

CASE 346: J. H. Elder application for un-  
orthodox location for Ralph Shugart No. 3,  
Lot 3, Sec. 1, Twp. 21S, Rge. 33 E

Case No.

346

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Application, Transcript,  
Small Exhibits, Etc.

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

March 6, 1952

C  
O  
P  
Y

Mr. J. H. Elder  
Box 950  
Midland, Texas

Dear Mr. Elder:

RE: OCC Case 346

Your request for permission to make unorthodox location for your Ralph A. Shugart Well No. 3, Lot. 3, Sec. 1, Twp. 21 S, Rge. 33 E, has been set up as Case 346 and scheduled, as you know, for the regular March 20, 1952, hearing of the Commission.

Proper legal advertising has been issued.

Very truly yours,

W. B. Macey,  
Chief Engineer

WBM:mr

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

February 27, 1952

C

Mr. J. H. Elder  
Box 950  
Midland, Texas

O

Dear Mr. Elder:

P

As soon as a case number has been assigned, we will advise your further as to your case scheduled for the regular March hearing of the Commission.

Y

In the meantime, it will be much appreciated if you will send us a formal application covering your application to drill your Ralph A. Shugart Well No. 3 in Lot 3, Sec. 1, T. 21 S, R. 33 E. The Commission's rules require that such applications be submitted in triplicate. If you are unfamiliar with the form needed, we suggest that you contact some operator in Midland who has appeared before the Commission with such a request. Humble Oil Company, for one, should have such application readily available in its files.

May we have your application as soon as possible, and we will combine it with the C-101 which you sent on the proposed location?

Very truly yours,

WBM:mr

H. B. Macey,  
Chief Engineer

J. H. ELDER  
MIDLAND, TEXAS

*Case 346*

February 11, 1952

*Special hearing*

Mr. R. R. Spurrier  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sir:

We are enclosing application to drill on our lease in Lea County, and would appreciate it if we could have a special hearing on it this month as we have a rig down waiting for this location.

Anything you can do to assist us will be appreciated.

Yours very truly,

  
J. H. ELDER

JHE:ja

Encl.

NEW MEXICO OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
FEB 12 1952



NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Notice of Intention to Drill

Notice must be given to the Oil Conservation Commission or its proper agent and approval obtained before drilling begins. If changes in the proposed plan are considered advisable, a copy of this notice showing such changes will be returned to the sender. Submit this notice in triplicate. One copy will be returned following approval. See additional instructions in Rules and Regulations of the Commission.

Midland, Texas

February 7, 1952

Place

Date

OIL CONSERVATION COMMISSION,  
Santa Fe, New Mexico.  
Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as **Shugart State B #3**

**J. H. Elder et al.** **Ralph A. Shugart** Well No. **3** in **Lot 3**

of Sec. **1**, T. **21-S**, R. **33-E**, N. M. P. M., **Lynch** Lease Field, **Lea** County

N.

The well is **990** feet (N) (S) of the **north** line and **150** feet

(E) (W) of the **west** line of **Lot 3, Sec. 1, T-21-S, R-33-E**.

(Give location from section or other legal subdivision lines. Cross out wrong directions.)

If state land the oil and gas lease is No. **B-11458**, Assignment No. **1**

If patented land the owner is \_\_\_\_\_

Address \_\_\_\_\_

If government land the permittee is \_\_\_\_\_

Address \_\_\_\_\_

The lessee is \_\_\_\_\_

Address \_\_\_\_\_

We propose to drill well with drilling equipment as follows: \_\_\_\_\_

**Cable tools**

The status of a bond for this well in conformance with Rule 39 of the General Rules and Regulations of the Commission is as follows: **Maryland Casualty Co. \$10,000.00 Blanket Bond Form 39-A1 in effect.**

We propose to use the following strings of casing and to land or cement them as indicated:

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement
15"	13-3/8"	55#	New	100'	Cemented	Circulated
10"	8-5/8"	28#	New	1400'	Landed	
7"	5-1/2"	15.5#	New	3800'	Cemented	

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about **3700** feet.

Additional Information: **J. C. Clower - Drilling contractor**

Approved \_\_\_\_\_, 19\_\_\_\_  
except as follows:

Sincerely yours,

**J. H. Elder et al.**

Company Operator

By \_\_\_\_\_

Position **CoOwner**

Send communication regarding well to

Name **J. H. Elder**

Address **Box 950, Midland, Texas**

OIL CONSERVATION COMMISSION.

By \_\_\_\_\_

Title \_\_\_\_\_







RB

346

J. H. ELDER  
MIDLAND, TEXAS

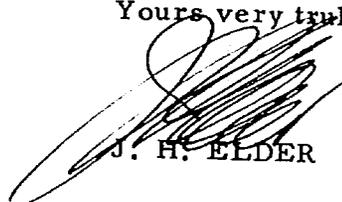
March 15, 1952

Mr. W. B. Macey, Chief Engineer  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Macey:

We are enclosing a letter from our geologist as to why we desire to drill the well in the location which we have made application for, and if it cannot be granted we would not care to drill the well elsewhere.

Yours very truly,



J. H. ELDER

JHE:ja

Encl.

MAR 17 1952  
MIDLAND TEXAS

*R. DeChicchis*

Phone 2979  
Box 1251

*Midland Tower  
Midland, Texas*

March 14, 1952

In re: J. H. Elder, Shugart-  
State No. 3-B, Lea  
County, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sirs:

Under date of February 7, 1952, J. H. Elder filed a Notice Of Intention To Drill his Shugart-State No. 3-B well to be located 990 feet south of the north line and 50 feet east of the west line of Lot No. 3 in Section 1, T-21S, R-33E in the Lynch Pool, Lea County, New Mexico.

Detailed subsurface work on the Lynch Pool indicates that a test well drilled at the applied for location may be high enough structurally to result in a producing well from the reservoir in this area. From the structural control, it is my opinion that if the test well is drilled at the regular location, 990 feet south of the north line and 330 feet east of the west line of Lot No. 3, that it will be too low structurally and it will result in a dry hole.

