

CASE 4650: Application of WALTER
W. KRUG dba WALLEN PROD. CO. FOR
AN EXCEPTION TO ORDER NO. R-111-A

Case Number

4650

Application

Transcripts

Small Exhibits

ETC.

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SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS
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1	BEFORE THE	
2	NEW MEXICO OIL CONSERVATION COMMISSION	
3	STATE LAND OFFICE BUILDING	
4	SANTA FE, NEW MEXICO	
5	January 19, 1972	
6	EXAMINER HEARING	
7	IN THE MATTER OF:	
8	Application of Walter W. Krug	Case 4650
9	d/b/a Wallen Production Company)	
10	for an exception to Order No.	
11	R-111-A and for special pool	
12	rules, Lea County, New Mexico.	
13	BEFORE: Daniel S. Nutter,	
14	Alternate Examiner.	
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18	TRANSCRIPT OF HEARING	
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1 MR. NUTTER: Case 4650.

2 MR. HATCH: Case 4650: Application of Walter W. Krug
3 d/b/a Wallen Production Company for an exception to Order No.
4 R-111-A and for special pool rules, Lea County, New Mexico.

5 WALTER W. KRUG

6 a witness, having been first duly sworn according to law, upon
7 his oath, testified as follows:

8 DIRECT EXAMINATION

9 BY MR. NUTTER

10 MR. KRUG: I would point out I haven't been before
11 this body. I have been questioned as to qualifications.

12 Q (By Mr. Nutter) If you will give us a brief description of
13 your background and your qualifications, Mr. Krug.

14 A All right. I was listening as I was over there, so I
15 sketched this outline down.

16 I am a graduate mechanical engineer from Iowa State
17 University; been in the oil business full time seventeen
18 years, during which time I took geological college courses
19 through the Permian Basin Graduate Center.

20 I have drilled and/or completed something over 200
21 wells. I can't give you the exact amount. I would have
22 to have more time.

23 I completed the offset well we have there now. In
24 brief, that is it.

25 Q You are acquainted with the Potash Oil area casing and

1 MR. NUTTER: Case 4650.

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12 Q (By Mr. Nutter) If you will give us a brief description of
13 your background and your qualifications, Mr. Krug.

14 A All right. I was listening as I was over there, so I
15 sketched this outline down.

16 I am a graduate mechanical engineer from Iowa State
17 University; been in the oil business full time seventeen
18 years, during which time I took geological college courses
19 through the Permian Basin Graduate Center.

20 I have drilled and/or completed something over 200
21 wells. I can't give you the exact amount. I would have
22 to have more time.

23 I completed the offset well we have there now. In
24 brief, that is it.

25 Q You are acquainted with the Potash Oil area casing and

1 cementing rules?

2 A Yes, I am.

3 Q As promulgated by the Commission or Order No. R-111-A?

4 A Yes.

5 Q You have completed one well in this area already?

6 A Yes, I have.

7 Q And it is proposed now to drill the second well and to
8 deviate somewhat from the casing and cementing program as
9 outlined in R-111-A?

10 A Yes, only insofar as the cementing is concerned.

11 I think you will find the casing similar, and the
12 only well--should I phrase that--should I have a choice, I
13 think I would stay with the casing program, per se, but I
14 don't think I can do any harm the way I have it outlined,
15 and I would like to present these to the various and sundry--

16 Q Are you going to examine Mr. Krug?

17 MR. HATCH: No, I was just going to help him mark his
18 exhibits here.

19 The first exhibit, this will be the first exhibit you are
20 going to be talking about to the Examiner?

21 THE WITNESS: Yes.

22 Not so much an exhibit. I did feel you probably wanted to
23 know where the nearest active potash mine was.

24 This came off of your records by the U.S.G.S.'s Mr. Brown.

25 MR. HATCH: You are not going to introduce that?

1 THE WITNESS: Not unless you want it in.

2 MR. NUTTER: Well, if he gives us the information in
3 the record we can confirm this from our records.

4 MR. HATCH: That is all. Go ahead.

5 THE WITNESS: *It will be noted*
~~Fuel-netted on~~ the casing program there
6 is identical with the exception of that original--I'm sorry,
7 the green from 900 to 1,500 feet, where that it the 8 and 5.
8 That is normally cemented at the top of the salt, using
9 saturated water.

10 Drilling through the salt, I don't feel that we would wash
11 out any salt, to speak of.

12 I don't also feel that the casing program as shown down to
13 900' would allow any wash and contamination of the salt.

14 My idea was, rather than to cement the 8 and 5 in, then set
15 the 7", and ~~take~~ *take* it at the bottom with 50 sacks, then drill on
16 into the pay.

