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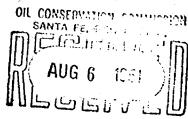
304

Application, Transcript, Small Exhibits, Etc. CRAMPTON, ROBERTSON & SKINNER

CEORGE W. ROBERTSON ROBERT S. SKINNER LAW OFFICES OF

RATON, NEW MEXICO

August 3, 1951



Case 304

Oil Conservation Commission Santa Fe, New Mexico

ATTENTION: Mr. George A. Graham

Dear Mr. Graham:

You will recall having talked to Mr. A. A. Jones and Mr. L. E. Nelson about their efforts to drill a carbon dioxide wildcat well near Des Moines, New Mexico. After their conference with you, I was on vacation, and the preparation of their petition was delayed for a time because of this. In addition, they requested me to delay the filing of the petition until a surveyor's drawing of the proposed site by Mr. Bowen through no fault of his own, although he has assured us petition in triplicate for filing without the drawing, although the petition refers to it. We hope that it will be satisfactory if Mr. Jones and Mr. Nelson bring the drawings with them.

I am sorry about the delay.

Also enclosed is the copy of the petition which you so kindly furnished to Mr. Nelson for illustrative purposes.

Very truly yours,

RSS:mec ENCL. 4 Robert D. Skinner

DIL CONSERVATION COMMISSION SANTA FE, NEW MEXICO

Case 304

September 28, 1951

Hr. Robert D. Skinner GRANPTON, ROBERTSON & SKINNER Raton, New Moxico

Door Sire

We attach copies of the Oil Conservation Consission's Order No. Re97, econating from Case 304 regarding Nelson-Moore Development Co.'s application for permission to drill an unorthodox well for carbon dioxide in SW SE Section 33, Tourship 30 North, Range 29 East.

Very truly yours,

Jason Kellahin, Attorney

JK PRE

cal Melaco-Moore Development Co. Calerade Springe, Colo. (with copies of order)

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. 304

ORDER NO. R-9

170

IN THE MATTER OF THE APPLICATION OF NELSON-MOORE DEVELOPMENT COMPANY, A PARTNERSHIP, TO DRILL AND UNORTHODOX LOCATION FOR A CARBON DIOXIDE (CO2) WELL 165 FEET EAST OF THE WEST LINE AND 165 FEET NORTH OF THE SOUTH LINE, OF THE SW/4 SE/4 OF SECTION 33, TWONSHIP 30 NORTH, RANGE 29 EAST, N.M.P.M., UNION COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, at 10 o'clock a.m. on August 21, 1951, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission", upon the petition of Nelson-Moore Development Company, a partnership, for permission to drill a Carbon Dioxide (CO₂) well upon an unorthodox location on lands in Union County.

NOW, on this 20th day of September, 1951, the Commission, a quorum being present, having considered all of the testimony adduced and 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 the Colorado and Southern Railroad right-of-way and certain long distance telephone lines bisect the land herein involved in such manner as to render drilling at an arthodox location impossible or extremly hazardous.
- (3) That location of a well 165 feet east of the west boundary and 165 feet north of the south boundary of the SW/4 SE/4 of Section 33, Township 30 North, Range 29 East, N.M.P.M. is reasonable, and will not interfere with correlative rights, and

There appearing no objections thereto,

IT IS THEREFORE ORDERED: That Nelson-Moore Development Company, a partnership, be permitted to drill a well 165 feet east of the west boundary and 165 feet north of the south boundary of the SW/4 SE/4 of Section 33, Township 30 North, Range 29 East, N.M.P.M.

DONE at Santa Fe, New Mexico, this day of September, 1951.

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, CHAIRMAN

GUY SHEPAR, MEMBER

R. R. SPURRIER, SECRETARY

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. 304 ORDER NO. R-97

IN THE MATTER OF THE APPLICATION
OF NELSON-MOORE DEVELOPMENT COMPANY,
A PARTNERSHIP, TO DRILL AN UNORTHODOX
LOCATION FOR A CARBON DIOXIDE (CO₂) WELL
170 FEET EAST OF THE WEST LINE AND 170 FEET
NORTH OF THE SOUTH LINE OF THE SW/4 SE/4 OF SECTION
33, TOWNSHIP 30 NORTH, RANGE 29 FAST, NMPM, UNION
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at Santa Fe, New Mexico, at 10 o'clock a.m. on August 21, 1951, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon the petition of Nelson-Moore Development Company, a partnership, for permission to drill a carbon dioxide (CO₂) well upon an unorthodox location on lands in Union County.