Yours very truly



R. DeChicchis

RDeC:dc

*R. DeChicchis*

*Phone 3-3601*

*Box 1251*

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*Midland Tower*

*Midland, Texas*

March 14, 1952

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State No. 3-B, Lea  
County, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico

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Yours very truly



R. DeChicchis

RDeC:do

March 14, 1952

In re: J. H. Elder, Shugart-  
State No. 3-B, Lea  
County, New Mexico

Oil Conservation Commission  
Santa Fe, New Mexico

Dear Sirs:

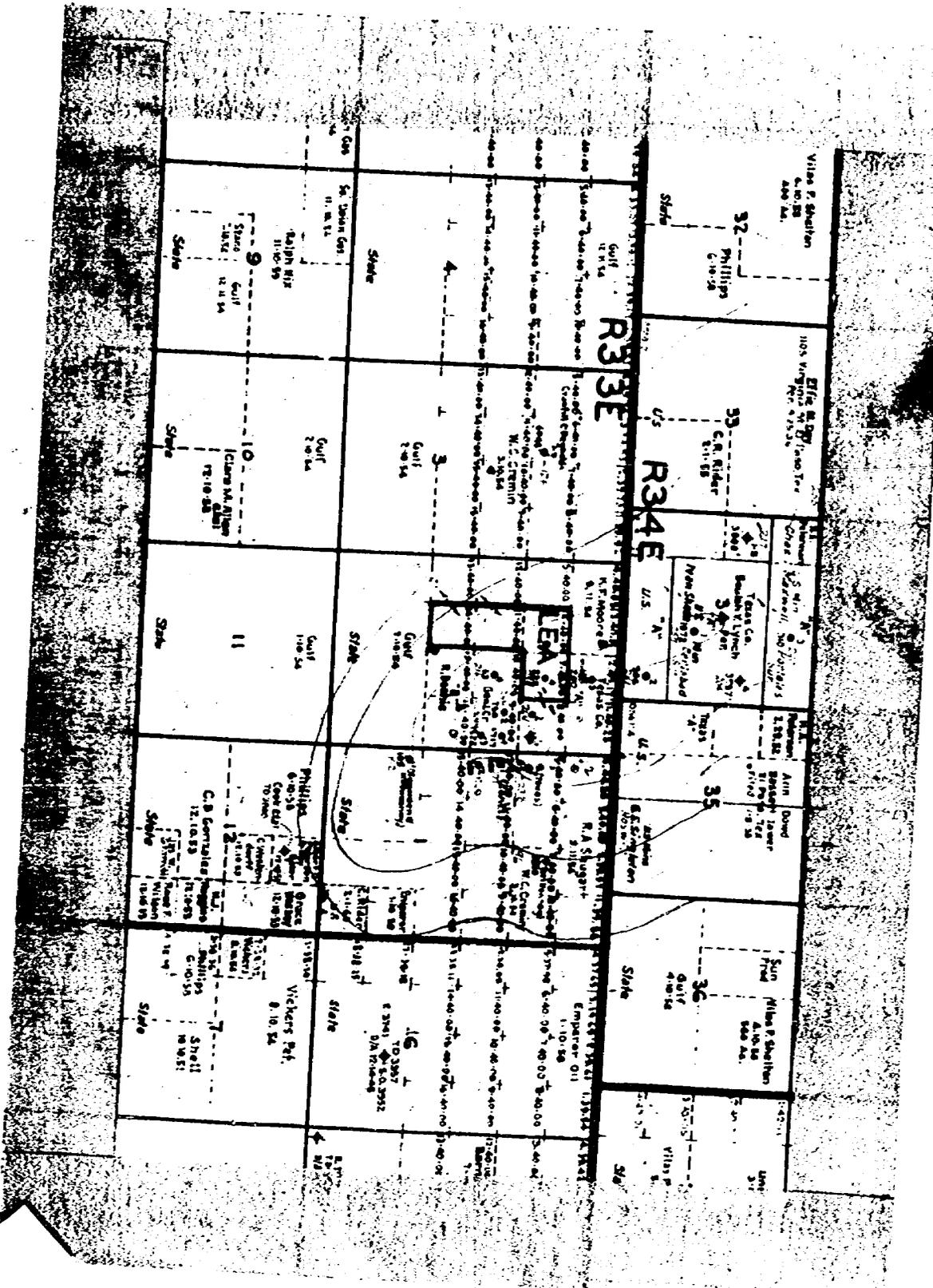
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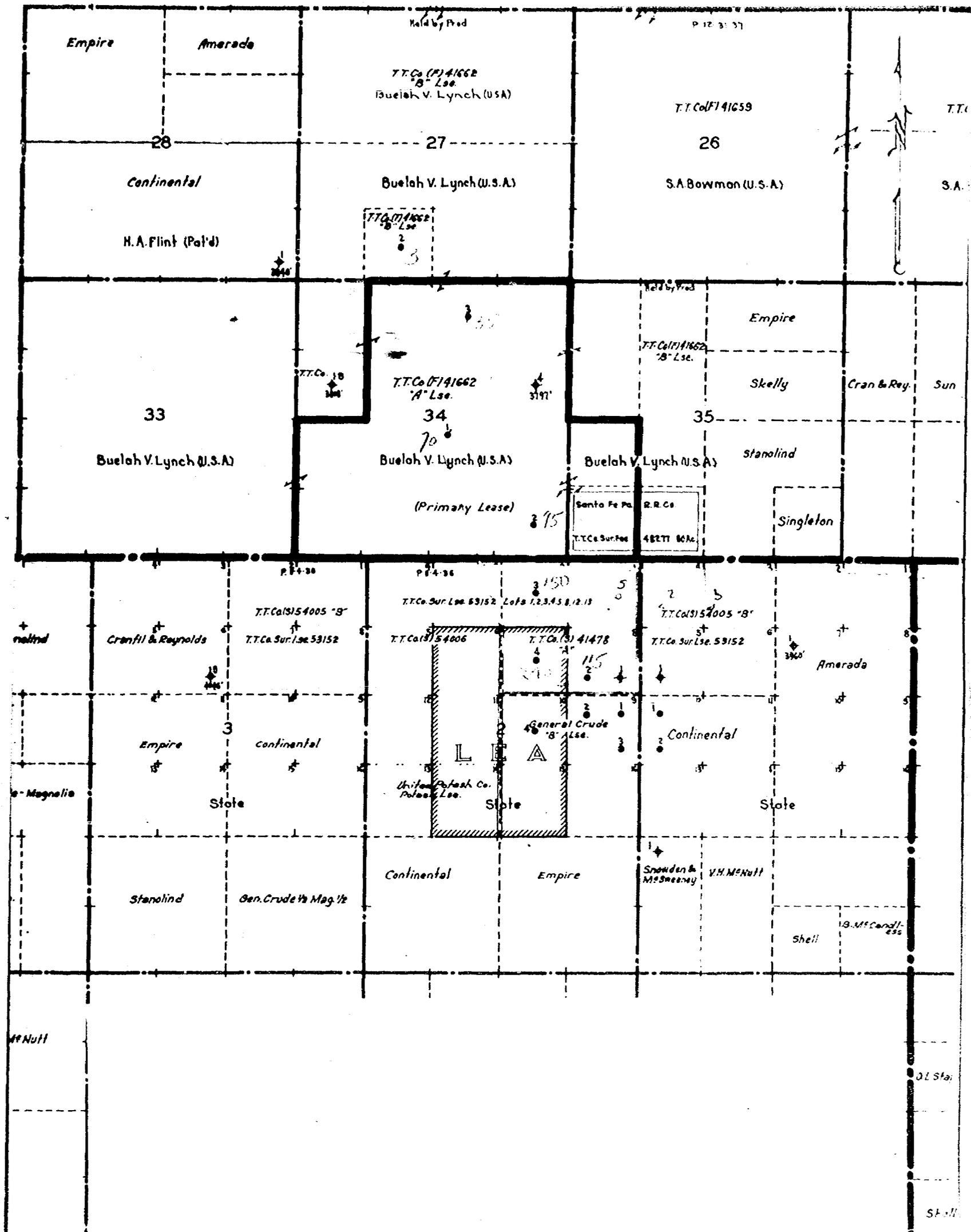
Yours very truly,