17 In any instance, it would be easier to drill, set the
18 normal *13 3/8 and 10 3/4 1 mol* 13-310-3/4's and 5 to set 8 and 5. It would be merely to
19 butt it into the hole, back the red beds so that there would be
20 no caving down the hole.

21 Then set the 7" and rather than ~~take~~ *take* it, bring the cement
22 at that point all of the way back to the surface.

23 That, in brief, is what I wanted the Commission to consider.

24 I can't see where I can get into any trouble there.

25 Q (By Mr. Nutter) Well, now, is it your intention, Mr. Krug, to

1 set the 8 and 5 as you drill down there to the red beds?

2 A ~~And~~ we were going to bring that ~~one~~ by here. We didn't
3 have any reason to merit setting the 8 and 5. We set it
4 because it was set that way in the orders, in that Rule-
5 111-A.

6 Q Well, if you are drilling through the red beds and they
7 start collapsing on you, wouldn't it be kind of late to
8 think about running the 8 and 5/8ths in?

9 A No. You usually get good indications on the--we do have
10 the 8 and 5 on location.

11 Q You could run it if you needed it?

12 A That is right. I didn't mean to imply we wouldn't protect
13 ourselves going down cementing the 7" for us was better
14 than cementing the 8 and 5 and then cementing the 7" and
15 going back in and perforating afterwards and then bringing
16 the cement on up.

17 Q As you drill through, whether you have the 8 and 5/8" there
18 or not, as you drill through the ~~set~~ cement you would be using
19 a saturated brine solution?

20 A Yes, we found that out the last time.

21 Q When you run your 7" and cement it back to the surface will
22 you be able to cement that entire 3,150' in one stage?

23 A I have gotten together with the cementing company, and we
24 feel that that can be done using 150 sacks of net class C
25 cement, and then low density--in other words, Class C with

1 three to five per cent jell on up to the surface, we should
2 have no problems, should there be any settling we--I have
3 4,000' of 2 3/8ths where I can do a top job.

4 Q Well, would the 10 3/4 be in the hole at that time?

5 A No, that would be out of the hole.

6 Q It would already be out, you would go in on the outside of
7 the 7" with a 2 3/8ths?

8 A That is correct. We use mud sweep ahead of our cement.

9 That usually clears the hole pretty good.

10 Q After you drilled into the pay you would run this 4 1/2"
11 liner, it would overlap the 7" by approximately 50'; corr-
12 ect?

13 A No, 100 to 150.

14 Q 100 to 150?

15 A That would be done in either case.

16 Q Did you get production on the first well you drilled?

17 A Yes, we did.

18 Q What is the nature of that well?

19 A It is currently producing into the Texas-New Mexico pipeline.

20 Q How much does it make?

21 A Well, we are producing at the rate of 51 barrels a day.

22 Q 51 a day?

23 A Yes, one foot ten inches in a 500.

24 That is not ^{an indication} ~~in negation~~ of the producability of the
25 well.

1 It can produce more than that.

2 It is just we are not taking out any more.

3 MR. NUTTER: Are there any questions of Mr. Krug?

4 THE WITNESS: I ought to point out the reason I brought
5 this was to show, according to the records, active mining area
6 is fourteen miles away from my lease, not the well, but the
7 lease line.

8 Q (By Mr. Nutter) Who is the nearest mining operator?

9 A That is Kerr-McGee on Section 4 in 21-31.

10 Q Now, you propose some pool rules for the north line of the
11 Yates River Pool?

12 A Yes.

13 Q Which would permit a casing program similar to what you
14 have proposed here for your No. 2 well; is this correct?

15 A Yes, sir, insofar as the cable total is concerned.

16 Q For the cables total drilled well?

17 A Yes. I don't think this would hold for rotary.

18 MR. NUTTER: Are there any questions of Mr. Krug?

19 You may be excused.

20 Thank you. Do you have anything further to offer in this
21 case?

22 Does anyone have anything they wish to offer in Case 4650?

23 We will take the case under advisement and call Case 4649.

24 THE WITNESS: Do I need to say that we are on this
25 well? We are on this well, Well No. 2.

dearnley-meier reporting service, inc.

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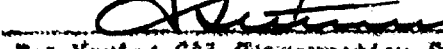
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STATE OF NEW MEXICO)
) SS.
COUNTY OF BERNALILLO)

I, RICHARD STURGES, a Certified Shorthand 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.


CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Bernalillo hearing of Case No. 4650,
heard by me on 1/19, 1972.


