

Case No.

705

Application, Transcript,
Small Exhibits, Etc.

CASE 705: Kewanee Oil Company applica-
tion to drill 3 wells (Pearsall Pool)
in unorthodox locations.

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

Case # 705

April 3, 1957

Keweenaw Oil Company
Maljamar, New Mexico

ATTENTION: Mr. R. A. McGill

Gentlemen:

I regret very much that it was necessary for you to call to my attention your letter of March 19th by telephone today.

In the matter of your request for permission to recomplate your Daish Well No. 37-B and your Pearsall Well No. 14-A in the Maljamar pay zone, we have reviewed the case file and it is our impression from the record that was made that Commission Order B-484 contemplated this possibility at the time it was entered. We, therefore, feel that it will be in order for you to proceed with your recompletion operations with the understanding, of course, that these wells must share in the allowable that is assigned to the 40 acres in which they are located with other wells on these units.

Yours very truly,

A. L. Porter, Jr.
Secretary - Director

ALP:bp

CC-Mr. John A. Frost
Maljamar Repressuring Agreement
Mr. Randall Montgomery

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KEWANEE OIL COMPANY

Maljamar, New Mexico
March 19, 1957

Re: Request for Exception to
Paragraph (c), Rule No. 104

Mr. A. L. Porter Jr.,
Secretary,
Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Dear Sir:

Under the provisions of Paragraph (f), Order No. R-855, and exception to Paragraph (c), Rule No. 104 of the Statewide Rules and Regulations, is requested pertaining to the following wells in order that they can be recompleted in the Maljamar Pay:

- (1) Baish Well No. 37-B in NW/4 SE/4 of Section 27, Township 17 South, Range 32 East, NMPM, located 1345 feet north of south line and 1345 feet west of east line of said Section 27;
- (2) Pearsall No. 14-A in SW/4 NE/4 of Section 33, Township 17 South, Range 32 East, NMPM, located 1345 feet south of north line and 2615 feet west of east line of said Section 33.

These wells came before the Commission in a hearing and were approved by Order No. R-434 on June 17, 1954, and were drilled through the Maljamar Pay with casing set at total depth and cement circulated to surface behind casing. Cement inside the casing is below the Maljamar Pay at approximately 4236' in Baish B No. 37 and 4239' in Pearsall "A" No. 14. Both wells were perforated into the Red Sand Zone and Sand-Oil treated. After treatment put wells to producing from the Red Sand Zone and Baish No. 37-B never recovered all the load oil and has been carried as temporarily abandoned since December, 1954, and Pearsall No. 14-A has been producing but production has now declined to the point where it is not economically practicable to continue producing from the Red Sand Zone.

We now propose to recomplete both of these wells in the Maljamar Pay by squeezing off the Red Sand Zone perforations, clean out wells to top of cement plug, and perforate casing into the Maljamar Pay and Sand-Oil treat.

Both wells are located in the same 40 acre tract with another well producing from the same pay zone and it is realized that the allowable for both wells cannot exceed the top unit allowable assigned by the State for a 40 acre tract.

Mr. A. L. Porter Jr - Request for Exception to Rule No. 104 - March 19, 1957

The Kewanee Oil Company is the sole holder of oil and gas leases within 660' of both wells and therefore, there are no offset operators to be notified.

Mr. John A. Frost, District Engineer for the U. S. Geological Survey, has been advised of our intentions and he has stated that the Survey offers no objections providing the State of New Mexico has none.

So, for the above reasons, we are requesting an exception as stated in the first paragraph. Should you need any additional information, please advise.

Yours very truly,

R. A. McMillan

RAMc:jjl

cc - Mr. R. F. Montgomery
Mr. John A. Frost
KOC, Tulsa
KOC, Odessa

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
* * * * *

TRANSCRIPT OF PROCEEDINGS
CASE NO. 705
Regular Hearing

May 19, 1954

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico
May 19, 1954

IN THE MATTER OF:

Application of Kewanee Oil Company to Case No. 705
drill certain oil wells in unorthodox locations.