NOW, on this 20th day of September, 1951, the Commission, a quorum being present, having considered all of the testimony adduced and 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 the Colorado and Southern Railroad right-of-way and certain long-distance telephone lines bisect the land herein involved in such manner as to render drilling at an orthodox location impossible or extremely hazardous.
- (3) That location of a well 170 feet east of the west line and 170 feet north of the south line of the SW/4 SE/4 of Section 33, Township 30 North, Range 29 East, NMPM, is reasonable, and will not interfere with correlative rights, and

There appearing no objections thereto,

IT IS THEREFORE ORDERED: That Nelson-Moore Development Company, a partnership, be permitted to drill a well 170 feet east of the west boundary and 170 feet north of the south boundary of the SW/4 SE/4 of Section 33, Township 30 North, Range 29 East, NMPM.

CASE NO. 304, Order No. R-97 (Page Two)

DONE at Santa Fe, New Mexico, this 20th day of September, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

GUYSHEPARD, Member

R. R. Spurrier

SEAL

given as required by law the commission has Jurisdiction of this cause and the subject matter thereof.

(2) That the Coloredo ad Southern Rachroad right of way and certain long distant telephone lines brack the land herein modered in such manner as to sender delling at an orthodox location improvedly or extremely hazardows.

(3) That location of a well 165 feet last of The west boundary and 165 feet north of the both Burday of the SW/4 SE/4 of Sec. 33, Township 30 horth, Rage 29 East, h. m. P. M. is reasonable, and will not interfere with correlative rights, and

There appearing no objection thereto,

It is therefore ordered: That nelson moore Development Company, a partnership, be permetted to drill a well 115 feet east of the west bonday and 165 feet north of the South boundary of the SW/4 SE/4 of Section 33, Township 30 horth, Range 29 East, NMPM.

Done at Santa Fe, her mexico, this day of September, 1951

> State of h. m. oee Elm Fil RAS_

Before the oil Commended Commaion.

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Case ho. 304

I the matter of the application of helson. moore Development Company, a partnerships to drill an enorthedox location for a confondioxide (COD) well line and 165 feet cost of the west line and 165 feet north of the fourth him, of the SW/y of Section 33, I sounding 30 horth, Range 29 East, h. m. P. m., Union County, her mexico.

order of the Commission

By the Commission

This Campe Come on for hearing at Santa Fe, his mixed, at 10 a m. on angust 21, 1951, before the oil Conservation commission of new mexico, heremafter referred to to as the "Commission", eyes. the petition of helson-moore Development Compay, a portnership, for permasion to Sill a Conton dioxide (Con) well upon an unorthoday location on lando in union County.

Now, on the 20th day of Septemen, 1901, the Commission, a querum being paraent, and having Considered all of the testimony address and exhibits received at said heaving and being fully advised in the premises,

FINDS: (1) That due public notice having been

CRAMPTON, ROBERTSON & SKINNER

LAW OFFICES OF

RATON, NEW MEXICO

August 22, 1951

New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

In re:

Case No. 30h - Application of Nelson-Moore Development Company for Unorthodox Location for CO₂ Well.

ATTENTION: Mr. R. R. Spurrier Secretary - Director

Gentlemen:

edwin C.Crampton Geòrge W. Robertson

ROBERT S. SKINNER

This letter is in amplification and confirmation of my conversation with Mr. Spurrier yesterday after the hearing in the above matter. Mr. Spurrier, during the hearing, had inquired why the proposed location could not be moved 330 feet from the section lines. The first staking of this location by Mr. P. M. Bowen, C.E., of Springer, New Mexico, was set 330 feet from each line. This proved in fact to be too close to the telephone lines, and it was at this juncture that Mountain States Telephone and Telegraph Company stated its objections to the construction of a rig in that location. I should like to emphasize that even though Nelson-Moore Development Company might have the right to erect its rig near these lines, the threat of a suit for damages because of its negligence, either real or imaginary, makes such a location highly undesirable.

Very truly yours,

Robert D. Okinner

RSS:mec

AV6 24 1951

DEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

In the Matter of the Nelson-Moore

Development Company, a partnership.