Secretary
New Mexico Oil Conservation Commission

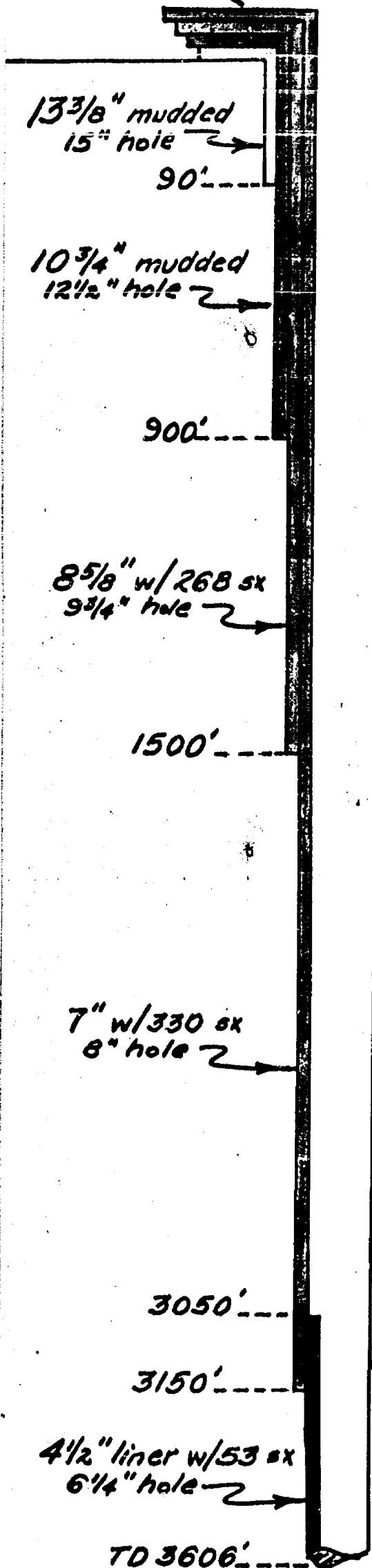
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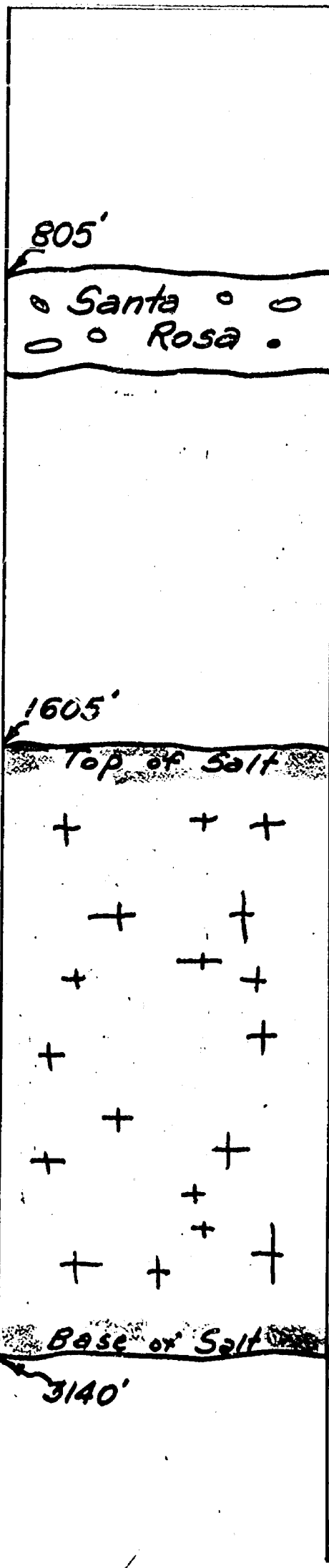
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CASING PROGRAM

PRESENT



PROPOSED



(Case 4651 continued)

(b) Extend the Bluitt-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
SECTION 15: All

(c) Extend the Littman-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 38 EAST, NMPM
SECTION 20: SE/4

(d) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
SECTION 27: SW/4

(e) Extend the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
SECTION 18: W/2

(f) Extend the Vada-Pennsylvanian Pool in Lea and Roosevelt Counties, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
SECTION 36: NW/4

TOWNSHIP 9 SOUTH, RANGE 34 EAST, NMPM
SECTION 17: NW/4
SECTION 18: N/2

CASE 4649: Application of the Oil Conservation Commission on its own motion for the amendment of the gas well testing procedures promulgated by Order No. R-333-F for Northwest New Mexico. The Commission proposes to amend Chapter I of said Order No. R-333-F in such a manner as to provide that most annual deliverability and shut-in pressure tests required by said order be filed within 60 days following the completion of the test and to provide for notice to the Commission of any re-scheduling of shut-in pressure tests. The Commission further proposes to amend the ninth paragraph of Chapter II, Section 2 of said order to permit shutting in gas wells for the required shut-in test other than immediately following the 7-day deliverability flow test and to permit measuring the shut-in test pressure during the 8th to 15th day of shut-in of the well rather than on the 8th day as presently required.