Applicant, in the above-styled case, seeks an order authorizing the drilling of three (3) oil wells in unorthodox locations. One of the wells, designated as Faish Well No. 37-B, is to be located in the SE/4 of Section 27; one, designated as Pearsall Well No. 14-A, is to be located in NE/4 of Section 33; and one, designated as the Pearsall Well No. 6-BX, is to be located in the NE/4 of Section 34, all in Township 17 South, Range 32 East, Lea County, New Mexico, in the Pearsall Pool.

TRANSCRIPT OF PROCEEDINGS

DIRECT EXAMINATION

By MR. COCHRAN:

Q Will you state your name, please?

A W. H. Miles.

Q Are you the same W. H. Miles who just testified in Case No. 704?

A I am.

Q Mr. Miles, you are familiar with the application of Kewanee Oil Company to drill three unorthodox red sand locations on the Faish lease, the Pearsall lease and the Pearsall ^{BX} lease in Lea County?

A I am.

MR. COCHRAN: Mark Exhibit No. 1.

(Marked Kewanee's Exhibit No. 1
for identification.)

Q I hand you a map marked Kewanee's Exhibit No. 1. Will you state to the Commission what that map shows?

A Kewanee's Exhibit No. 1 is a map of the general Maljara

field area showing in color Kewanee's Baish, a portion of Kewanee's Baish B lease located in Section 27, Kewanee's Pearsall A lease located in Section 33, and Kewanee's Pearsall BX lease, located in Section 34, all in Township 17 south, Range 32 east, Lea County, New Mexico.

Q How are the proposed Red sand locations designated on this map?

A They are shown on this map as Kewanee's Baish B No. 37, which is located 1345 feet north of the south line, 1345 feet west of the east line of Section 27, Township 17 south, Range 32 east. Kewanee Pearsall No. 14 A, located 1345 feet south of the north line, 2615 feet west of the east line of Section 33, Township 17 south, Range 32 east and Pearsall No. 6-BX located 1345 feet south of the north line, and 1295 feet west of the east line of Section 34, Township 17 south, Range 32 east. The wells are shown in red on the subject map.

Q Mr. Miles, how many wells have been drilled on the Baish B lease?

A At the present time there have been a total of 30 producing wells drilled on the Baish B lease. One well, those 30 wells are producing from the Maljamar pay. One well has been drilled and is producing from the Red sand. There are 7 gas input wells which are being used to inject gas in the Maljamar pay and one well was drilled to the Yates sand and was completed as a dry hole. In addition, there is one other well, Kewanee Baish No. 36, which is at the present time temporarily abandoned well.

Q How many wells have been drilled on the Pearsall A lease?

A The Pearsall A lease, there have been drilled 7 producing

In the Maljamar and two producing wells in the Red sand pay. In addition there are two wells on the Pearsall A lease which have been completed as dry holes. One well has been drilled on the Pearsall A lease as a gas inlet well. At the present time 7 wells on the Pearsall A lease are producing from the Maljamar pay and two producing from the Red sands.

Q How many wells have been drilled on the Pearsall PX?

A Two wells drilled on the Pearsall PX lease, one of which was originally completed in the Maljamar pay and has recently been plugged back and recompleted in the Red sand.

Q The wells that are producing on these leases from the Maljamar pay are in what pool?

A They are located in the Maljamar Pool.

Q And the wells that are producing from the Red sand are located in what pool?

A Pearsall Pool.

Q Mr. Miles, have you prepared a diagram or picture showing how you propose to complete these three wells?

A Yes, I have.

MR. COCHRAN: Mark this Exhibit No. 2.

(Marked Kewance's Exhibit No. 2
for identification.)

Q I hand you Kewance's Exhibit No. 2. Will you tell the Commission what this exhibit portrays?

A This is a Kewance Exhibit No. 2, is a diagrammatic sketch of our method of completing these proposed wells using as a basis a typical gamma ray neutron curve to portray the geologic sections encountered in the typical well. In the drilling of these wells we plan to use a conventional rotary method and drill to the top of the Red sand and at this point diamond core the entire Red sand section

Upon completion of this work we plan to drill on to the top of the six zone pay which is the regular, the top producing horizon and the regular Maljamar Pool.