PETITION FOR AN EXCEPTION RULE 104, PARAGRAPH (b)

Comes now the Nelson-Moore Development Company, a partnership, by its attorneys, Crampton, Robertson & Skinner, and respectfully requests the Commission to grant an exception to Rule 104, paragraph (b), revision No. 1, and as ground therefor shows as follows:

- 1. That Petitioner desires to drill an exploratory well for carbon dioxide gas on the north flank on what is known as the Des Moines Dome structure on the uplift of Sierra Grande in Section 33, T. 30 N., R. 29 E.
- 2. That Petitioner has filed form C-101, Notice of Intention to Drill, and has further filed a one-well bond, all in due and proper form.
- 3. That the location of the drill site desired is 165 feet east of the west boundary and 165 feet north of the south boundary of the Southwest Quarter of the Southeast Quarter of Section 33, T. 30 N., R. 29 E, and that such location is in conflict with said Rule 104, paragraph (b), for the reason that said Rule requires that any well classified as a wildcat shall be located within 100 feet of the center of a 40 acre subdivision, whereas the desired location is 660 feet from the center of said 40 acre subdivision.
- h. Petitioner submits that an exception to said Rule is justified for the following reasons:

- (a) This is a wildcat well and no producing unit boundaries are involved.
- (b) The Colorado & Southern Railroad right of way and certain long distance telephone lines bisect this 40 acre subdivision from northwest to southeast in such a manner as to prohibit drilling at the point prescribed by said Rule, all as more clearly shown by the surveyor's drawing submitted herewith.
- (c) The structure in which the drilling is proposed contains a sharp uplift from the northeast toward the southwest, and drilling farther to the north and east would necessitate a great outlay of time, materials and expense, and also would endanger the possibility of discovering carbon dioxide gas in marketable quantities.
- (d) Such location will create neither waste nor hazards conducive to waste.

WHEREFORE, Petitioner prays for an exception to Rule 104, paragraph (b), and for approval of the Notice of Intention to Drill heretofore filed. Dated this 30th day of July, 1951.

CRAMPTON, ROBERTSON & SKINNER

Raton, New Mexico

Attorneys for Petitioner

STATE OF NEW MEXICO)
COUNTY OF COLFAX

L. E. NELSON, being first duly sworn, upon oath states: That he is one of the Petitioners in the above entitled cause, that he has read the above and foregoing Petition, knows the contents thereof, and the same is true to the best of his information and belief.

Subscribed and sworn to before me this 31st day of July, 1951.

Margare Toliemantel

My commission expires

July/6, 1952

BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

TRANSCRIPTION OF HEARING

CASE NO. 304

August 21, 1951 (DATE)

E. E. GREESON
COURT REPORTER
UNITED STATES COURT HOUSE
TELEPHONE 2-0872
ALBUQUERQUE, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION STATE OF NEW MEXICO

In re:

In which Nelson-Moore Development Company has applied for permission to make an unorthodox location 165' east of the west line and 165' north of the south line of SW SE 33-30N - 29E, NMPM. (A CO₂ well.)

Case No. 304

TRANSCRIPT OF HEARING

August 21, 1951

ADA DEARNLEY, COURT REPORTED

MR. SPURRIER: Case No. 304. (Mr. Graham reads the notice of publication.)

MR.SKINNER: May it please the Commission, as Mr. Graham has stated this is a petition on the part of Nelson-Moore Development Company for exception to Rule 104, paragraph B, regarding the location of a wild-cat well. This happens to be a carbon dioxide or CO2 well. The proposed location is in the southwest of the southwest of the southeast of Section 33, Township 30 North, Range 29 East NMPM. The request is to locate the proposed well 165 feet east of the west boundary and 165 feet north of the south boundary of that quarter section. The request is grounded on two adjoining grounds. One is that certain topographical features prevent the drilling of the well at the required location. The location required which by the rule and further that drilling in another direction would jeopardize the possibility of discovering carbon dioxide gas in marketable quantities. It is a wild-cat well, as I have previously stated. I think Mr. Nelson, who is one of the members of the Nelson-Moore Development Company, applicant, can testify as to certain features. The Commission already had before it, I believe, in connection with the petition, a survey or drawing which shows the railroad and telephone lines mentioned in the petition which are considered to be topographical features barring the location.

MR. GRAHAM: May I suggest that the application be amended to conform to the surveyors plat.

MR. SKINNER: The 170 feet.

MR. SPURRIER: The record will show that the application is

ADA DEARNLEY, COURT REPORTER

amended to show 170 feet instead of 165 in both directions.