R. DeChicchis

RDeC:dc



Case 346  
No 1



Texas Co Ex 1

Case 346

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

April 1, 1952

C  
O  
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Y

Mr. C. J. Ray, Jr.  
The Texas Company  
Box 1720  
Ft. Worth, Texas

Dear Mr. Ray:

Re: OCC Case 346

Reference is made to your letter of March 28, 1952, pertaining to the application of J. H. Elder in Case 346. As you know, this case was continued from the regular March hearing until April 1 so that the applicant could furnish further information. At a meeting of the Commission this morning, the applicant (through his attorney, Mr. Jack Campbell) requested that the case be continued until the regular April 15 hearing.

This will serve as notice to you that this case will be heard at the April 15, 1952, hearing, and any evidence or objection concerning the case should be entered into the record at that time.

I would appreciate your acknowledgment of your receipt of this letter.

Very truly yours,

W. B. Macey, Chief Engineer

WBM:ar

File Case 346

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



P. O. BOX 1720  
FORT WORTH 1, TEXAS

March 28, 1952

CONSERVATION AND PRORATION

Case 346: Application of J. H. Elder  
for approval of Unorthodox Location  
For His Shugart Well No. 3

Oil Conservation Commission  
State of New Mexico  
Box 127  
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier, Secretary & Director

Gentlemen:

At the March Hearing of the Oil Conservation Commission at Santa Fe Case 346 was called and was continued to April 1, 1952. Counsel for the applicant stated that the provisions of Rule 104 had not been met in setting this application and continuance to April 1st was granted by the Commission in order to provide the applicant time to file necessary data, and to provide for notice to adjoining lessees.

As this application may affect correlative rights in the area of the Lynch Pool, Lea County, New Mexico, The Texas Company requests that this hearing, when called April 1st, 1952, be set aside or continued to such date that will provide notice as required by the Commission's Rule 104, paragraph (e).

We would like to be advised of the applicant's reason for requesting this unorthodox location. We have no objection to this case being continued to the regular April Hearing but specifically request no action be taken prior to that time in order that we may investigate further our position in this matter.

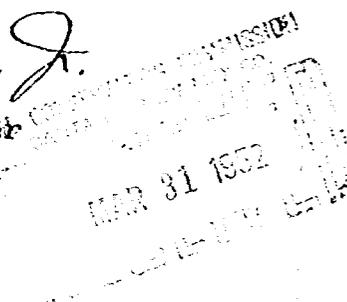
Yours very truly,

*C. J. Ray, Jr.*

C. J. Ray, Jr.  
Petroleum Engineer



CJR, Jr-ECH  
cc - Mr. J.H. Elder  
Midland, Texas



*WBM*

THE TEXAS COMPANY

TEXACO PETROLEUM PRODUCTS

PRODUCING DEPARTMENT  
WEST TEXAS DIVISION



April 4, 1952

*Case 346*

P. O. BOX 1720  
FORT WORTH 1, TEXAS

Oil Conservation Commission  
State of New Mexico  
Box 871  
Santa Fe, New Mexico

Attention: Mr. W. B. Macey, Chief Engineer

Gentlemen:

Your letter of April 1, 1952, was received giving notice that Case 346 will be heard at the April 15, 1952, Hearing. Your notice is appreciated and The Texas Company will be represented at this hearing.