At this point we plan to continue diamond coring operations through the Grayberg-San Andres horizon to a depth of approximately 4200 feet, or through the oil-water contact of the Maljamar pay. Upon completion of this work we plan to run conventional electric logs and then set production string, production casing all the way through the Maljamar pay and use sufficient cement to protect all the producing horizons. Upon completion of this work we plan to set a permanent type bridging plug at the base of the Red sand and then perforate the Red sand section, sand-oil treat with sufficient volume to stimulate production and place the well on production from the Red sand horizon.

Q Mr. Miles, would you explain to the Commission what may be done with these wells later on when the Red sand has been depleted?

A We feel that by drilling these three wells in this manner, that we will be able to systematically develop the Red sand zone known to be present in this area and we will also be able to develop regular five spot Maljamar pay wells to be used later as either gas or water input wells, or as oil producers, whichever the case may be, to ultimately augment the present secondary recovery project now under way in the Grayberg and San Andres horizon of the Maljamar Pool.

Q In your opinion as a petroleum engineer, would the drilling of these wells in this manner be in the interest of conservation and prevent waste?

A Yes, sir, we definitely feel that it would.

Q If the Commission grants permission to drill these three wells, what is your proposal with reference to the allowance for each well?

A We propose that if the Commission grants us approval to drill these wells that we be granted an allowance for each Red sand well separate from the other Kaljamar wells located upon the same 40 acre tract which are now producing from the regular Kaljamar Pool.

Q These being federal leases, I have somewhere a letter from the United States Geological Survey. Would you mark that Exhibit No. 3.

(Marked Kewanee's Exhibit No. 3
for identification.)

MR. COCHRAN: -- in which it is stated that no objection is offered to the proposed locations. We would like to offer at this time Kewanee's Exhibits one, two and three in evidence in this case.

MR. SPURRIER: Without objections they will be admitted.

MR. COCHRAN: That is all.

MR. SPURRIER: Anyone have a question of the witness? If not the witness may be excused.

(Witness excused.)

MR. SPURRIER: Are there any further comments in this case? We will take the case under advisement and take a short recess.