L. E. NELSON,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SKINNER:

- Q Mr. Nelson, will you state your name?
- L. E. Nelson of the Nelson-Moore Pevelopment Company. We are drilling on this, where our location was picked, on this location 170 feet from the corner which is not orthodox as set forth by the rules of the Commission, but there is a high line, communications, that goes through there, that barries as we were informed, carries a national hook-up broadcasting service and they immediately, when we went to go on our regular location, they came out there and opposed such drilling because we would have to go under their line with our equipment and the line is too low for our equipment to go under and there is no way to cut, ato get around that. The railroad would be on the other side. The orthodox location would be right in the center of the railroad as is shown by the map. So those are two very obvious reasons why we couldn't drill there. Then there is also, by geologist that went over this ground, it is down structure some, I would say 75 or 80 feet. I have a map showing that. The geologist prepared showing if we had drilled a down structure there. (Explains map to the Commissioners.)
- Q Mr. Nelson, would you state for the record your idea of how high that telephone line is from the ground and how high

your equipment is?

- A Our equipment runs a little over 14 feet when it is followed down in height and the telephone lines are approximately 12 feet.
- Q That would necessitate your moving the lines or endangering the lines every time you moved the equipment in or out?
- A That is right. With the mascot it is some 55 feet.
- Q Have you contacted the off set operators? Who owns the leases surrounding?
- A There is one party that owns the lease south of us that we are unable to locate at all. We made an effort to do that and he is in the east and I understand, and we could not find him at the address he has given us. The other operators of adjoining leases are here with us. Mr. Jones and Miss Arvell.
- Q Have you talked with the owner of the land south of this proposed location?
- A Yes, we have talked to the owners and they are very desirous of us. They have no objections to our location. They are desirous of getting a well in there.

MR. SKINNER: I would like to point out to the Commission that this drawing is in general agreement with a similar drawing of a much larger area, Bulletin 8, New Mexico School of Mines, entitled the Oil and Gas Resources of New Mexico, Second Edition, at Page 144. There is a general showing of the underlying strata up in that part of the country. Union, Colfax County, which I think if you care to look at the picture, generally conforms to the drawing. Of course, the drawing is on a smaller

scale.

MR. NELSON: That ink spot is right on the railroad that goes through there and you can see, going down the location it would be going down the structure on that. The high part of the structure comes northwest.

MR. SKINNER: That is all the questions I have of Mr. Nelson.

MR. SPURRIER: Any questions of Mr. Nelson? You may prodeed.

(Witness excused.)

G. T. AMOS,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SKINNER:

- Q Mr. Amos will you state your name?
- A G. T. Amos, Des Moines, New Mexico
- Q Are you a land owner in the neighborhood of this proposed location?
- A Yes.
- Are you acquainted with the physical features of the particular quarter quarter section on which this well is proposed to be drilled?
- A I am.
- Q You know about this telephone line and the railroad line?
- A Yes, sir.
- You have heard Mr. Nelson testifying concerning the approximate height of those telephone lines. Does that conform with

ADA DEARNLEY, COURT REPORTER

your opinion of their height?

- A Yes, I think so.
- You, of course, know nothing about the geology of this land and know nothing about the fact that it is up or down?
- A No, sir.
- Q Up or down structure.
- A Nothing more than what the structure maps show.
- Q Do you as a land owner in that vicinity have any objections to the proposed change?
- A No, sir, we do not. We would like to see the well drilled, in its present and proposed location.

MR. SKINNER: I think that is all the questions I have.

MR. GRAHAM: Do you own the land west of that?

A My land is south. I have talked with Mrs. Rogers, the administrator of the J. J. Rogers estate, who owns the land adjoining this 40 acres on the south. They are cooperating and would like to see the well drilled; also talked to Mr. Bennett who owns the land west of this location and he is very agreeable to it.

MR. WHITE: You can't find the people, or the owners of the property at the south?

MR. SKINNER: We know the owner. The leasor we are not certain about. He tends to buy a lot of leases and just sit on them and trying to find him is a little of a difficult proposition.

MR. SPURRIER: Who is the leasee?

MR. NELSON: Mr. Knight.

ADA DEARNLEY, COURT REPORTE

MR. WHITE: With additional time, do you think you could run him down or obtain a waiver from him?

MR. NELSON: Well, I wouldn't know how to answer that.

I know Mr. Knight quite well from back east but I couldn't just know of his record is all.

MR. GRAHAM: In all likelyhood, Mr. Knight would protect himself?

MR. NELSON: Yes, he is a typical property mother.

MR. SPURRIER: Who is the royalty owner?

