Yes, sir.

Q Mr. Sivley, in your application you described four oil and gas leases covering approximately four hundred acres among them. Who owns those four leases as described in your application?

A Hondo Drilling Company and myself.

Q Are those leases federal leases?

A Yes, sir.

Q Are those leases shown on the plat which the Commission has, a copy of which was attached to your application?

A Yes, sir, they are.

Q How many wells have been drilled on these leases?

A There has been one producing well drilled.

Q One producing well?

A There has been one producing well drilled; yes, sir.

Q To what depth was that well drilled?

A Total depth of approximately 3,563 feet.

Q From what zone or horizon is the well producing?

A Seven Rivers Reef.

Q Mr. Sivley, in your application you ask you be granted permission to drill three unorthodox locations.

A Yes, sir.

Q Will you tell the Commission the proposed locations for these three wells?

A The Miller No. 2 would be Section 23, Township 19 S, Range 37 E, located 2,595 feet north of the south line and 100 feet east of the west line of said Section 23.

Miller No. 3 in Section 22, Township 19 S, Range

33 E, to be located 990 feet north of the south line and 1420 feet east of the -- west of the east line of said Section 22.

The Aid No. 2 well in Section 22, Township 19 S, Range 33 E, to be located 660 feet west of the east line and 1220 feet north of the south line of said Section 22.

Q Now, Mr. Sivley, based upon the geological information which you have on this area, will you tell the Commission what your opinion is with reference to why the one well that you have will not recover all of the oil in the pool?

A Well, of course, all this has been determined to the best of our belief.

The structure is apparently rather small in comparison with most Seven River Reef pools. Based on subsurface information and seismic reflections, it is almost imperative that we pull these wells in, and get approval for unorthodox locations; otherwise, I don't believe that it is possible to obtain and drain the oil in place effectively without additional wells.

I think by making these unorthodox locations that we would get oil that otherwise wouldn't be produced. And of course that would contribute to conservation by eliminating waste there.

Q Mr. Sivley, if you are granted permission to drill these three unorthodox locations, what is your proposal with reference to allowable for these wells, if they are producing wells?

A We wouldn't want any more than the allowable set by the Commission for a 40-acre unit.

Q You would simply produce the allowable as fixed by the Commission?

A Yes, sir.

Q For the unit upon which the particular well is located.

A Yes, sir; that's right.

Q Mr. Sivley, I hand you Applicant's Exhibit 1. Will you examine that and tell the Commission what it is?

A This is a letter from the United States Department of the Interior, signed by Mr. John A. Anderson, Regional Oil & Gas Supervisor, stating that there is no objection on the part of the United States Geological Survey to the proposed locations.

Q Mr. Sivley, I hand you Applicant's Exhibit 2. Will you tell the Commission what that is?

A This particular letter is from Forest B. Miller who has a one percent override on what is known as the Miller lease, covering a 120-acre tract.

The only other lease involved where there is any contention, as far as the royalty is concerned, is the Aid No. 1. Mr. Miller states in a letter to me dated April the 2nd that he doesn't object to the three unorthodox locations. And that is the only contention insofar as royalty and ownership is concerned.

MR. COCHRANE: We offer in evidence Applicant's Exhibits 1 and 2.

COMMISSIONER SPURRIER: Without objection, they will be received.

MR. COCHRANE: Does the Commission have any questions?

(Off the record.)

COMMISSIONER SPURRIER: Any other questions of the witness? If not, the witness may be excused.

Do you have anything further, Mr. Cochrane?

MR. COCHRANE: Nothing further.

COMMISSIONER SPURRIER: Are there any comments in this case, or questions?

MR. GRAHAM: What is the program of drilling these three wells? Immediately, or --

A Yes, sir, we would like to make applications to start at the earliest convenience, with the thought in mind of trying to get on the first one somewhere around the middle of June.

MR. COCHRANE: You propose to drill wells one at a time?

A One at a time. They will be drilled one at a time.

MR. GRAHAM: You don't have any order of operation other than as indicated on the map?

4b A Sir?

MR. GRAHAM: You don't have any particular order of operation other than as indicated on the map, 1, 2, 3?

A Well, it was more or less proposed to drill Miller No. 2 first, in all probability, and then possibly Aid No. 2 and then Miller No. 3; more or less in that order.

COMMISSIONER SPURRIER: Are there any other questions? If not, the witness may be excused.

(Witness excused.)

COMMISSIONER SPURRIER: We will take the case under advisement and move on to Case 537.

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