

Case Number

4270

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 25, 1969

EXAMINER HEARING

-----)

IN THE MATTER OF:)

Application of Byron McKnight for) Case No. 4270
an exception to Order No. R-111-A,)
Lea County, New Mexico.)

-----)

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

MR. UTZ: Case 4270.

MR. HATCH: Case 4270. Application of Byron McKnight for an exception to Order No. R-111-A, Lea County, New Mexico.

MR. LOSEE: Mr. Examiner, A. J. Losee of Artesia, representing the Applicant, I have one witness, the Applicant, Mr. McKnight.

(Witness sworn).

(Whereupon, Applicant's Exhibits 1 through 5 were marked for identification.)

BYRON MCKNIGHT

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name.

A Byron McKnight.

Q What is your occupation?

A I am a petroleum geologist.

Q And you are located where?

A Hobbs, New Mexico.

Q You have not previously testified before this

Commission?

A That's right.

Q Where did you obtain your higher education?

A At the University of Texas, Austin, Texas.

Q What degrees did you obtain?

A A BS in geology.

Q And what year?

A In '57.

Q Since your graduation from school, have you attended any seminars or work programs?

A Yes, sir. I was employed by Humble Oil and Refining Company for ten years, and I attended several in conjunction with that.

Q What subjects were covered in some of those seminars?

A Carbonates catigraphy. interpretation of electric logs and related subjects.

Q Since your graduation from Texas University, what has been your employment?

A I worked for Humble for ten years, in the last two and a half years I have been independent in Hobbs, New Mexico.

Q During the ten years you were with Humble, what

position or positions did you hold?

A Well, I was evaluation geologist for six years, production geologist for two, and an exploration geologist for two.

Q During any portion of this time, was your work in southeast New Mexico?

A Yes, sir, four years of it.

Q And since you left Humble, you have been an independent petroleum geologist?

A Yes, sir.

MR. LOSEE: Are Mr. McKnight's qualifications acceptable?

MR. UTZ: Yes, they are. And, let me at this time ask for any other appearances in this case. You may proceed.

Q (By Mr. Losee) Would you state, briefly, the purpose of this application, Mr. McKnight?

A Yes, sir. We are seeking to amend the R-111-A ruling, which requires setting two strings of pipe: one into the Rustler and one into the salt section of the potash area, so designated in southeast New Mexico, and we would like to amend that to set only three hundred feet of pipe.

And then, set one long string production.

Q Now, that's for the two wells that you propose to drill in the potash oil area?

A Yes, sir.

Q One in the southeast of the quarter of the northeast quarter of Section 26, 1933, and the other in the southwest southeast of said Section 26: is that correct?

A Yes, sir.

Q Now, what depth is projected for these two wells, Mr. McKnight?

A Thirty-eight hundred feet bottoming in the Seven Rivers Formation.

Q Actually, the outer boundaries of the potash oil areas is located nearly a mile north of these wells: is it not?

A That's true.

Q Now, the potash lease owners in the area of these two locations are what persons or company? Is it Potash Company of America, Dan Harroun?

A Yes, sir.

Q Now, have Mr. Harroun and PCA been furnished copies of your plat, notice of intention to drill these wells?

A Yes, they have, quite a few weeks ago.

Q And that was on November third of 1969?

A Yes, sir.

Q Now, please refer to what has been marked as Exhibit 1 and explain what is shown by this exhibit.

A Well, this plat indicates the proposed location of the two test wells. It also indicates the oil and gas lease ownership of the adjacent section of land.

And it also indicates the proximity to the present production.

Q Now, in this area PCA's only lease within a mile of the outer boundaries of the proposed locations is their lease that embraces the north half of Section 36?

A Yes, that's true.

Q And although Mr. Harroun has not filed with the Commission, a list of his holdings, he, from your information, holds the remaining leases within a mile of these proposed locations?

A Yes, sir.

Q Please refer to what has been marked as Exhibit 2, being your notice of intention to drill the Ann No. 1 Well, and first, let me ask you if this is the copy of the notice of intention that was sent to the potash operators?

A Yes, it is.

Q Would you briefly set out the casing program and the cementing program proposed?

A Yes. It is proposed that we set eight and five-eighths inch casing, to three hundred feet, and circulate the cement.

And then, it is proposed that in the event of production, we set seven and seven-eighths inch casing -- I'm sorry, I mean four and a half inch casing, to thirty-eight hundred feet, and also circulate the cement.

Q Now, is that casing program in deviation of the requirements of R-111-A?

A Yes, sir, it is.

Q To what extent?

A Well, R-111-A states that the pipe be set into the Rustler Formation above the salt, to the red beds Rustler Formation, above the salt and also a protective string of pipe be set through the salt section.

Q And to that extent, your proposed casing program is in deviation?

A It is in deviation, yes.

Q Please refer to what has been marked as -- I'm sorry -- you talked about your surface casing. Would your long string be cemented and circulated to the surface?

A Yes, it would.

Q Now, please refer to what has been marked as Exhibit 2-A, being the notice of intention on the No. 1 well, southwest of the northeast of 26, and explain that casing program.

A The casing program for the A lease would be precisely the same as for the other lease, and would thereby have the same deviation from the rule.

Q Now, is that a copy of the notice of intention that was furnished to PCA and Mr. Harroun?

A Yes, sir, it is.

Q Have you discussed this casing program with the USGS?

A Yes, sir, we have. In their Hobbs office and have obtained from them verbal and tentative agreement with the program.

Q These are federal leases upon which these two wells are located?

A Yes, sir, it is.

Q Please refer to what has been marked as Exhibit C, being a log of the well and the area and explain the location of this well.

A The log in this exhibit is the one -- the well

drilled by Pan American Petroleum Corporation in the southwest quarter of Section 26 --- it was a discovery well for Yates Oil Field.

Q When was it drilled?

A It was drilled in 1968 -- in the second quarter of 1968.

Q All right. What is shown by this portion of the log?

A Well, reportedly, from the information that we have, the fact that this well was located within the potash area was overlooked by both the USGS and the operator, and the well was at total depth before this oversight was -- came to be noticed.