CASE 4637: (Continued from the December 15, 1971, Examiner Hearing)
In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Luttrell Oil Company and all other interested persons to appear and show cause why the following-described wells in New Mexico should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Luttrell Oil Company State Well No. 1 -
Unit M, Section 28, Township 2 South,
Range 26 East, De Baca County;

Luttrell Oil Company Corn Well No. 1 -
Unit A, Section 5, Township 8 South,
Range 24 East, Chaves County.

CASE 4651: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Roosevelt County, New Mexico, classified as a gas pool for San Andres production and designated as the Baker-San Andres Gas Pool. The discovery well is the Cactus Drilling Corporation of Texas Kewanee State No. 2 located in Unit G of Section 9, Township 7 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 35 EAST, NMPM
SECTION 9: NE/4

(Case 4642 continued)

institute a pressure maintenance project in said pool by the injection of water into the Entrad formation through various wells located in Sections 10, 11, 22, and 23 of Township 19 North, Range 3, West, Sandoval County, New Mexico, and the promulgation of rules for said project including a procedure whereby additional injection or production wells at orthodox or unorthodox locations may be approved administratively.

CASE 4646: Application of Manning Gas and Oil Company for down-hole commingling and a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from undesignated Gallup and Dakota oil pools in the well-bore of its Apache Well No. 100 to be drilled 435 feet from the North line and 475 feet from the East line of Section 3, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. Applicant further seeks a procedure whereby similar approval may be granted administratively for other wells to be drilled in the area of the above-described well. Applicant further seeks approval for a non-standard 32-acre proration unit comprising all of Lot 1 to be dedicated to the above-described Well No. 100.

CASE 4647: Application of Apache Corporation for the creation of a new pool and special pool rules, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the Mesaverde formation for its Jicarilla Apache Well No. 1-7 located in the SE/4 NE/4 of Section 7, Township 22 North, Range 5 West, Sandoval County, New Mexico. Applicant further seeks the promulgation of special rules for said pool including provisions for 80-acre spacing units with wells to be drilled in the north-west or southeast quarter-quarter sections.

CASE 4650: Application of Walter W. Krug dba Wallen Production Company for an exception to Order No. R-111-A and for special pool rules, 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 for his Wallen Federal Well No. 2 located 990 feet from the North line and 1650 feet from the West line of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico. Applicant proposes to drill and complete said well in such a manner that upon completion, the well would be equipped with a 7-inch production casing to the top of the pay and a 4 1/2-inch liner through the pay, with cement to the surface. Applicant further seeks the promulgation of special pool rules for similar casing and cementing, of all wells drilled in the above-described pool.

Docket No. 2-72

DOCKET; EXAMINER HEARING - WEDNESDAY - JANUARY 19, 1972

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1972, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
- (2) Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for February, 1972.

CASE 4645: Application of Acoma Oil Corporation for down-hole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Drinkard Pool and Wantz-Abo Pool in the well-bore of its S. J. Sarkeys A Well No. 1, a triple completion, located in Unit A of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4648: Application of Aztec Oil & Gas Company for an unorthodox well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the off-pattern unorthodox location for its Vasaly Federal Well No. 1-Y to be located 790 feet from the North line and 1795 feet from the West line of Section 31, Township 32 North, Range 11 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

CASE 4625: (Continued from the December 15, 1971, Examiner Hearing)
Application of Texaco Inc. for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Paduca-Morrow and Paduca-Wolfcamp Gas Pools in the well-bore of its Cotton Draw Unit Well No. 65 located in Unit G of Section 2, Township 25 South, Range 31 East, Eddy County, New Mexico.

CASE 4642: (Continued from the January 5, 1972, Examiner Hearing)
Application of Fluid Power Pump Company for special pool rules and a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Media-Entrada Pool, including a provision for 160-acre spacing and proration units. Applicant further seeks authority to



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

February 8, 1972

Mr. Walter W. Krug
308 N. Colorado
Suite 4
Midland, Texas 79701

Re: Case No. 4650
Order No. R-4253
Applicant:

Walter W. Krug

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
 Artesia OCC
 Aztec OCC
 Other

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. 4650
Order No. R-4253

APPLICATION OF WALTER W. KRUG dba
WALLEN PRODUCTION COMPANY FOR AN
EXCEPTION TO ORDER NO. R-111-A AND
FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of February, 1972, 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, Walter W. Krug dba Wallen Production Company, seeks an exception to the potash-oil area casing and cementing rules as set forth in Commission Order No. R-111-A for his Wallen Federal Well No. 2 to be drilled 990 feet from the North line and 1650 feet from the West line of Section 20, Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico.