MR. AMOS: For the information of the Commission, Mr. Paddock, who is the attorney for the Rogers estate has tried repeatedly since last February to get something out of Mr. Knight and up to the time I left Des Moines, up until Friday, he had not heard anything from Mr. Knight. He could not get any communication from him.

MR. SPURRIER: I understand correctly that Mr. Knight has the lease immediately south of your location?

Mit. NELSON: That is right.

(Discussion off the record.)

MR. SPURRIER: How far is it from this proposed location, actually, to the telephone line?

MR. SKINNER: I think that is shown on the engineers drawing. You perhaps have to measure it. I have a ruler here. The telephone people seem to be very anxious to keep us away from their line.

MR. SPURRIER: If this scale is correct, it is about 250 feet from the line. So you could make an orthodox location by

moving 165 feet closer to the line, is that right?

MR. NELSON: They objected to that. The telephone company didn't want us any closer than 200 feet or more from the line.

MR. SPURRIER: What is their right of way width?

MR. SKINNER: It is not a question of having a right to drill next to them. If there is any danger involved -- these people say it is a national broadcasting company, long distance line. This is pure hearsay that should be line be broken and it is proven that it is our negligence that breaks it, there will be all kinds of damages because the national broadcasting has all kinds of broadcasters and they want their program and this and that. There is the danger that a suit could be brought.

MR. NELSON: It wouldn't be the damage to the line but the damage to their hook-up.

MR. SKINNER: My understanding is that unorthodox locations wouldn't --

MR. SPURRIER: I am thinking about as a matter of development in the future.

MR. SKINNER: I see.

MR. GRAHAM: Assuming the telephone lines are not present and assuming that it is a regular location, what is the prospect of missing the pool?

MR. NELSON: Quite a good prospect.

MR. SKINNER: It is the usual up-structure argument. Nobody can be certain that we are going to hit anything if we go anyplace.

MR. NELSON: We are spending between 75 and 80 thousand dollars on this wild-cat.

ADA DEARNLEY, COURT REPORTER

MR. SPURRIER: Well, all the parties that you have here are of -setters, we would be glad to hear from them.

MR. SKINNER: Supposing we are unable to contact them?

MR. WHITE: You have entered the appearance of those who have no objections to it. Name them of record and say that they have appeared and are in favor of the petition.

MR. SKINNER: I can't enter Mr. Bennetts. Mr. Amos tells me he is --

MR. WHITE: Didn't you say some were present?

MR. SKINNER: Mr. A. E. Jones and Mrs. Jean Harvell. I can enter an appearance for them and show for the record that they consent to the proposed location.

MR. WHITE: What do you think if we were to set it down for hearing and call the telephone company in to show cause why it shouldn't be in the location that Mr. Spurrier speaks of?

MR. SKINNER: Well, here is the danger, Mr. White, on that. As I say, they probably would have no objection to our cutting the lines if we are answerable in damages and we probably are not to the extent they claim them. We can't -- you understand that a lot of lawsuits can be brought without any real grounds for them. We can't be sure that something would happen or wouldn't happen which would make them say you were negligent and we are going to sue you. Whereas, it might be nothing but a windstorm in that country. We might be forced because of a mere location to defend a lawsuit which we wouldn't have to if we were far enough away from it. That is the possibility that I think should be considered. It may seem foolish at this time but they have

told us they are pretty anxious about the lines. It is the Mountain States that is involved.

MR. NELSON: I might mention one other fact that in the operation of the well that it takes, should a large territory to handle your trucks and guy lines that it comes out there close to their line as is.

M aRAHAM: Mr. Amos, how many miles to the nearest CO₂ well from this location?

MR. AMOS) There is no CO₂ wells. There was a well drilled in 1935 about a mile and, about three-quarters of a mile southwest of this well and according to the log of that well, CO₂ gas was hit in commercial quantities at about 2600 feet.

MR. GRAHAM: I mean the producing well?

MR. AMOS: None.

MR. NELSON: None

MR. GRAHAM: About 100 miles?

MR. AMOS: Yes.

MR. NELSON: Yes.

MR. SPURRIER: We will take this case under advisement and we will have an order out fairly soon.

Let the record show that Exhibits 1 and 2 were admitted.

STATE OF NEW MEXICO
COUNTY OF BERNALILLO

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 304, before the Oil Conservation Commission, taken on August 21, 1951, at Santa Fe, New Mexico, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this and day of

Ida Slearnle

ADA DEARNLEY, COURT REPORTED