And so, there wasn't much to do, except go ahead and complete it, with a conditional program --- they did set two hundred and seventy-five feet of pipe.

Q Do you have that on another exhibit?

A Yes.

Q Why don't you tell me from this log what is shown with respect to the same hole?

A Well, it shows that the base of the salt is located approximately 2908, and the top of the eighth formation is located --- it is thirty-one ten -- the top

of the pay zone in this particular well, in the lower Yates, is thirty-three -- thirty-three fifty.

This well did not penetrate the Seven Rivers Formation.

Q Now, although not shown on this log, have you checked the reported top of the anhydrate?

A Yes, sir. It's approximately fifteen hundred feet -- thirteen hundred feet, I'm sorry.

Q And the top of the anhydrate is at --

A Is at about thirteen hundred feet.

Q Now, what is the reported top of the salt?

A About fifteen hundred feet.

Q Please refer to what has been marked as Exhibit 4, being the diagrammatic sketch of the casing program on the Pan American completion and explain what casing program and cementing program was utilized in that well.

A Well, Pan American set eight and five-eighths inch casing at two hundred and seventy-five feet, the reported number of sacks of cement used was one hundred and seventy-five, which may or may not have circulated the cement -- I don't have that data.

After an indication of commercial hydrocarbon, they set five and a half inch casing to thirty-three ninety-seven feet and did circulate the cement.

Q Please refer to what has been marked Exhibit 4-A, being a similar diagrammatic sketch of your casing and cementing program proposed on the No. 1 Ann and the No. 1 Ann-A ---

A It is proposed that we set eight and five-eighths inch casing to a depth of three hundred feet, and circulate the cement.

In the event of production, it is proposed that we set either four and a half or five and a half inch casing to the --- in the end of pay zone at an adequate depth to produce the well.

It would be thirty-eight hundred feet or less.

Q Mr. McKnight, from your study of the geology in the area, do you know whether there is any commercial potash in the immediate area?

A Not to my knowledge -- it would seem that with the number of holes that have been drilled through there, also several exploratory tests for potash, that there is not.

Q Do you have an opinion as to whether this proposed casing and cementing program in your two wells will prevent the waste of potash deposits and not constitute a hazard to the potash, if any, in the area?

A I don't see that it would constitute any hazard to the potash deposits, if they do exist, other than as being -- the hazard that has been created by the other wells that have been drilled in that area.

Q Do you have an opinion as to whether the approval of this application will prevent waste of hydrocarbons that might otherwise not be recovered?

A Yes, it would prevent such waste, in that making the wells more economic to drill and complete, we can afford to drill more wells.

Q Have you received copies of letters from PCA and from Mr. Harroun, with respect to these proposed wells and the proposed casing program?

A Yes, sir, we have received letters from both, indicating their approval of this program.

MR. LOSEE: May I inquire of the Examiner if the files of the Commission reflect the existence of these letters?

MR. UTZ: Yes, sir, the Harroun letter -- that's all.

MR. LOSEE: Well, you ought to have a copy of a letter -- Mr. H. N. Clark, vice-president, PCA, dated November 10, and it shows a copy to Mr. Porter, Mr. Anders

and Mr. Fulton.

Q (By Mr. Losee) Let me ask you, Mr. McKnight, to read this letter into the record.

A Yes. This letter is addressed to Mr. A. J. Losee, Esquire, Drawer 239, Artesia, New Mexico, 88210, reference Byron McKnight, Ann No. 1 and Ann A No. 1 wells, Lea County, New Mexico.

"Dear Sir -- this will advise you that we do not intend to file a formal protest to Mr. McKnight's proposal to drill oil and gas test wells, as noted above in the southeast quarter, northeast quarter and the southwest quarter, northeast quarter of Section 26, Township 19 South, Range 33 East, Lea County. Signed by H. N. Clark, Vice-president."

MR. LOSEE: We would offer that letter in evidence, Mr. Examiner.

Q (By Mr. Losee) Both of these wells are located on Federal Oil and Gas Leases, which will expire at midnight on November 30, 1969. Is that correct?

A Yes, sir.

Q And under the terms of your farm-out from Pan American Petroleum Corporation, you have to be drilling on the first of these wells on November 29?

A That's correct.

Q That's this Saturday; is it not?

A That's right.

Q And as result of this short fuse, do you request the Examiner to, if possible, to give you oral approval of the deviation of the casing program?

A Yes, sir; that would be very helpful.

Q And were Exhibits 1, 2, 2-A, 3, 4 and 4-A prepared by you, and Exhibit 5 received by your attorney?

A Yes, sir.

MR. LOSEE: We move the introduction of Exhibits 1 through 5.

MR. UTZ: Without objection, Exhibits 1 through 5 will be entered into the record of this case.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. McKnight, how do you propose to drill through the anhydrate and salt sections?

A We propose to use a saturated brine, thereby not causing excessive hole enlargement through the salt sections.

Q That would be from about thirteen hundred feet down: is that correct?

A We would use the brine to the total depth; yes, sir.

The salt section itself, of course, would create its own brine, after we drilled it to it.

Q Of course, that's what you want --

A Right.

Q -- a salt saturated solution when you go through the salt section?

A Yes, sir.

Q Is there any other wells in the potash area that have been drilled in the manner you propose?

A Yes, quite a few -- all of the ones that were drilled prior to the existence of the rule, which we seek an exception of, were all drilled with no regard for the potash at all.

MR. UTZ: Any other questions of the witness?

The witness may be excused.

(Witness excused).

MR. UTZ: Statements in this case? The case will be taken under advisement.

Mr. Losee, we will try to let you know tomorrow. I wouldn't want to say, yes, right here -- we will have to have a consultation.

I N D E X

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, CA FENLEY, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Court Reporter)

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examinar hearing of Case No. 4220
heard by me on Dec. 25, 1969.
W. H. Smith, Examinar
The Mexico Oil Conservation Commission

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. 4270
Order No. R-3887

APPLICATION OF BYRON McKNIGHT
FOR AN EXCEPTION TO ORDER
No. R-111-A, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 25, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 2nd day of December, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 applicant, Byron McKnight, seeks authority to drill two exploratory wells at standard locations in the SW/4 NE/4 and in the SE/4 NE/4 of Section 26, Township 19 South, Range 33 East, NMPM, adjacent to the East Gem-Yates Pool, Lea County, New Mexico, said area being situated in the Potash-Oil Area governed by Commission Order No. R-111-A.