Yours very truly,

*C. J. Ray, Jr.*  
C. J. Ray, Jr.  
Petroleum Engineer

CJR, Jr-ECH

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.  
APR 7 1952

*Faithfully yours*  
  
*for Fifty Years*

J. H. ELDER  
MIDLAND, TEXAS

April 1, 1952

CONSERVATION AND PRORATION  
Case 346: Application of J. H. Elder for  
approval of Unorthodox Location for his  
Shugart Well No. 3

Mr. C. J. Ray, Jr.  
Petroleum Engineer  
The Texas Company  
P. O. Box 1720  
Fort Worth 1, Texas

Dear Sir:

Copy of your letter of March 28 received. The only reason I can say to you that I desire to drill the well in the location as applied for, I do not think if I get farther east it will make a well, and I believe it will produce some oil if drilled in this location.

Apparently the only one it hurts would be my lease from a drainage standpoint.

Yours very truly,

J. H. ELDER

JHE:ja

cc: Mr. R. R. Spurrier  
Oil Conservation Commission  
Santa Fe, New Mexico

Mr. Jack M. Campbell  
c/o Atwood, Malone & Campbell  
Roswell, New Mexico

OIL CONSERVATION COMMISSION  
SANTA FE, N.M.  
APR 1 1952

*Sample*

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. 346  
ORDER NO. \_\_\_\_\_

THE APPLICATION OF J. H. ELDER  
FOR APPROVAL OF AN UNORTHODOX  
WELL LOCATION 990 FEET SOUTH OF  
THE NORTH LINE AND 50 FEET EAST  
OF THE WEST LINE OF LOT 3, SECTION  
1, TOWNSHIP 21 SOUTH, RANGE 33 EAST,  
N.M.P.M., IN THE LYNCH POOL, LEA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on May 20,  
1952 at Santa Fe, New Mexico before the Oil Conservation Commission  
of New Mexico, hereinafter referred to as "Commission."

NOW, on this \_\_\_ day of \_\_\_\_\_, 1952, a quorum  
being present, having considered the testimony adduced and the ex-  
hibits 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 due to geological condition an orthodox  
location may be nonproductive and an unorthodox well location should  
be approved for the Ralph A. Shugart No. 3 Well 990 feet South of  
the North line and 50 feet East of the West line of Lot 3, Section 1,  
Township 21 South, Range 33 East, N.M.P.M. in the Lynch Pool, Lea  
County, New Mexico.

(3). That such location will not adversely affect the correlative rights of adjoining owners and is in the interest of orderly development and prevention of waste of the oil resources of the State.

IT IS THEREFORE ORDERED:

That an unorthodox location for the Ralph A. Shugart No. 3 Well, 990 feet South of the North line and 50 feet East of the West line of Lot 3, Section 1, Township 21 South, Range 33 East, N.M.P.M. in the Lynch Pool, Lea County, New Mexico, be and the same hereby is approved.

DONE at Santa Fe, New Mexico, on the day and year herein-  
above written.

OIL CONSERVATION COMMISSION

Signed by:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Member

\_\_\_\_\_  
Secretary

*OK R's*

OIL CONSERVATION COMMISSION  
P. O. BOX 871  
SANTA FE, NEW MEXICO

June 20, 1952

C  
O  
P  
Y

Mr. J. H. Elder  
Box 950  
Midland, Texas

Dear Sir:

We attach for your records a signed copy of Order R-165 issued by the New Mexico Oil Conservation Commission in Case 346, presented in hearing upon your petition.

Very truly yours,

W. B. Macey  
Chief Engineer

WBM:nr

cc: Mr. Jack Campbell, Attorney  
Roswell, N. M.

ATWOOD, MALONE & CAMPBELL  
LAWYERS

JEFF D. ATWOOD  
ROSS L. MALONE, JR.  
JACK M. CAMPBELL

CHARLES F. MALONE

Case 346

J.P. WHITE BUILDING  
ROSWELL, NEW MEXICO

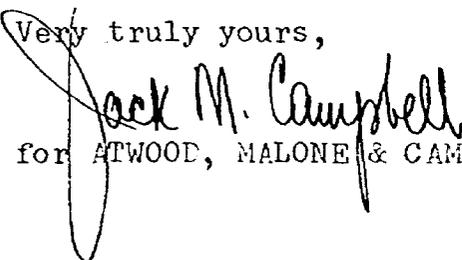
April 1, 1952

Mr. Bill Macey,  
Chief Engineer,  
Oil Conservation Commission,  
Santa Fe, New Mexico.

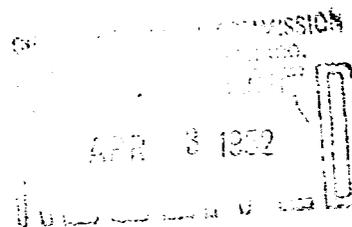
Dear Bill:

