BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 2432
Order No. R-2141

APPLICATION OF THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO
CONSIDER GRANTING PAUL E. HASKINS
PERMISSION TO DRILL A WELL IN THE
POTASH-OIL AREA, EDDY COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on November 15, 1961, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 18th day of December, 1961, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That on January 1, 1957, Texaco Inc., formerly named The Texas Company, acquired Federal oil and gas lease NM 029 139 covering the NW/4 of Section 13 and the NE/4, N/2 SE/4 and the SW/4 SE/4 of Section 14, all in Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico; that said lease was effective "... for a period of 5 years, and so long thereafter as oil or gas is produced in paying quantities"; that said lease contained no provision commonly referred to as a "potash stipulation" altering the lessee's right and duty to prospect for oil and gas due to the presence of potash in the vicinity of the lands covered by the lease.

(3) That on February 1, 1961, a farm-out agreement was entered into between Texaco Inc. and Lawrence G. Edwards of Midland, Texas, covering the NE/4 NW/4 and the SW/4 NW/4 of Section 13, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, which acreage constitutes a portion of the acreage contained in Federal Lease NM 029 139; that on March 20, 1961,

Lawrence G. Edwards and his wife, Evelyn L. Edwards, assigned 95 percent of their interest under said farm-out agreement to Paul E. Haskins of Midland, Texas; that under the terms of said farm-out agreement and assignment, Paul E. Haskins became entitled to drill on and produce from said acreage, provided that the first well be commenced in the NE/4 NW/4 of said Section 13 within 60 days after the date of the original farm-out agreement and that a second well be commenced in the SW/4 NW/4 of said Section 13 within 90 days after completion of the well in the NE/4 NW/4.

(4) That on March 31, 1961, Paul E. Haskins commenced to drill and, on April 30, 1961, completed a commercial oil well in the NE/4 NW/4 of said Section 13; that subsequently the Commission extended the Getty Pool to include said quarter-quarter section.

(5) That by Commission Order No. R-111-F entered in Case No. 2241 on April 21, 1961, the Potash-Oil Area, as established by Order No. R-111-A, was extended to include the SW/4 NW/4 and the NW/4 SW/4 of Section 13 and the SE/4 NE/4 and the NE/4 SE/4 of Section 14, all in Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

(6) That on June 2, 1961, Paul E. Haskins filed with the United States Geological Survey a notice of intention to drill a well in the SW/4 NW/4 of said Section 13 at a standard location 1650 feet from the North line and 990 feet from the West line of said Section 13; that Potash Company of America filed an objection to the drilling of the proposed well in the Potash-Oil Area; that pursuant to the terms of Order No. R-111-A an arbitration meeting was held in Roswell, New Mexico, on September 19, 1961, and inasmuch as Potash Company of America renewed its objection to the drilling of a well at any location in the SW/4 NW/4 of said Section 13, and inasmuch as no satisfactory settlement could be reached, the matter was set for hearing before the Commission.

(7) That the evidence presented by Potash Company of America at the hearing of this matter was inconclusive that mining operations would ever be conducted in the SW/4 NW/4 of said Section 13.

(8) That the geologic evidence presented proves that a well drilled in the SW/4 NW/4 of said Section 13 can reasonably be expected to produce oil from the Getty Pool in paying quantities.

(9) That, although Paul E. Haskins originally requested permission to drill such a well at a location 330 feet from the North and East lines of the SW/4 NW/4 of said Section 13, he stated at the hearing of this matter that he would drill the well at a location 150 feet from the North and East lines of said quarter-quarter section if permitted to do so.

(10) That the well location originally requested was not the best location for a Getty oil well in said quarter-quarter section

but was chosen as the location within the quarter-quarter section farthest away from prospective potash reserves and still at a standard oil well location.

(11) That a location for said well 150 feet from the North and East lines of said quarter-quarter section would be less desirable than the originally requested location, insofar as the oil operator's prospects for a good well are concerned, but would be farther away from the prospective potash reserves in this area.

(12) That if no well were drilled at any location in the SW/4 NW/4 of said Section 13, it is probable that oil would be left unrecovered in the Getty Pool.

(13) That in order to prevent the waste that might occur if the subject well were not drilled, in order to protect the correlative rights of both the oil operator and the potash operator, insofar as possible, and in order to promote the principle of multiple use, a well location 150 feet from the North and East lines of the SW/4 NW/4 of said Section 13 should be authorized.

IT IS THEREFORE ORDERED:

(1) That Paul E. Haskins is hereby authorized to drill a well in the Getty Pool at a location 1470 feet from the North line and 1170 feet from the West line of Section 13, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico.

(2) That the subject well shall be drilled, cased, and operated in accordance with Commission Order No. R-111-A.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

APPLICATION OF THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO CONSIDER GRANTING PAUL E. HASKINS PERMISSION TO DRILL A WELL IN THE POTASH-OIL AREA, EDDY COUNTY, NEW MEXICO.

CASE No. 2432
Order No. R-2141-A

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for reconsideration upon the Application of Potash Company of America for a Rehearing in Case No. 2432, Order No. R-2141, heretofore entered by the Commission on December 18, 1961.

NOW, on this 9th., day of January, 1962, the Oil Conservation Commission, a quorum being present, having considered the Application for Rehearing,

FINDS:

(1) That the Application for Rehearing does not allege that Potash Company of America has any new or additional evidence to present in this case.

(2) That the Application for Rehearing requests new and additional Findings of Fact.

(3) That the Commission has carefully considered all of the evidence presented in the case and is fully advised in the premises.

(4) That the Findings contained in Order No. R-2141 are proper and that no additional Findings should be made.

(5) That the Application for Rehearing should be denied.

IT IS THEREFORE ORDERED:

That the Application of Potash Company of America for Rehearing in Case No. 2432, Order No. R-2141, is hereby denied.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

esr/