(3) That the applicant also seeks approval of the special cementing and casing program for the subject wells as an exception to the casing and cementing rules prescribed for the Potash-Oil Area by said Order No. R-111-A.

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CASE No. 4270
Order No. R-3887

(4) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the proposed wells.

(5) That approval of the proposed special casing and cementing program for the subject wells will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Byron McKnight, is hereby authorized to drill two exploratory wells at standard locations in Section 26, Township 19 South, Range 33 East, NMPM, adjacent to the East Gem-Yates Pool, Lea County, New Mexico, as follows:

Byron McKnight Ann "A" Well No. 1, to be located 1980 feet from the North line and 660 feet from the East line;

Byron McKnight Ann Well No. 1, to be located 1980 feet from the North line and 1980 feet from the East line.

(2) That as an exception to the provisions of Order No. R-111-A, the applicant is hereby authorized to complete and abandon the aforesaid two wells as follows:

CASING, CEMENTING, AND ABANDONMENT PROCEDURE

1. Surface Casing String:

- (a) Applicant shall set 8 5/8-inch new oil field casing at a depth of 300 feet below the surface or deeper if necessary to protect any potable water. Cement shall be circulated back to the surface.
- (b) Cement shall set a minimum of 24 hours before drilling the plug or instituting tests.

2. Salt Protection Casing String:

In lieu of utilizing a salt protection string the operator shall, while drilling the salt

section, employ a drilling fluid consisting of water, to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically intended to prevent enlarged drill holes. Prior to drilling into the uppermost pay zone, the hole shall be filled with mud and the level of mud maintained to the surface during drilling and testing of pay zones.

3. Production Casing String:

- (a) If production is encountered, applicant shall set a production string of 4 1/2-inch casing through the productive interval.
- (b) The production casing string shall be cemented with sufficient cement to circulate back to the surface.

4. Cementing and Testing Procedure:

All cement mixtures and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A.

5. Abandonment Procedure:

Upon abandonment of the well, it shall be plugged and abandoned in accordance with the standard statewide rules and regulations of the New Mexico Oil Conservation Commission. Cement plugs of 25 sacks each (at least 100 feet in length) shall be spotted opposite the pay horizon, below the salt section, above the salt section, and at the base of the shoe of the surface casing, and 10 sacks shall be used at the surface. In addition, 25-sack cement plugs shall be spotted opposite any water bearing horizon encountered while drilling.

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6. Applicant shall notify the Hobbs District Office of the date and hour casing is to be run and cemented and the date and hour the well is to be plugged.

(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


DAVID F. CARGO, Chairman


ALEX J. ARMIJO, Member


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



esr/


Case 4270

Heard 11-25-69

Rec. 11-26-69

Grant Byron McKnight, permission to drill ~~then~~ his Ann #1 - H-26-195-33 E & his Ann A #1 - G-26-195-33 E to the S.R. fm at a depth of approx 3800' with a casing program in exception to R-11-A, as follows:

1. 1 7/8" surface - 300' - Circulated
 2. Drilling below surface casing to be with a saturated salt fluid so as not to dissolve to anhydrite & salt sections.
 3. 4 1/2" Csg to be set to T.D. & cement. Circulated if production is obtained.
- These wells are within the potash area defined by R-11/A, but not near a fine grain potash working projection.

No objection was needed.
Thos G. Mc


NOTE: DUE TO THE THANKSGIVING HOLIDAY, THIS HEARING IS SCHEDULED FOR TUESDAY RATHER THAN WEDNESDAY AS CUSTOMARY.

Docket No. 32-69

DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 25, 1969

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 4259: Application of Aztec Oil & Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the perforated interval from 5112 feet to 5138 feet in its State "SS" Well No. 1 located in Unit F of Section 24, Township 17 South, Range 36 East, Spencer-San Andres Pool, Lea County, New Mexico.
- CASE 4260: Application of Tamarack Petroleum Company, Inc. for a water-flood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its Northeast Pearl Queen Unit Waterflood Project, Pearl-Queen Pool, by the conversion to water injection one additional injection well, its Unit Well No. 18, located in Unit L of Section 23, Township 19 South, Range 35 East, Lea County, New Mexico.
- CASE 4261: Application of Pennzoil United, Inc., for special pool rules and unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Quail Ridge-Morrow Gas Pool, Lea County, New Mexico, including a provision for 320-acre spacing units. Applicant further seeks approval of the unorthodox location in said pool for its Mescalero Ridge Well No. 1 at a location 660 feet from the South line and 660 feet from the West line of Section 20, Township 19 South, Range 34 East.
- CASE 4262: Application of Plains Radio Broadcasting Company for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico. Said exception would be for the applicant's White Ranch Well No. 1 located in Unit E of Section 34, Township 11 South, Range 29 East, White Ranch Siluro-Devonian Pool, Chaves County, New Mexico. Applicant seeks authority to dispose of salt

water produced by said well in an unlined surface pit located in the vicinity of said well. In the alternative, applicant seeks authority to dispose of said produced water into the Siluro-Devonian formation in the perforated interval from 8743 feet to 8750 feet in its White Ranch Well No. 3 located in Unit M of said Section 34.

CASE 4263: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "E" Well No. 3, to be located 590 feet from the South line and 1590 feet from the West line of Section 13, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4264: Application of Wynn & Brooks for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal "J" Well No. 1, to be located 2390 feet from the South line and 2410 feet from the East line of Section 11, Township 27 North, Range 8 West, Blanco-Mesaverde and Basin-Dakota Pools, San Juan County, New Mexico.

CASE 4265: Application of Union Oil Company of California for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates, San Andres and other formations in the open-hole interval from approximately 4450 feet to 5890 feet in its Midway State Well No. 3 located in Unit J, Section 12, Township 17 South, Range 36 East, Lovington Field, Lea County, New Mexico.