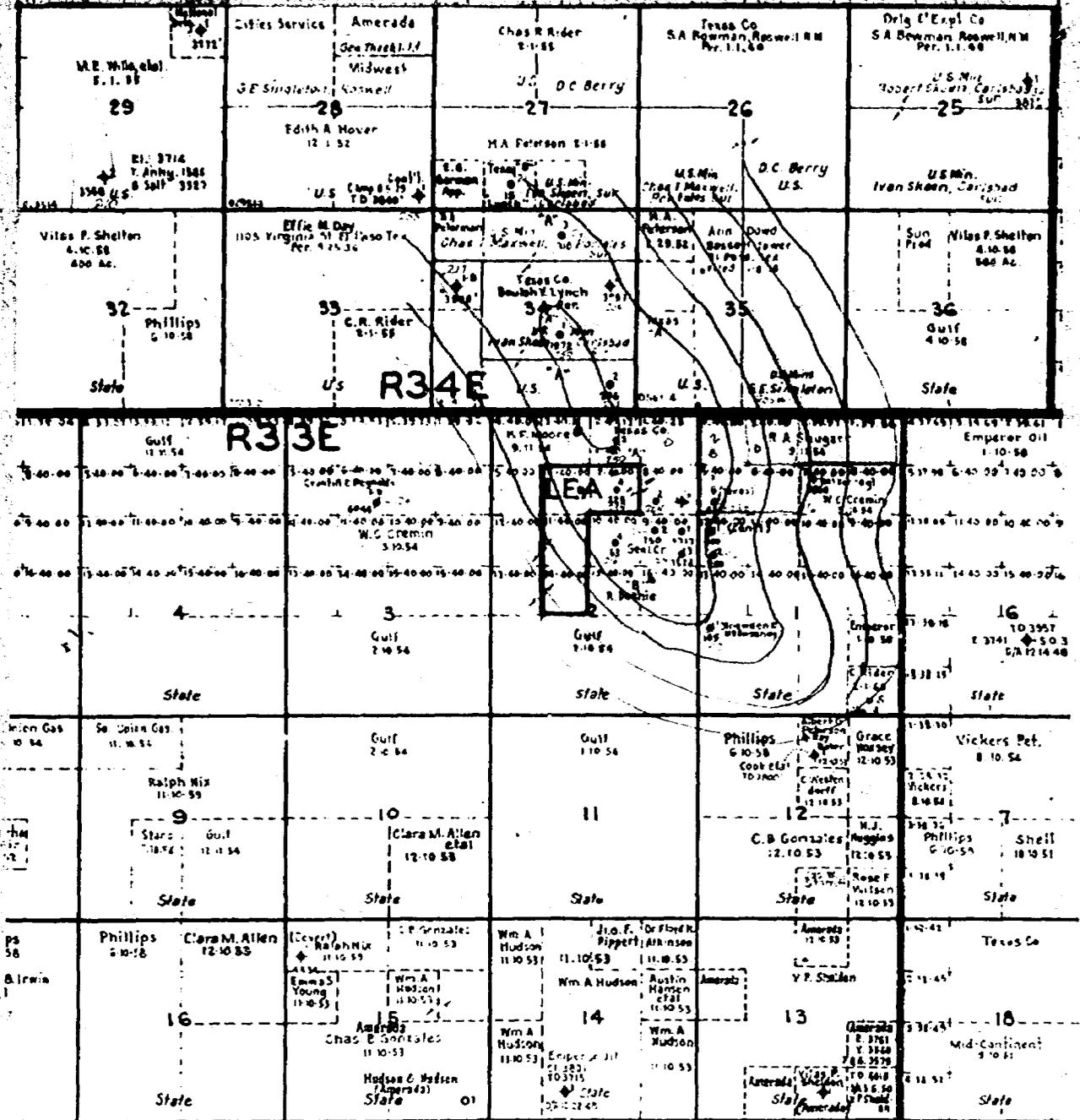
I enclose herewith a plat showing the acreage owned by J. H. Elder in connection with his application for an unorthodox location which reveals that the only adjoining lessee effected is the Texas Company to the west. In the event you hear from the Texas Company as to whether they intend to protest this application, I would appreciate knowing about it.

Very truly yours,

  
for ATWOOD, MALONE & CAMPBELL

JMC:hl  
Encl.





INTER-OFFICE TRANSMITTAL SLIP

TO.....

FROM.....

- For Approval
- For Signature
- Note and Advise
- Note and Return
- For Your Files
- For Your Handling

Remarks:

cc - Jack Campbell  
J H Elder

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. 346  
ORDER NO. R-165

THE APPLICATION OF J. H. ELDER  
FOR APPROVAL OF AN UNORTHODOX  
WELL LOCATION 990 FEET SOUTH OF  
THE NORTH LINE AND 50 FEET EAST  
OF THE WEST LINE OF LOT 3, SECTION  
1, TOWNSHIP 21 SOUTH, RANGE 33 EAST,  
NMPM, IN THE LYNCH POOL, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on March 20, 1952, April 1, 1952; April 15, 1952; and May 20, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 19<sup>th</sup> day of June, 1952, a quorum being present, having considered the testimony adduced 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 due to geological conditions, a well in an orthodox location is unlikely to be productive, and an unorthodox location 990 feet south of the north line, and 50 feet east of the west line of Lot 3, Section 1, Township 21 South, Range 33 East, NMPM, in the Lynch Pool, Lea County, New Mexico, should be approved.

(3) That such unorthodox location will tend to result in more efficient drainage of the area, promote conservation, and will not result in interference with correlative rights of adjoining lessees.

IT IS THEREFORE ORDERED:

That an unorthodox location for the J. H. Elder, No. 3, Ralph A. Shugart, located 990 feet south of the north line, and 50 feet east of the west line of Lot 3, Section 1, Township 21 South, Range 33 East, NMPM, in the Lynch Pool, Lea County, New Mexico, be and the same hereby is approved.

Case No. 346  
Order No. 165

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Edwin L. Mechem*

EDWIN L. MECHEM, Chairman

*Guy Shepard*

GUY SHEPARD, Member

*R. R. Spurrer*

R. R. SPURRIER, Secretary

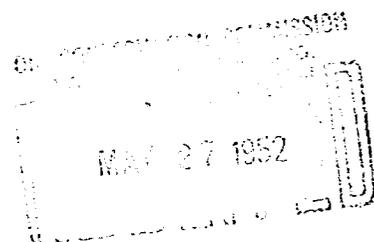
S E A L

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

Case No. 346

Regular Hearing  
May 20, 1952



ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG  
PHONES 7-9645 AND 7-6626  
ALBUQUERQUE NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

May 20, 1952

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In the Matter of:

Application of J. H. Elder for  
approval of unorthodox location for  
Ralph A. Shugart No. 3, 990' from  
N and 50' from W of Lot 3, 1-21S-33E,  
Lea County, New Mexico.

Case No. 346

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MR. SPURRIER: The next case on the Docket is Case No.  
346. Without objection let the record show that the notice has  
been read.