(3) That the applicant proposes to set a cavings casing string at approximately 90 feet, a water shut-off casing string at approximately 900 feet, a salt protection string at approximately 3150 feet, and a liner to total depth at approximately 3606 feet.

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CASE NO. 4650

Order No. R-4253

(4) That the applicant proposes to circulate cement to the surface on the cavings string, mud-in the water shut-off string, circulate cement to the surface on the salt protection string, and if production is encountered circulate cement on the liner back into the salt protection string approximately 100 feet.

(5) That the applicant further seeks the promulgation of special rules and regulations for the North Lynch Yates-Seven Rivers Pool whereby similar casing and cementing would be permitted for all wells drilled in the pool with cable tools.

(6) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the above-described Well No. 2.

(7) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the above-described pool.

(8) That approval of the proposed special casing and cementing program for the subject well and the promulgation of special rules and regulations as requested will afford the applicant and others the opportunity to produce their just and equitable share of the oil and gas in the subject pool, will prevent unnecessary economic loss, prevent waste, protect correlative rights, assure maximum conservation of oil, gas, and potash resources, and permit the economic recovery of oil, gas, and potash minerals within the Potash-Oil Area as defined by Order No. R-111-A.

IT IS THEREFORE ORDERED:

(1) That, effective the date of this order, Special Rules and Regulations for the North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH LYNCH YATES-SEVEN RIVERS POOL

RULE 1. All wells commenced in the North Lynch Yates-Seven Rivers Pool within the boundaries of the Potash-Oil Area, as defined by Order No. R-111-A, shall be drilled and operated in accordance with the provisions of Order No. R-111-A, provided

-3-

CASE NO. 4650
Order No. R-4253

however, that the operator of any such well drilled with cable tools shall have the option of following the casing, cementing, and abandonment procedures prescribed by Order No. R-111-A or the casing, cementing, and abandonment procedures as set forth below:

CASING, CEMENTING, AND ABANDONMENT PROCEDURE

1. Cavings Casing String:

- (a) Operator shall set oil field casing at a depth of approximately 100 feet below the surface. 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. Water Shut-Off Casing String:

- (a) Operator shall set oil field casing at a depth of approximately 900 feet below the surface or deeper if necessary to protect any potable water. Casing shall be mudded in or cement shall be circulated back to the surface.
- (b) If cemented, cement shall set a minimum of 24 hours before drilling the plug or instituting tests.
- (c) If mudded in, the water shut-off casing string may be pulled after the salt protection casing string has been run to total depth.

3. Salt Protection Casing String:

- (a) Before drilling into the pay, operator shall set oil field casing below the base of the salt section. Cement shall be circulated back to the surface.

-4-

CASE NO. 4650

Order No. R-4253

- (b) Cement shall set a minimum of 24 hours before drilling the plug or instituting tests.

4. Production Casing String:

- (a) If production is encountered, applicant shall set a production liner through the productive interval and back into the salt protection string at least 100 feet. Cement shall be circulated at least 100 feet back into the salt protection string.

5. Cementing and Testing Procedure:

All cement mixtures and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A insofar as said provisions are not inconsistent with this order.

6. 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.

- 7. 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.

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CASE NO. 4650

Order No. R-4253

(2) That the applicant, Walter W. Krug dba Wallen Production Company, is hereby authorized to case, cement, and abandon his Wallen Federal Well No. 2 located 990 feet from the North line and 1650 feet from the West line of Section 20, Township 20 South, Range 34 East, NMPM, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico, in accordance with the above-described casing, cementing, and abandonment procedure.

(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



Bruce King
BRUCE KING, Chairman

Alex J. Armiijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

OFFICE PHONE
A/C 915 683-2600

Class 4650
RECEIVED

HOME PHONE
A/C 915 563-0048

WALTER W. KRUG

308 N. COLORADO
SUITE 4
MIDLAND, TEXAS 79701

November 30, 1971

DEC - 2 1971
NEW MEXICO OIL CONSERVATION COMM.

New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501
Attn: Mr A. L. Porter

sent for hearing Jan 19
Re: Request for deviation from Casing
Program as stated in R-111-A.

Dear Sir:

I would like you to consider this letter as a request for your approval in changing the piping program covering the 1500' of 8 5/8" surface pipe, cemented to the surface and 3150' of 7" intermediate string, tacked with 50 sacks of cement. I would like to leave out the 1500' of 8 5/8" surface and cement the 3150' of 7" intermediate pipe to the surface of the ground instead. This way, I will have the intermediate pipe cemented to the surface (before drilling into the pay zone) and can set a 4 1/2" liner in a 6 1/4" hole with adequate cement to total depth.