CASE 4245: (Continued from the November 5, 1969, Examiner Hearing)
Application of Texas Pacific Oil Company, Inc., for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Townships 22 and 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico:

(Case 4245 continued)

A 160-acre unit comprising the W/2 SE/4 and the E/2 SW/4 of Section 8, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 56 located in Unit J of said Section 8;

A 200-acre unit comprising the NW/4 and the NW/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 42 located in Unit E of said Section 11;

A 280-acre unit comprising the SE/4, S/2 SW/4, and the NE/4 SW/4 of Section 11, Township 22 South, Range 36 East, to be dedicated to the State "A" a/c-2 Well No. 36 located in Unit M of said Section 11;

A 200-acre unit comprising the N/2 NE/4, the SE/4 NE/4, and the NE/4 NW/4 of Section 15 and the SE/4 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 31 located in Unit H of said Section 15;

A 160-acre unit comprising the S/2 NW/4, SW/4 NE/4 and the NW/4 NW/4 of Section 15, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 33 located in Unit F of said Section 15;

A 240-acre unit comprising the SW/4 of Section 3, and the N/2 NW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 35 located in Unit I of said Section 3;

A 160-acre unit comprising the S/2 NW/4 and N/2 SW/4 of Section 10, Township 23 South, Range 36 East, to be dedicated to the State "A" a/c-1 Well No. 37 located in Unit F of said Section 10.

CASE 4266: Application of Texas Pacific Oil Company, Inc., for several non-standard gas proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the dedication and rededication of certain acreage and the establishment of the following non-standard gas proration units in Township 22 South, Range 36 East, Jilmat Gas Pool, Lea County, New Mexico:

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(Case 4266 continued)

A 280-acre unit comprising the SW/4 of Section 9 and the E/2 SE/4 and SW/4 SE/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 38 located in Unit K of said Section 9;

A 160-acre unit comprising the E/2 SW/4, SW/4 SW/4 and NW/4 SE/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 56 located in Unit J of said Section 8;

A 120-acre unit comprising the S/2 NW/4 and NW/4 SW/4 of Section 8 to be dedicated to the State "A" a/c-2 Well No. 51 located in Unit F of said Section 8;

A 160-acre unit comprising the SW/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 41 located in Unit M of said Section 5;

A 160-acre unit comprising the NW/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 44 located in Unit F of said Section 5;

A 160-acre unit comprising the SE/4 of Section 5 to be dedicated to the State "A" a/c-2 Well No. 27 located in Unit P of said Section 5.

CASE 4267: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Edward M. Kriss and all other interested parties to appear and show cause why the Edward M. Kriss Little Chama Valley Company Well No. 1, a wildcat well, located 545 feet from the North line and 1530 feet from the West line of Section 2, Township 1 North, Range 2 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 4268: Application of Texaco Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the State "ED" Unit Area comprising 160 acres, more or less, of State lands in the NW/4 of Section 27, Township 26 South, Range 37 East, Rhodes (Yates-Seven Rivers) Pool, Lea County, New Mexico.

CASE 4269: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in its State "JD" Unit Area by the injection of water into the Yates-Seven Rivers formations through two wells located in Unit D and Unit F of Section 27, Township 26 South, Range 37 East, Rhodes (Yates-Seven Rivers) Pool, Lea County, New Mexico.

CASE 4270: Application of Byron McKnight for an exception to Order No. R-111-A, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A. Applicant proposes to drill to a depth of approximately 3800 feet in the Yates formation two exploratory wells located in the SW/4 NE/4 and SE/4 NE/4 of Section 26, Township 19 South, Range 33 East, Lea County, New Mexico, in such a manner as to eliminate the necessity of running the salt protection string required by said Order No. R-111-A provided the production string would be cemented to the surface.

CASE 4271: Application of Texaco Inc. for a waterflood expansion and amendment of Order No. R-2748, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its waterflood project in the Rhodes (Yates-Seven Rivers) Pool, authorized by Order No. R-2748, by the injection of water through four additional wells in Sections 22 and 27 of Township 26 South, Range 37 East, Lea County, New Mexico. Applicant further seeks amendment of said order to establish a procedure whereby additional injection wells as may be necessary to complete an efficient injection pattern may be approved administratively.

CASE 4272: Application of Shell Oil Company for an unorthodox oil well location and to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Sanger Well No. 6 at an unorthodox surface location in Unit E 1490 feet from the North line and 330 feet from the West line of Section 27, Township 18 South, Range 38 East, Hobbs (Grayburg-San Andres) Pool, Lea County, New Mexico. Applicant further seeks authority to directionally drill said well in such a manner as to bottom the well in the subject pool at a point in Unit D of said Section 27 approximately 200 feet north of said surface location. Applicant proposes to dedicate said Unit D to the well.

November 25, 1969 - Examiner Leaving

Ex. 201 No. 32-69

-6-

CASE 4273: Application of Tesoro Petroleum Corporation for an unorthodox oil well location and amendment of Order No. R-2807-A, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its Well No. 59, formerly classified as a water injection well, located 1430 feet from the South line and 2625 feet from the East line of Section 36, Township 18 North, Range 9 West, Hospah Upper Sand Oil Pool, McKinley County, New Mexico. Applicant further seeks the amendment of Order No. R-2807-A to permit a procedure whereby additional producing and injection wells in its Hospah Unit Area may be approved administratively.

CASE 4274: Application of Pan American Petroleum Corporation for an unorthodox oil well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Navajo Tribal "N" Well No. 11 at an unorthodox location 1150 feet from the West line and 560 feet from the North line of Section 17, Township 26 North, Range 18 West, Tocito Dome-Pennsylvanian "D" Oil Pool, San Juan County, New Mexico.

November 5, 1969

NOV 7 RECD

Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico 87501

Re: Byron McKnight, Ann #1 and
Ann "A" #1 Wells, Lea County,
New Mexico

Gentlemen:

The undersigned are holders of Potash Prospecting Permits located within a radius of one (1) mile of the proposed referenced Well locations in Section 26, Township 19 South, Range 33 East, Lea County.