MR. CAMPBELL: I have one witness to be sworn.

J. D. SIMON,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

Q State your name, please.

A J. D. Simon.

Q Where do you live?

A Midland, Texas.

Q By whom are you employed?

A J. H. Elder.

Q Have you testified before this Commission in previous  
occasions?

A I have.

MR. CAMPBELL: Does the Commission accept the qualifications?

MR. SPURRIER: They will.

Q In connection with your employment, are you acquainted with the application of J. H. Elder in Case No. 346 before the Commission for the unorthodox location in the Lynch Pool?

A I am.

(Marked Exhibit No. 1, for identification.)

Q I hand you what has been identified as Exhibit No. 1 and ask you to state to the Commission what that is.

A Exhibit No. 1 is a subsurface map pertaining to the Lynch Pool, contoured on the top of the Yates lime member, which is also the producing member in the Lynch Reservoir.

Q Was this map prepared in your offices in connection with your employment by Mr. Elder?

A Yes, sir.

Q Will you state to the Commission, using this plat, where you seek to have your unorthodox location for this Shugart, State Shugart "B-3" well?

A It is requested that permission be granted to drill an unorthodox location to be known as Shugart State "B" well No. 3 in Lot 3 of Section 1, Township 21 South, Range 33 East, in Lynch Field, Lea County. The well is to be 990 feet south of the north line, and 50 feet east of the west line.

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9646  
ALBUQUERQUE, NEW MEXICO

Q What is the reason for the request for this unorthodox location, Mr. Simon?

A The particular reason for this request is the structural control which we have and which we feel is somewhat prominent in the Lynch Pool, and that allocation anywhere within this particular lot would, indeed, be speculative in view of the water table. Also, we feel that it would be less speculative and we would stand a much better chance of making the well if permission were granted to drill the location as requested.

Q Who owns the lease immediately to the west of this tract for which you made the application?

A To the west, The Texas Company. That is the lease holder.

Q And is The Texas Company an offset operator there?

A They are an offset operator to the lease, to Mr. Elder's lease, but they are not an offset operator to the particular well.

Q The well of Elder offsets the well in which you are seeking the unorthodox location?

A Yes, this particular well offsets Mr. Elder's own well.

Q The unorthodox location is a movement from the center of the 40-acre tract to the west? It is, otherwise, north and south as an unorthodox location?

A That is correct.

Q Has The Texas Company been notified about this unorthodox location?

A Yes.

Q But your testimony is that The Texas Company does not have a well offsetting this proposed location, is that correct?

A That is correct.

MR. CAMPBELL: That is all.

MR. MACEY: Mr. Simon, you made the statement that the well was 990 feet from the north line and 50 feet from the west line. You meant the west line of Lot 3, did you not?

A Yes, sir.

MR. SPURRIER: Are there any other questions of this witness? Mr. Ray?

MR. RAY: With the Texas Company. I would like to ask the witness a few questions. You stated that a location anywhere on Lot 3 might, perhaps, be speculative, that the location close to the west line you feel would give you the best location for this well?

A Yes, sir, that is right.

Q In your opinion, what is the drive mechanism in this reservoir?

A Oh, it is quite well established. It is a water drive.

Q In your opinion, what would a well located, say, within 50 feet of the west line of Lot 3, would the area of drainage of that well be predominantly in the area under Section 4? I mean in Lot 4, pardon me. As I understand, the location is right here.

MR. SPURRIER: Describe it for the record.

Q The proposed location 990 south to north line 50 feet east of the west line, Lot 3, in Section 1?

A Yes.

Q In your opinion, would such a well in that particular location drain the area under Lot 4, which is immediately to the west of the location?

A Well, I believe it would drain Lot 4 to the extent that I should say that Mr. Elder's No. 2 well is draining the area to the west, which would be The Texas Company's location.

MR. RAY: That is all the questions I have of the witness.

MR. WHITE: You stated because of the water table it was extremely speculative. What is the basis of that conclusion?

A Well, all of the wells within the Lynch Pool produce predominantly water. Well, I should further state that I imagine that most of the wells produce in excess of 50 per cent water, many in excess of 75 per cent, and some in excess of 90 per cent water. Consequently, with as much water as that to cope with, it is indeed speculative as to whether you are not going to drill a well that is going to make 100 per cent water.

MR. WHITE: Is this a horizontal or vertical water drive?

A Would you please clarify that statement?

MR. WHITE: I assume that if you have your water drive, it would be a vertical water drive, it would not be as speculative

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONES 7-9645 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

as if it were a horizontal water drive and coming from the east.

A Well, I would state that I believe the water drive would be somewhat of a blanket affair there.

MR. CAMPBELL: Mr. Simon, in connection with your Exhibit No. 1 there, you do have contour controls there to the south of this well, do you not? Haven't there been some dry holes drilled on your contour to the south, but you have continued around this well? Does that give you a basis for stating that it is speculative as to whether there will be production from this tract?

A Yes, that is correct.

MR. CAMPBELL: That is all.

MR. SPURRIER: Any further questions? If not, the witness may be excused.

(Witness excused.)

MR. SPURRIER: Do you have a witness, Mr. Ray?

MR. RAY: I would like to present some testimony for The Texas Company, and request I be sworn.

C A R L R A Y,

having been first duly sworn, testified as follows:

MR. RAY: For the record, I would like to state my qualifications. I hold a Bachelor of Science Degree in Engineering from the University of Colorado.

MR. SPURRIER: Have you testified before this Commis-

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sion before?

MR. RAY: No, I have not. I have been employed by The Texas Company for approximately four years as field engineer, as reservoir engineer, and at the present time I am handling proration matters for our division office in Fort Worth.

MR. SPURRIER: That is sufficient.

(Marked Exhibit No. 1 for The Texas Company, for identification.)