C E R T I F I C A T E

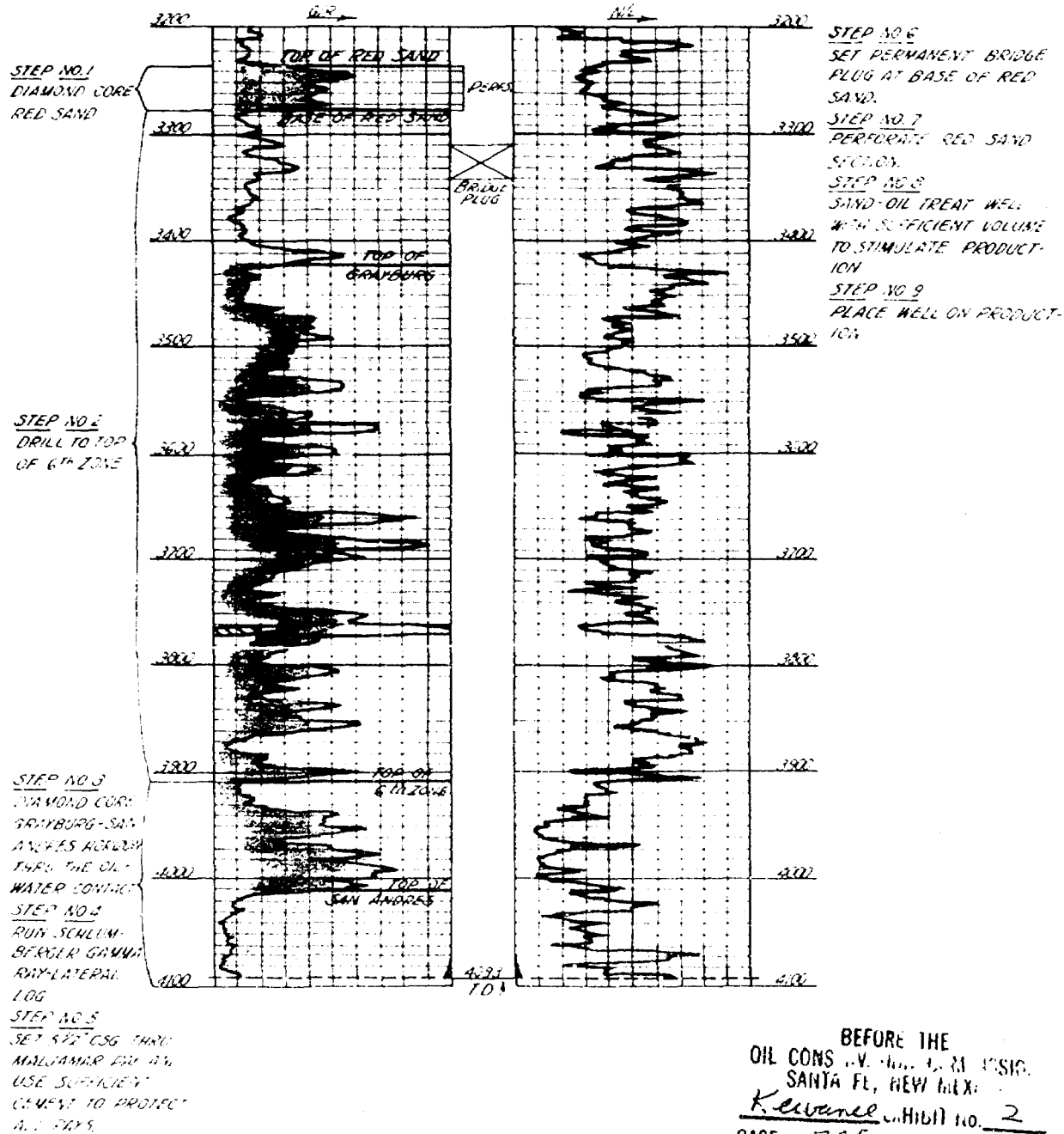
I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcripts of proceedings in the matter of Case No. 705 was taken by me on May 19, 1954, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

ADA DEARNLEY & ASSOCIATES
STENOGRAPHIC REPORTERS
ROOM 105-106-107 EL CORTEZ BLDG.
PHONES 7-9345 AND 5-9548
ALBUQUERQUE, NEW MEXICO

KEWANEE OIL COMPANY
PROPOSED RED SAND DEVELOPMENT
WELL
PEARSAL POOL, LEA COUNTY, NEW MEX.

LEASE: PEARSALL A
WELL NO: 14 R
LOCATION: 1345' FNL & 2615' FEL
SECTION 33, T17S, R32E





IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 6721
Roswell, New Mexico

May 12, 1954

Mr. John E. Cochran, Jr.
Carper Building
Artesia, New Mexico

Dear Mr. Cochran:

Reference is made to the application of Kewanee Oil Company to Oil Conservation Commission of New Mexico requesting permission to drill three unorthodox locations in T. 17 S., R. 32 E., N.M.P.M., Pearsall and Maljamar pools, Lea County, New Mexico, which locations are described as follows:

Well No.	Location	Lease No.
6 Pearsall "HX"	1345'/N & 1295'/E sec. 34	LC 058514
14 Pearsall "A"	1345'/N & 2615'/E sec. 33	LC 059001
37 Baish "B"	1345'/S & 1345'/E sec. 27	LC 057210

No objection is offered by this office to the proposed locations or to the proposed method of completion. However, upon approval of the unorthodox locations by the Oil Conservation Commission, the usual Sundry Notices must be submitted to the District Engineer, Geological Survey at Artesia for approval in accordance with the "Oil and Gas Operating Regulations" revised May 25, 1942.