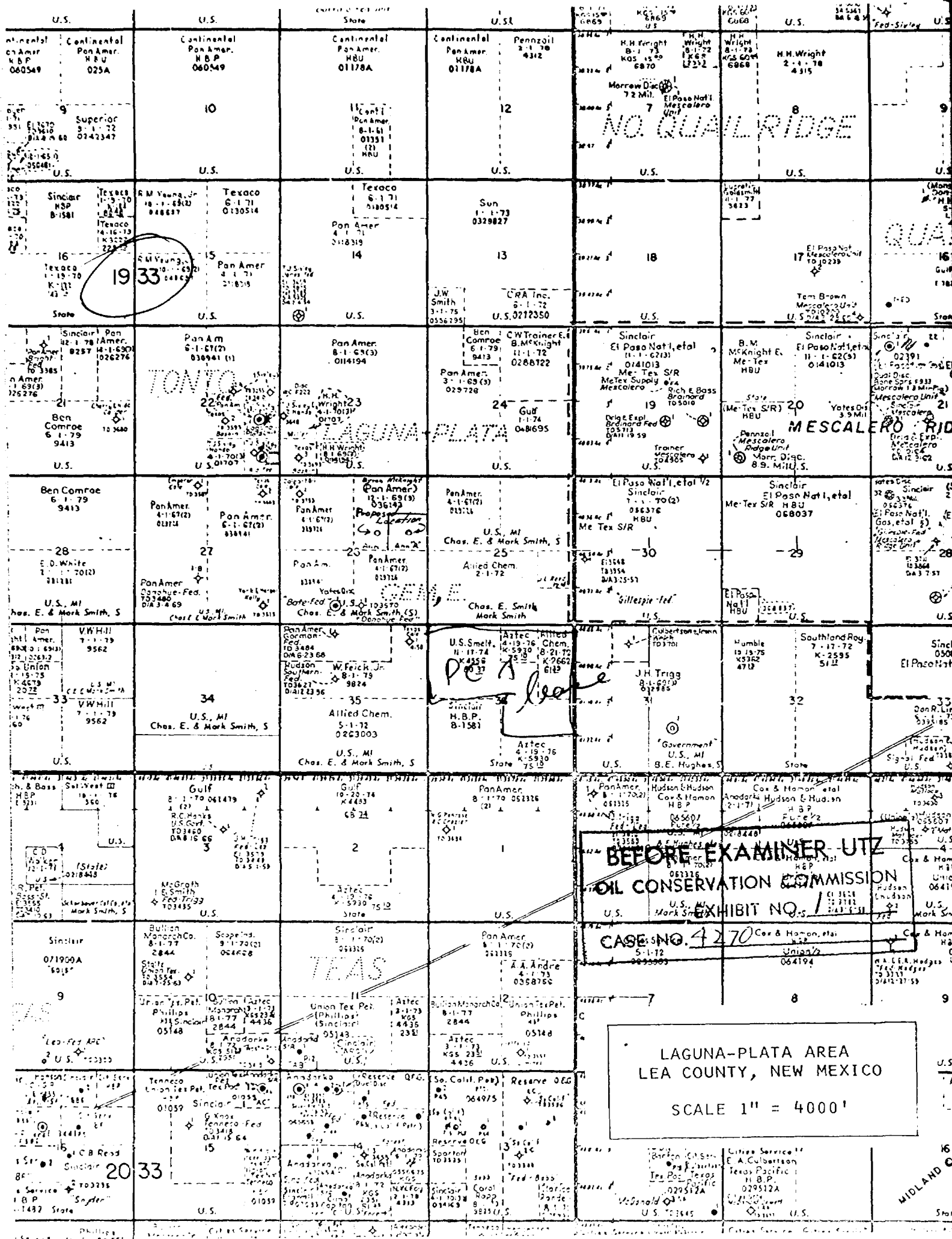
This is to advise that the undersigned have no objection to the requested deviation in the casing program from the requirements of your Order R-111-A or to the drilling of the wells.

Yours very truly,

HARROUN AND HAWORTH

By D. S. Harroun
D. S. Harroun

cc: Mr. A. J. Losee



Form 9-331 C
(May 1963)

SUBMIT IN TRIPLICATE*
(Other instructions on
reverse side)

Form approved.
Budget Bureau No. 42-R1425.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

PLUG BACK ☐

b. TYPE OF WELL

OIL
WELL ☒

GAS
WELL ☐

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

Byron McKnight

3. ADDRESS OF OPERATOR

Box 297, Hobbs, New Mexico 88240

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*

At surface
1980 FN&E Sec. 26

At proposed prod. zone

Yates

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

35 miles west of Hobbs

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drlg. unit line, if any)

660'

18. DISTANCE FROM PROPOSED LOCATION*
TO NEAREST WELL, DRILLING, COMPLETED,
OR APPLIED FOR, ON THIS LEASE, FT.

16. NO. OF ACRES IN LEASE

19. PROPOSED DEPTH

3800'

17. NO. OF ACRES ASSIGNED
TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

22. APPROX. DATE WORK WILL START*

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	34#	300'	300 scs (Circ)
7-7/8"	4-1/2"	9.5#	3800'	2500 scs (Circ)

Both casing strings will have cement circulated.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION

EXHIBIT NO. 12

CASE NO. 4270

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on well productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

Byron McKnight

TITLE Operator

DATE 10-30-69

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions On Reverse Side

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/>		3. LEASE DESIGNATION AND SERIAL NO. NM 036143-A	
b. TYPE OF WELL OIL WELL <input checked="" type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME	
2. NAME OF OPERATOR Byron McKnight		7. UNIT AGREEMENT NAME	
3. ADDRESS OF OPERATOR Box 297, Hobbs, New Mexico 88240		8. FARM OR LEASE NAME Ann "A"	
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)* At surface 1980 FN & 660 FE Sec. 26 At proposed prod. zone Yates		9. WELL NO. #1	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 35 miles west of Hobbs		10. FIELD AND POOL, OR WILDCAT Wildcat	
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drilg. unit line, if any) 660'		11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA T-19-S, R-33-E	
16. NO. OF ACRES IN LEASE		12. COUNTY OR PARISH	
17. NO. OF ACRES ASSIGNED TO THIS WELL 40		13. STATE New Mexico	
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.		20. ROTARY OR CABLE TOOLS Cable Tools	
19. PROPOSED DEPTH 3800'		22. APPROX. DATE WORK WILL START*	
21. ELEVATIONS (Show whether DF, RT, GR, etc.)			