You will note this will fully protect the salt section (the nearest salt mining is over 4 miles away), which is as it should be and at the same time give me good control and decent cement for completing my well, both with the minimum of risk. Also, it allows me one more water shut off string, which I may need.

I hope this request will meet with your approval and that you will favor me with an early reply.

Very truly yours,

Walter W. Krug
Walter W. Krug

WK/hk

certified mail

cc: Mr A. R. Brown, District Engineer
U.S.G.S. Hobbs, New Mexico
cc: Mr J. D. Ramey, Supervisor
New Mexico Oil Conservation Commission

*I talked w/ Mr Krug
he wants us to consider
this as application for
hearing - Adv. if at
Apex rules for worth
Rynach Yates-SR*

RECEIVED

Date 1-6-72

Form D-331A
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

RECEIVED
(Other instructions on reverse side)

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

Walter W. Krug DBA Wallen Production Company

3. ADDRESS OF OPERATOR

308 North Colorado Street, Suite # 4, Midland, Texas 79701

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

At surface

1650' FWL & 990' FNL, Section 20, T 20 S, R 34 E, Lea County
At proposed prod. zone
3700 feet from Surface, Seven Rivers New Mexico

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

27 miles W NW of Hobbs, New Mexico

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST

PROPERTY OR LEASE LINE, FT.

(Also to nearest drg. line, if any)

990 feet

18. DISTANCE FROM PROPOSED LOCATION*

TO NEAREST WELL, DRILLING, COMPLETED,

OR APPLIED FOR, ON THIS LEASE, FT.

1480

16. NO. OF ACRES IN LEASE

640

19. PROPOSED DEPTH

3700'

17. NO. OF ACRES ASSIGNED

TO THIS WELL

40

20. ROTARY OR CABLE TOOLS

cable tool

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

OR 3640' estimated

22. APPROX. DATE WORK WILL START*

12-15-71

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
15"	13 3/8"	48#	60' ✓	mudded in-to be pulled
12 1/2"	10 3/4"	32.75#	900' ✓	mudded in-to be pulled
10"	8 5/8"	20# & 23#	1500'	cemented to surface w/275sxs
8"	7"	20#	3150'	cemented w/50 sxs, cemented
6 1/4"	4 1/2"	9.5#	3700'	to surface if production is
				secured w/600 sxs added

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

Walter W. Krug

TITLE

Partner

DATE

11-30-71

(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

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Case 4650

RECEIVED
Form C-102
Supersedes C-128
Effective 1-1-65
DEC - 2 1971

All distances must be from the outer boundaries of the Section.

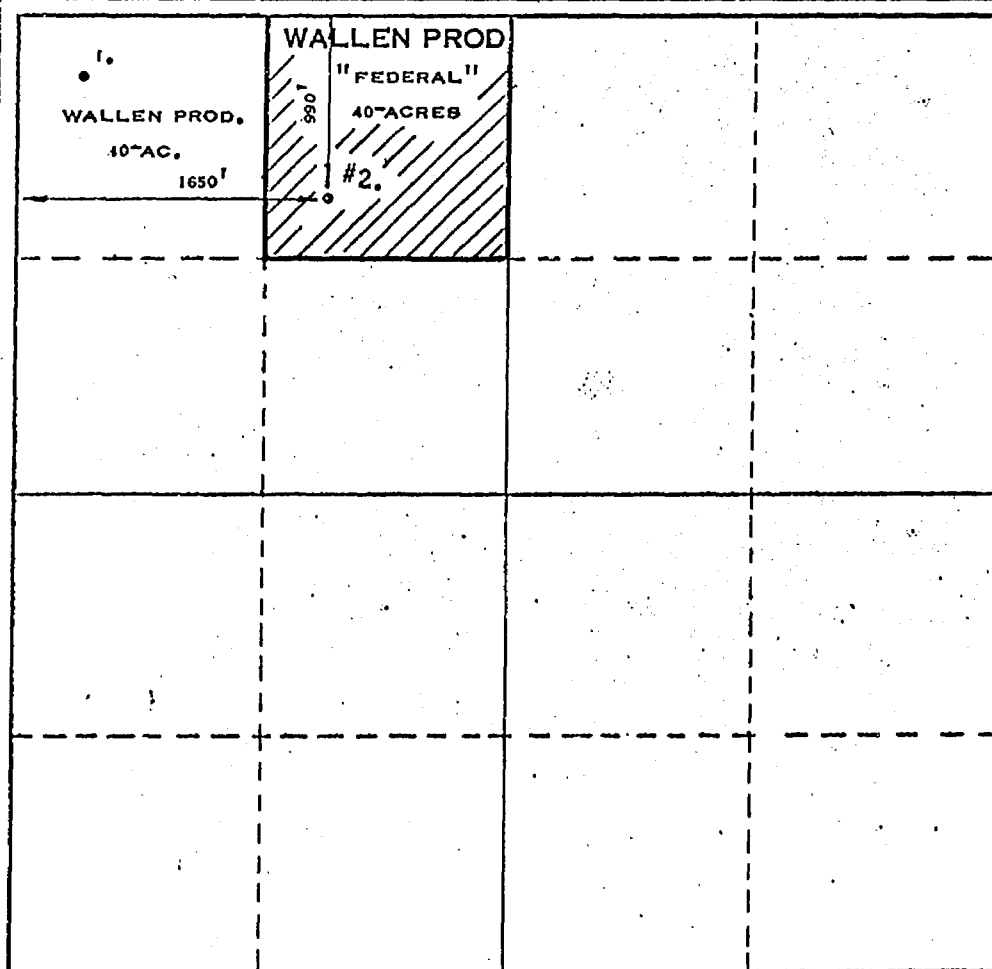
Operator WALLEN PRODUCTION COMPANY		Lease FEDERAL		Section 2	
Unit Letter "C"	Section 20	Township 20-S	Range 34-E	County LEA	
Actual Footage Location of Well: 990 feet from the NORTH line and 1650 feet from the WEST line					
Ground Level Elev:	Producing Formation SEVEN RIVERS		Pool LYNCH, NORTH		Dedicated Acreage: 40 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☒ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) See above