MR. RAY: I have here a map of the Lynch Pool and have figures in red upon the face of the map showing water production for The Texas Company wells. This data is taken from well productivity tests that were made in the first quarter of this year. Starting in the north area it shows our No. 2 well producing three barrels of water per day. And as we come south through the field, you will note that the water production increases with the No. 4 well on our State of New Mexico "A" lease producing 240 barrels of water per day. These wells are completed at correlative depths and I believe that this will show an edge water drive with the water advancing to the northeast. I submit this to support our contention that the Elder well located 990 feet from the north, 50 feet from the west line of Lot 3 in Section 1 being so close to the proration unit on which the No. 2 Shugart well is located, in effect will give a disproportionate drainage to Lot 4, which is contiguous to our State of New Mexico "A" lease. This is protected by one well, our No. 5 well, which is drilling

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in the northeast of the northeast, and we feel that if this unorthodox location is granted, it will give Elder a disproportionate advantage in this field from a drainage standpoint, and will increase the water encroachment on our property. We have no objection to the drilling of the well, but if it is located as he requests, we would like to point out the provision, paragraph "G" of Rule 104 that states "whenever an exception is granted, the Commission should take such action as will offset any advantage which the person securing any exception may obtain over other producers by reason of the unorthodox location."

MR. CAMPBELL: Mr. Ray, what is the position of your company, are you opposing the location?

MR. RAY: We do not oppose the drilling of the well. Our position is that if the location is granted according to your application, that the allowable of the well be reduced by a proportionate factor to put the reservoir in line as provided in Section "G" of Rule 104.

MR. CAMPBELL: Does your company feel that wherever an unorthodox location is granted because of the speculative possibility that a well at the orthodox location might not be productive that the Commission should reduce the normal 40-acre allowable?

MR. RAY: Yes, we do.

MR. CAMPBELL: That is the position of your company in connection with unorthodox location?

MR. RAY: Yes.

MR. CAMPBELL: What was your answer?

MR. RAY: Yes, where the unorthodox location is requested. Where it is not felt that a well would be productive at an orthodox location.

MR. CAMPBELL: Does your company have any unorthodox locations in the Lynch field?

MR. RAY: That I don't know.

MR. CAMPBELL: I refer you to the south, I don't know how the lots are numbered there, to the wells immediately south of the well which you are now drilling or have just been completed in the northeast corner of Section 2.

MR. RAY: Northeast of Section 2. What our No. 2 well.

MR. CAMPBELL: Yes, I believe that is. Have you drilled two wells in that 40-acre tract?

MR. RAY: Yes, we have.

MR. CAMPBELL: Isn't your No. 2 well an unorthodox location as a result of that?

MR. RAY: The No. 2 was drilled after the No. 1 was plugged and abandoned.

MR. CAMPBELL: It is an unorthodox location, isn't it?

MR. RAY: I believe it would be.

MR. CAMPBELL: In connection with the well you are now drilling which you say needs protection up there, that offsets a well of yours in Lot 2 of Section 2, does it not?

MR. RAY: Yes.

MR. CAMPBELL: And you didn't undertake to drill that location until after Elder No. 2 well had been drilled to the east, did you?

MR. RAY: That is correct.

MR. CAMPBELL: And the No. 2 well of Elder was a step out over your own lease 40-acre drilling unit there, was it not?

MR. RAY: That is correct.

MR. CAMPBELL: I think that is all.

MR. SPURRIER: Are there any further questions of the witness? Do you offer this in evidence?

MR. RAY: I offer that in evidence.

MR. SPURRIER: Without objection it will be received.

Mr. Campbell, do you offer this?

MR. CAMPBELL: No, I offer this in evidence. This is the one that was marked. This is just an extra copy.

MR. SPURRIER: Without objection it will be received.

Do you have anything further?

MR. CAMPBELL: No.

MR. RAY: No.

MR. SPURRIER: Does anyone have anything further in this case? We will take the case under advisement and proceed to the next case, which is Case 353, which has been continued from a previous hearing.

STATE OF NEW MEXICO    )  
                              :  
COUNTY OF BERNALILLO   )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 346 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this \_\_\_\_\_ day of May, 1952.

\_\_\_\_\_  
REPORTER

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG.  
PHONE 7-9645 AND 3-9546  
ALBUQUERQUE, NEW MEXICO

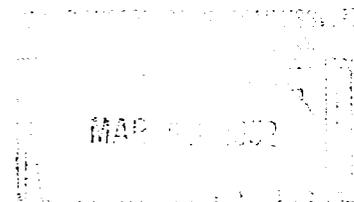
BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

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In the Matter of the appli-  
cation of J. H. Elder for  
approval of unorthodox loca-  
tion for his Shugart No. 3 well,  
to be located 990' from N line  
and 50' from W line of Lot 3,  
Sec. 1-21S-R33E.

No. 346

TRANSCRIPT OF HEARING  
March 20, 1952



E. E. GREESON  
ADA DEARNLEY  
COURT REPORTERS  
BOX 1302  
PHONES 5-9422 AND 5-9546  
ALBUQUERQUE, NEW MEXICO

(Mr. Graham reads the notice of publication.)

MR. CAMPBELL: If the Commission please, I would like to re-act a little bit. Jack M. Campbell, Roswell, N. M., representing the applicant J. H. Elder.

The Commission files will show that the applicant has furnished a statement from a geologist qualified previously before this Commission that an orthodox location will be non-productive. The applicant has failed to date to furnish the Commission with the plat required by the rules indicating the offset lessees, adjoining lessees. I would like to request the Commission that this case be taken under advisement until such time as the applicant furnishes the Commission with the plat required by the rules, and either the Commission or the applicant notifies adjoining lessees, as required by the rules, and obtains approval to the unorthodox location.

It is my understanding that the applicant has a rig ready to drill. And I believe that the rules will be complied with, and there can be no objection if the opinion of the adjoining lessees is obtained, and they have no objection to the unorthodox location. What I would like to avoid is the re-advertising and re-hearing on the application, provided Rule 104 is complied with with reference to the approval of adjoining lessees, and furnishing of the required plat.