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	34#	300'	300 sxs (Circ)
7-7/8"	4-1/2"	9.5#	3800'	2500 sxs (Circ)

Both casing strings will have cement circulated.

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2 A
CASE NO. 4270

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

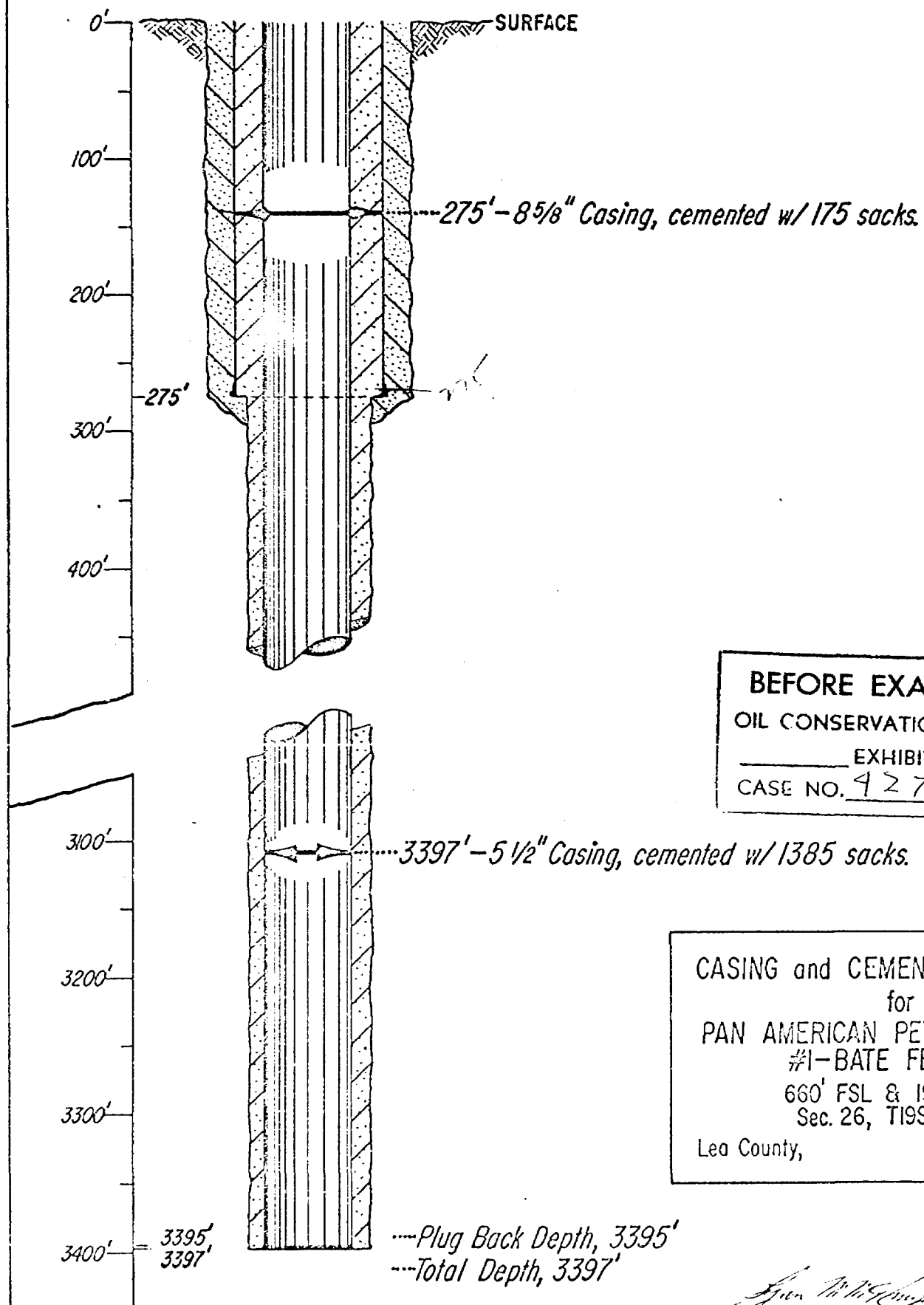
24.

SIGNED Byron McKnight TITLE Operator DATE 10-30-69
(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