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name Walter H. King
Position Partner
Company Wallen Prod. Co.
Date 12-1-71

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
DECEMBER 1, 1971

Registered Professional Engineer
and/or Land Surveyor
Max A. Schumann
MAX A. SCHUMANN P.E.

Certificate No. 1510

0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

OFFICE PHONE
A/C 915 683-2600

HOME PHONE
A/C 915 563-0048

WALTER W. KRUG
308 N. COLORADO
SUITE 4
MIDLAND, TEXAS 79701

RECEIVED
AUG 4 1971
OIL CONSERVATION COMM

August 2, 1971

New Mexico Oil Conservation Commission
Santa Fe, New Mexico 87501
Attn: Mr. A. L. Porter

Re: Request Exception to R-111-A,
casing program.

Dear Sir:

I am writing this request in conjunction with a visit to your Hobbs office, where I talked with one of your engineers and at the same time with Mr Brown of the U.S.G.S. (7-28-71). Both of these gentlemen felt my request had merit and suggested I put my request in writing for approval and then to the U.S.G.S. for their approval.

I enclose with this letter a copy of my "Application For Permit To Drill, Deepen, Or Plug Back" (which Mr Brown said was approved subject to Cities Service Oil Company's "Designation of Operator"). Now, my request for a change concerns the 5 1/2" pipe with the 500 feet of 4" liner; I would like to replace that with 4 1/2" set through the pay and cemented to the surface of the ground. The reason for this, is the thin skin of cement I have on both the 5 1/2" pipe and 4" liner and even though this is a "cable tool" straight hole, I am afraid of communication through the pay section. As protection for the salt section, I would have the proper amount of mud on the location, a B.J. kill truck on stand by and a 8 5/8" blow-out preventer with a pump-through valve on the well, while we are drilling, to protect the salt section from becoming charged, should we have unusual gas shows. We investigated on U.S.G.S. maps and the closest mining operation is over four miles away.

As you will note this will protect the salt section, which is as it should be and at the same time will give me good control and decent cement for completing my well, both with the minimum of risk. Also, it allows me one more water shut off string which I may need at approximately 900 feet.

Should this request require a hearing, could I impose on you to let me know? I would like to have a representative at the meeting. I hope this request will meet with your approval and that you will favor me with an early reply.

Very truly yours,

Walter W. Krug
Walter W. Krug

WK/hk
certified mail

Don talked by phone to Mr. Krug on Aug. 5, 1971. When Mr. Krug was advised a hearing would be nec. and that Sept. 1 would be the earliest date, Mr. Krug said to forget about the hearing, that he would set pipe according to the rules. George

DRAFT

GMH/dr

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:

APPLICATION OF WALTER W. KRUG dba
WALLEN PRODUCTION COMPANY FOR AN
EXCEPTION TO ORDER NO. R-111-A AND
FOR SPECIAL POOL RULES, LEA COUNTY,
NEW MEXICO.