Very truly yours,

R. E. Canfield

R. E. CANFIELD
Acting Regional Oil and Gas Supervisor

Copy to: John E. Cochran, Jr. 2

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
X Kewanee EXHIBIT No. *3*
CASE *725*

MAIN OFFICE OCC

LAW OFFICES
JOHN E. COCHRAN, JR.
CARTER BUILDING
ARTESIA, NEW MEXICO

ISSUED APR 10 AM 8:50 PM 1934

Oil Conservation Commission
State of New Mexico
Mabry Hall
Santa Fe, New Mexico

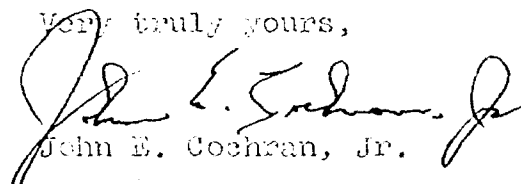
Attention: Mr. W. B. Macey

Gentlemen:

Enclosed herewith is Application in triplicate of Kewanee Oil Company for an Order granting permission to drill three (3) unorthodox Red Sand locations on its Baish "B" Lease in the SE/4 of Section 27, its Pearsall "A" Lease in the NE/4 of Section 33 and its Pearsall "BX" Lease in the NE/4 of Section 34, all in Township 17 South, Range 32 East, N.M.P.M. in the Pearsall Pool of Lea County, New Mexico.

The land upon which these locations are desired are embraced in Federal Oil and Gas Lease and, therefore, a copy of this Application is being furnished Mr. John A. Anderson, Supervisor of the United States Geological Survey at Roswell, New Mexico.

Very truly yours,


John E. Cochran, Jr.

Encls.

cc: Mr. John A. Anderson, Supervisor
United States Geological Survey
Roswell, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 705
Order No. R-484

IN THE MATTER OF THE APPLICATION OF
KEWANEE OIL COMPANY FOR ORDER
GRANTING PERMISSION TO DRILL THREE
(3) UNORTHODOX RED SAND LOCATIONS:
ONE BEING BAISH WELL NO. 37-B, IN THE
SE/4 OF SECTION 27; ONE BEING PEARSALL
WELL NO. 14-A, IN THE NE/4 OF SECTION 33;
AND ONE BEING PEARSALL WELL NO. 6-BX,
IN THE NE/4 OF SECTION 34, ALL IN TOWN-
SHIP 17 SOUTH, RANGE 32 EAST, NMPM, IN
THE PEARSALL POOL OF LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing at 10 o'clock a.m. on
May 19, 1954, at Santa Fe, New Mexico, before the Oil Conservation Com-
mission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 17 day of June, 1954, the Commission having
before it for consideration the testimony adduced at the hearing of said cause
and being fully advised in the premises,

FINDS:

1. That due public notice having been given in compliance with law,
the Commission has jurisdiction hereof.
2. That the proposed unorthodox wells are located upon Federal
acreage.
3. That the "red sand" formation, to drill to which, authority is
sought, lies above the regular Maljamar pay formation, from which regularly
spaced wells in the immediate vicinity are now producing.
4. That the Commission has no objection to the drilling of said three
unorthodox wells to the "red sand" at the proposed locations, subject to the
issuance of proper Federal location notice.
5. That the Commission has no objection to the manner in which
Kewanee Oil Company proposes to drill and complete said three unorthodox
wells, that is, by drilling said wells through the Maljamar pay to the total
depth; casing off the regular Maljamar pay; setting a bridging plug at the
base of the "red sand" zone, perforating the "red sand" zone and sand-oil
treating the "red sand" zone before placing said wells on production.

IT IS THEREFORE ORDERED:

1. That the application of Kewanee Oil Company for an order authorizing the drilling of the following three unorthodox "red sand" wells:

- (a) Baish Well No. 37-B in NW/4 SE/4 of Section 27, Township 17 South, Range 32 East, NMPM, to be located 1345 feet north of south line and 1345 feet west of east line of said Section 27;
- (b) Pearsall No. 14-A in SW/4 NE/4 of Section 33, Township 17 South, Range 32 East, NMPM, to be located 1345 feet south of north line and 2615 feet west of east line of said Section 33;
- (c) Pearsall No. 6-BX in SE/4 NE/4 Section 34, Township 17 South, Range 32 East, NMPM, to be located 1345 feet south of north line and 1295 feet west of east line of said Section 34;

is hereby approved, and production being had, each such well be and the same is hereby given an allowable separate from the well located on the same 40-acre legal subdivision producing from the Maljamar pay.