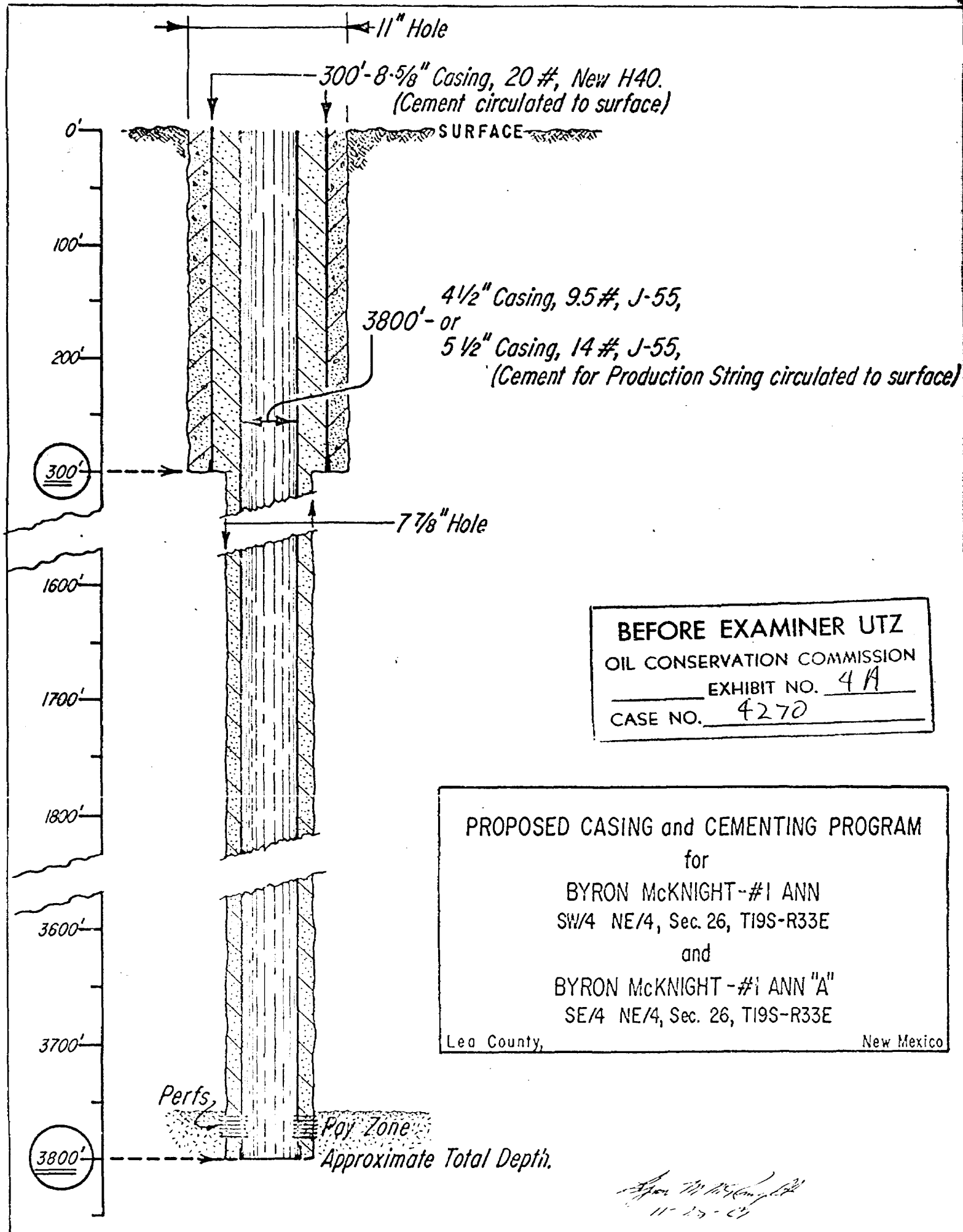
DISCOVERY WELL
for
GEM, East Yates Pool



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4
CASE NO. 4270

CASING and CEMENTING PROGRAM
for
PAN AMERICAN PETROLEUM CORP.
#1-BATE FEDERAL
660' FSL & 1980' FWL
Sec. 26, T19S - R33E
Lea County, New Mexico

John M. McFarland
11-75-67





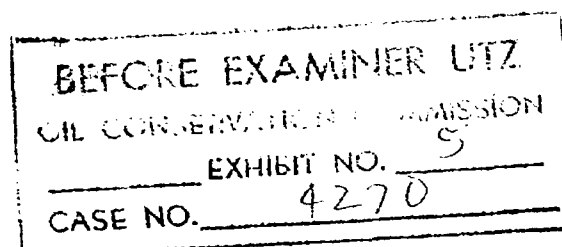
POTASH COMPANY OF AMERICA

MINE AND REFINERY: P. O. BOX 31 • CARLSBAD, NEW MEXICO 88220 • AREA CODE 505 • TU 7-2844

November 10, 1969

H. N. CLARK
VICE PRESIDENT OF PRODUCTION

A. J. Losee, Esquire
P. O. Drawer 239
Artesia, New Mexico 88210



Re: Byron McKnight, Ann #1 and
Ann "A" #1 Wells,
Lea County, New Mexico

Dear Sir:

This will advise you that we do not intend to file a formal protest to Mr. McKnight's proposal to drill oil and gas test wells as noted above in the SE/4 NE/4 and the SW/4 NE/4 of Section 26, Township 19 South, Range 33 East in Lea County.

Yours very truly,

H. N. Clark
Vice President

HNC/jm

cc: Mr. A. L. Porter, O.C.C.
Mr. John A. Anderson, U.S.G.S., Roswell
Mr. Robert S. Fulton, U. S. G. S., Carlsbad

Xerox copies sent Mr. C. W. Trainer & Mr. Byron McKnight
11/13/69.



MEMBER: AMERICAN POTASH INSTITUTE

JOEL M. CARSON

LAW OFFICES
A. J. LOSEE
CARPER BUILDING - P. O. DRAWER 239
ARTESIA, NEW MEXICO 88210

NOV 6 REC'D

AREA CODE 505
746-3508

5 November 1969

Clare 4270

SPECIAL DELIVERY


Mr. A. L. Porter, Jr.
Secretary-Director
Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

Enclosed herewith, please find triplicate copies of Application of Byron McKnight for permission to drill two exploratory test wells in the Potash-Oil Area, Lea County, New Mexico, and for an exception to Order R-111-A to the casing requirements for the two exploratory wells.

I understand this application will be set for hearing before an examiner on November 25, 1969. At the date of this writing, we do not anticipate any protest from the Potash-Oil operators.

Very truly yours,


A. J. Losee

AJL:jw
Enclosures

cc: Mr. Byron McKnight

DOCKET MAILED

11-14-69

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
BYRON McKNIGHT FOR PERMISSION TO :
DRILL TWO EXPLORATORY TEST WELLS IN :
THE POTASH-OIL AREA, LEA COUNTY, :
NEW MEXICO, AND FOR AN EXCEPTION TO :
ORDER R-111-A TO THE CASING REQUIRE- :
MENTS FOR THE TWO EXPLORATORY WELLS :

Case No. 4270

APPLICATION

COMES BYRON McKNIGHT by his attorney and in support of this application, states:

1. Applicant is the operator of the Yates Formation underlying the S/2 NE/4 of Section 26, Township 19 South, Range 33 East, N.M.P.M., Lea County, New Mexico.

2. Operator proposes to drill the Ann No. 1 well to a depth of approximately 3,800 feet below the surface of the SW/4 NE/4 of Section 26.