CASE No. 4650

Order No. R-4253

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 19, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of January, 1972, 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, Walter W. Krug dba Wallen Production
Company, seeks an exception to the potash-oil area casing and
cementing rules as set forth in Commission Order No. R-111-A for
his Wallen Federal Well No. 2 to be drilled ~~and completed~~ 990 feet
from the North line and 1650 feet from the West line of Section 20,
Township 20 South, Range 34 East, North Lynch Yates-Seven Rivers
Pool, Lea County, New Mexico.

(3) That the applicant proposes to set a cavings casing string at approximately 90 feet, a water shut-off casing string at approximately 900 feet, a salt protection string at approximately 3150 feet, and a liner at approximately 3606 feet. ^{to total depth}

(4) That the applicant proposes to circulate cement to the surface on the ~~casing~~ ^{cavings} string, mud-in the water shut-off string, circulate cement to the surface on the salt protection string, and if production is encountered circulate cement on the liner back into the salt protection string approximately 100 feet.

(5) That the applicant further seeks the promulgation of special rules and regulations for the North Lynch Yates-Seven Rivers Pool whereby similar casing and cementing would be permitted for all wells drilled in the pool with cable tools.

(6) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the above-described Well No. 2.

(7) That potash development does not presently exist and is not presently known to be contemplated within the vicinity of the above-described pool.

(8) That approval of the proposed special casing and cementing program for the subject well and the promulgation of special rules and regulations as requested will afford the applicant and others the opportunity to produce their just and equitable share of the oil and gas in the subject pool, will prevent unnecessary economic loss, prevent waste, protect correlative rights, assure maximum conservation of oil, gas, and potash resources, and permit the economic recovery of oil, gas, and potash minerals within the Potash-Oil Area as defined by Order No. R-111-A.

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CASE NO. 4650

Order No. R-

IT IS THEREFORE ORDERED:

(1) That, effective the date of this order, Special Rules and Regulations for the North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico, are hereby promulgated as follows:

SPECIAL RULES AND REGULATIONS
FOR THE
NORTH LYNCH YATES-SEVEN RIVERS POOL

RULE 1. All wells commenced in the North Lynch Yates-Seven Rivers Pool within the boundaries of the Potash-Oil Area, as defined by Order No. R-111-A, shall be drilled and operated in accordance with the provisions of Order No. R-111-A, provided however, that the operator of any such well drilled with cable tools shall have the option of following the casing, cementing, and abandonment procedures prescribed by Order No. R-111-A or the casing, cementing, and abandonment procedures as set forth below:

CASING, CEMENTING, AND ABANDONMENT PROCEDURE

1. Cavings Casing String:

- (a) Operator shall set oil field casing at a depth of approximately 100 feet below the surface. 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. Water Shut-Off Casing String:

- (a) Operator shall set oil field casing at a depth of ^{approximately} 900 feet below the surface or deeper if necessary to protect any potable water. ^{Casing shall be} ~~cement~~ ^{mudded in or cement} ~~or mud~~ shall be circulated back to the surface. ^{If cemented,}
- (b) Cement ~~or mud~~ shall set a minimum of 24 hours before drilling the plug or instituting tests. ^{If mudded in,}
- (c) ¹ the water shut-off casing string may be ~~cut and~~ pulled after the salt protection casing string has been ^{run to total depth} ~~cemented to the surface.~~

3. Salt Protection Casing String:

- ^{Before drilling into the pay,}
- (a) ¹ operator shall set oil field casing below the base of the salt section. Cement shall be circulated back to the surface.
- (b) Cement shall set a minimum of 24 hours before drilling the plug or instituting tests.

-5-

CASE NO. 4650

Order No. R-

4. Production Casing String:

- (a) If production is encountered, applicant shall set a production liner through the productive interval and back into the salt protection string at least 100 feet. Cement shall be circulated at least 100 feet back into the salt protection string.

5. Cementing and Testing Procedure:

All cement mixtures and testing procedures shall be in accordance with the applicable provisions of Order No. R-111-A insofar as said provisions are not inconsistent with this order.

4 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.

- 1 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.

RULE 2. That _____ shall be considered as a "potash operator" in the area of the North Lynch Yates-Seven Rivers Pool for purposes of notice and rights of inspection accorded operators by Order No. R-111-A.

(2) That the applicant, Walter W. Krug dba Wallen Production Company, is hereby authorized to case, cement, and abandon his Wallen Federal Well No. 2 located 990 feet from the North line and 1650 feet from the West line of Section 20, Township 20 South, Range 34 East, NMPM, North Lynch Yates-Seven Rivers Pool, Lea County, New Mexico, in accordance with the above-described casing, cementing, and abandonment procedure.

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CASE NO. 4650

Order No. R-

(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.