MR. SPURRIER: Mr. Campbell, if we do take the case under advisement and approvals do come in, it will simplify the situation. Suppose they don't?

MR. CAMPBELL: I think it is up to the applicant to see that they do. If they don't come in, there will have to be a hearing. If there is any objection, there will have to be a hearing on the case. What I am asking is, if the plat is furnished and waiver or approval of adjoining lessees is furnished, the Commission then, under the circumstances, grant the application on the basis of the information available to it. If there is objection, of course, there will have to be additional evidence furnished by both the applicant and any protestants to the application.

MR. GRAHAM: You ask for a continuance?

MR. CAMPBELL: I am asking that the Commission take under advisement. In other words, I don't want a continuance to the next hearing if there is no objection from adjoining lessees. If there is objection, the Commission will have to notify the applicant there has been objection and he will be required to furnish testimony to justify the application at that time.

MR. SPURRIER: We might not be able to get the case on the next docket. That is the reason I brought up the question.

MR. CAMPBELL: What is the reason for that?

MR. SPURRIER: Well, if the objections come in in time so that it can be set down for the April hearing, all right. If they don't ....?

MR. CAMPBELL: That is his problem. He hasn't furnished the Commission with the required information. If he does it, and there is no objection, I would like to ask the Commission, if there is no objection, to grant the application on the basis of the present information furnished to it. If there is objection, there will have to be a continuance until such time as the Commission can properly hear it.

MR. SPURRIER: Mr. Campbell, I think we had better continue this to April 15. You may be faced with -- your client may have to come in for the May hearing otherwise. And we would have to accept evidence to complete compliance with the rules and regulations by May, and some interested persons here may not have opportunity in open hearing to review that. There has been a suggestion made -- you can continue it to any definite date. For example April 10. We have already continued the allowable hearing to April 10.

MR. CAMPBELL: Then I will request that the Commission continue this matter until April 10, if you are willing to.

MR. SPURRIER: If you only need ten days, we can continue it to April 1.

MR. CAMPBELL: Continue it to April 1, and if there is any objection, of course, it will have to be set down. It can still be advertised for the April 15 hearing.

MR. SPURRIER: It won't be necessary. If we continue it

here now until a definite date, everyone is on notice at this moment there will be a hearing on that date.

MR. CAMPBELL: What is that, April 1?

MR. SPURRIER: That is your request.

MR. CAMPBELL: I request April 1.

MR. SPURRIER: Very well, this will be continued to April 1.

STATE OF NEW MEXICO

ss

COUNTY OF BERNALILLO

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

DONE at Albuquerque, N. M., March 21, 1952.

  
Notary Public

My Commission Expires: 8-4-52

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
April 15, 1952

TRANSCRIPT OF PROCEEDINGS

Case No. 346

ADA DEARNLEY & ASSOCIATES  
COURT REPORTERS  
ROOM 12, CROMWELL BLDG  
PHONES 7-9645 AND 2-6546  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
April 15, 1952

----- X  
:   
In the Matter of: X  
:   
Application of J. H. Elder for X  
approval of unorthodox location :   
for Ralph A. Shugart No. 3, X Case No. 346  
990' from N and 50' from W of :   
Lot 3, 1-21S-33E, Lea County, X  
New Mexico :   
:   
----- X

MR. CAMPBELL: Jack M. Campbell representing the applicant, The Texas Company, which is not an offset owner, but owns leases in the immediate area in this pool, has requested that we make available additional geological information beyond that contained in the files of the Commission and, if the Commission desires that be done and that we have a geological witness available to testify, we would like to request a continuance of 346 until the May hearing in order that we may make that geologist available for examination by the representatives of the Texas Company.

MR. SPURRIER: Is there objection to Mr. Campbell's motion? If not, I will so recommend to the Commission. The next case is 352.



6-5-NK

Def 6 1952

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. 346  
ORDER NO. R-165

THE APPLICATION OF J. H. ELDER FOR  
APPROVAL OF AN UNORTHODOX WELL LOCA-  
TION 990 FEET SOUTH OF THE NORTH LINE  
AND 50 FEET EAST OF THE WEST LINE OF  
LOT 3, SECTION 1, TOWNSHIP 21 SOUTH,  
RANGE 33 EAST, NMPM, IN THE LYNCH  
POOL, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 20, 1952,  
April 1, 1952; April 15, 1952; and May 20, 1952, at Santa Fe, New Mexico, before  
the Oil Conservation Commission of New Mexico, hereinafter referred to as the  
"Commission."

NOW, on this            day of June, 1952, a quorum being present, having con-  
sidered the testimony adduced 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 due to geological conditions, a well in an orthodox location is unlikely to be productive, and an unorthodox location 990<sup>feet</sup> south of the north line, and 50 feet east of the west line of <sup>Lot</sup> 3, Section 1, Township 21 South, Range 33 East, NMPM, in the Lynch Pool, Lea County, New Mexico, should be approved.
- (3) That such unorthodox location will tend to result in more efficient drainage of the area, promote conservation, and will not result in interference with correlative rights of adjoining lessees.

IT IS THEREFORE ORDERED:

That an unorthodox location for the J. H. Elder, No. 3, Ralph A. Shugart, lo-  
cated ~~at~~ 990 feet south of the north line, and 50 feet east of the west line of  
Lot 3, Section 1, Township 21 South, Range 33 East, NMPM, in the Lynch Pool, Lea  
County, New Mexico, be and the same hereby is approved.

DONE At Santa Fe, New Mexico, on the <sup>(day and year)</sup> ~~date~~ hereinabove written.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

USUAL CONCLUSION

CASE 327: Phillips Petroleum Co. applica-  
tion for exception to Rule 309 re Phillips  
Chemical Co.'s Chem-Santa Fe wells 1, 2 & 3  
in Vacuum Field, Lea County, N. M.