3. Applicant proposes to drill the Ann "A" No. 1 well to a depth of approximately 3,800 feet below the surface of the SE/4 NE/4 of said Section 26.

4. In the drilling of the Ann No. 1 well and the Ann "A" No. 1 well, applicant proposes to utilize the following casing and cementing program, to-wit:

8-5/8 inch casing set at approximately 300 feet, with such casing to be cemented with approximately 300 sacks necessary to circulate the cement to the ground surface.

4-1/2 inch casing set at approximately 3,800 feet, with such casing to be cemented with 2,500 sacks necessary to circulate the cement to the surface of the ground.

5. The two exploratory well locations are within the Potash-Oil Area, Lea County, New Mexico, defined in Order R-111-A, and the applicant's proposed casing and cementing programs for the two exploratory test wells are not in compliance with said Order R-111-A.

6. That Potash Company of America, Box 31, Carlsbad, New Mexico, and Dan Harroun, 601 Riverside Drive, Carlsbad, New Mexico, are all of the potash operators holding Potash Leases within a radius of one mile of the two exploratory wells. That applicant has furnished each of said potash operators with the well location plat and the notice of intention to drill each of the exploratory wells. The Return Receipts for such Certified Mail are hereto attached and by reference made a part hereof.

7. The approval of this application will prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by law.

B. That upon hearing, the Commission enter its Order granting permission to applicant to drill the two exploratory test wells in the Potash-Oil Area, Lea County, New Mexico, and grant to applicant an exception to the casing requirements of Order R-111-A for the two exploratory wells.

C. And for such other relief as may be just in the premises.

BYRON McKNIGHT

By: 

A. J. Losee
P. O. Drawer 239
Artesia, New Mexico

Attorney for Applicant

65-16-71449-10
3811 Apr. 1967
POD Form

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

NAME OF SENDER
Mr. A. J. Losee

STREET AND NO. OR P.O. BOX
Drawer 239

POST OFFICE, STATE, AND ZIP CODE
Artesia, New Mexico 88210

CARLSBAD, N. M.
NOV 4 1969
RETURN TO

65-16-71449-10
3811 Apr. 1967
POD Form

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

NAME OF SENDER
Mr. A. J. Losee

STREET AND NO. OR P.O. BOX
Drawer 239

POST OFFICE, STATE, AND ZIP CODE
Artesia, New Mexico 88210

CARLSBAD, N. M.
NOV 4 1969
RETURN TO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input type="checkbox"/> Show to whom, date, and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
(Additional charges required for these services)	

RECEIPT

Received the numbered article described below.

REGISTERED NO.	1	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 028782	2	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO. 9533X	3	
DATE DELIVERED 11-4-69	3	SHOW WHERE DELIVERED (only if requested)

652-10-71548-10 GPO

INSTRUCTIONS TO DELIVERING EMPLOYEE	
<input type="checkbox"/> Show to whom, date, and address where delivered	<input type="checkbox"/> Deliver ONLY to addressee
(Additional charges required for these services)	

RECEIPT

Received the numbered article described below.

REGISTERED NO.	1	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 028784	2	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.	3	
DATE DELIVERED 11-4-69	3	SHOW WHERE DELIVERED (only if requested)

655-10-71548-10 GPO

DRAFT

GMH/esr

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. 4270

Order No. R-3887

APPLICATION OF BYRON McKNIGHT
FOR AN EXCEPTION TO ORDER NO.
R-111-A, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 25, 1969, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 26 day of Dec, 1969, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, 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 applicant, Byron McKnight, seeks authority to drill two exploratory wells at standard locations in the SW/4 NE/4 and in the SE/4 NE/4 of Section 26, Township 19 South, Range 33 East, NMPM, adjacent to the East Hem-yates Pool, Lea County, New Mexico, said area being situated in the Potash-Oil Area governed by Commission Order No. R-111-A.

(3) That the applicant also seeks approval of a special cementing and casing program for the subject wells as an exception to the casing and cementing rules prescribed for the Potash-Oil Area by said Order No. R-111-A.

✓ (4) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the proposed wells.

(5) That approval of the proposed special casing and cementing program for the subject wells will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Byron McKnight, is hereby authorized to drill two exploratory wells at standard locations in Section 26, Township 19 South, Range 33 East, NMPM, *adjacent to the East Horn - Yates* Pool, Lea County, New Mexico, as follows: *to be*

Byron McKnight Ann "A" Well No. 1 located 1980 FNL & 1660 FEL
Byron McKnight Ann Well No. 1 located 1980 FNL & 1980 FEL

(2) That as an exception to the provisions of Order No. R-111-A, the applicant is hereby authorized to complete and abandon the aforesaid two wells as follows:

CASING, CEMENTING, AND ABANDONMENT PROCEDURE

1. Surface Casing String:

- (a) Applicant shall set 8 5/8 -inch new ~~or~~ ~~used~~ oil field casing ~~in good condition~~ at a depth of 300 feet below the surface or deeper if necessary to protect any potable water. Cement shall be circulated back to the surface.
- (b) Cement shall set a minimum of ⁷24 hours before drilling the plug or instituting tests.

2. Salt Protection Casing String:

In lieu of utilizing a salt protection string the operator shall, while drilling the salt section, employ a drilling fluid consisting of water, to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically intended to prevent enlarged drill holes. Prior to drilling into the uppermost pay zone, the hole shall be filled with mud and the level of mud maintained to the surface during drilling and testing of pay zones.

4. Cementing and Testing Procedure:

All cement mixtures and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A.

5. Abandonment Procedure:

Upon abandonment of the well, it shall be plugged and abandoned in accordance with the standard statewide rules and regulations of the New Mexico Oil Conservation Commission. Cement plugs of 25 sacks each (at least 100 feet in length) shall be spotted opposite the pay horizon, below the salt section, above the salt section, and at the base of the shoe of the surface casing, and 10 sacks shall be used at the surface. In addition, 25-sack cement plugs shall be spotted opposite any water bearing horizon encountered while drilling.

6. Applicant shall notify the Hobbs District Office of the date and hour casing is to be run and cemented and the date and hour the well is to be plugged.

(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.