IT IS FURTHER ORDERED: That Applicant shall file with the Commission a copy of federal location notices for the hereinabove described locations after approval thereof by the Oil and Gas Supervisor.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Edwin L. Mechem, Chairman


E. S. Walker, Member


R. R. SPURRIER, Secretary and Member

S E A L

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
KEWANEE OIL COMPANY FOR ORDER GRANTING
PERMISSION TO DRILL THREE (3) UNORTHODOX
RED SAND LOCATIONS; ONE BEING BAISH WELL
NO. 37-B, IN THE SE/4 OF SECTION 27; ONE
BEING PEARSALL WELL NO. 14-A, IN THE NE/4
OF SECTION 33; AND ONE BEING PEARSALL WELL
NO. 6-BX, IN THE NE/4 OF SECTION 34, ALL IN
TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M.,
IN THE PEARSALL POOL OF LEA COUNTY, NEW
MEXICO.

NO. 705

APPLICATION

KEWANEE OIL COMPANY, Applicant herein, is a corporation, organized and existing under and by virtue of the laws of the State of Delaware, and is duly licensed to transact business in the State of New Mexico, and in connection herewith it respectfully shows to the Commission:

1. That Applicant is the owner and holder of the following described Federal Oil and Gas Leases, insofar as each of said leases cover the lands hereinafter described situated in Lea County, New Mexico, to-wit:

- (a) Baish "B" Lease, Las Cruces Serial No. 057210 described as S/2, NW/4, SW/4 NE/4, NE/4 NE/4 of Section 27, All of Section 28, in Township 17 South, Range 32 East, N.M.P.M. and containing 1200 acres, more or less;
- (b) Pearsall "A" Lease, Las Cruces Serial No. 059001 described as N/2 and SE/4 of Section 33, Township 17 South, Range 32 East, N.M.P.M. and containing 480 acres, more or less;
- (c) Pearsall "BX" Lease, Las Cruces Serial No. 058514 described as NE/4 of Section 34, Township 17 South, Range 32 East, N.M.P.M. and containing 160 acres, more or less.

2. That on the Baish "B" Lease hereinabove described there have been drilled a total of thirty (30) pro-

ducing wells to the Maljamar Pay; there has been drilled one (1) well which is producing from the Red Sand, seven (7) gas input wells and one (1) well to the Yates Sand which was completed as a dry hole. In addition to the above wells Baish Well No. 36-B was drilled to a depth of 10,747 feet and is now temporarily abandoned at said depth. At the present time thirty (30) wells are producing from the Maljamar Pay encountered at an approximate depth of 4200 feet and one (1) well is producing from the Red Sand encountered at an approximate depth of 3300 feet.

3. On the Pearsall "A" Lease hereinabove described there has been drilled seven (7) producing wells in the Maljamar Pay and two (2) producing wells in the Red Sand. In Addition three (3) wells on the Pearsall "A" Lease have been completed as dry holes. There has been drilled on the Pearsall "A" Lease one (1) gas input well. At the present time seven (7) wells on the Pearsall "A" Lease are producing from the Maljamar Pay and two (2) wells are producing from the Red Sand.

4. That on the Pearsall "BX" Lease described above two (2) wells have been drilled to the Maljamar Pay and one of these wells Pearsall No. 5-BX which was originally drilled to the Maljamar Pay has been plugged back and is now producing from the Red Sand.

5. That the wells hereinabove mentioned on said three (3) leases producing from the Maljamar Pay are located in what is designated as the Maljamar Pool of Lea County, New Mexico. That the wells located upon the above described leases producing from the Red Sand are located in what is designated as the Pearsall Pool.

6. That Kewanee Oil Company knows from its experience in drilling wells on said leases hereinabove described

to the Maljamar Pay that production of oil and gas can be obtained from what is designated as the Red Sand encountered at an approximate depth of 3300 feet.


7. Kewanee Oil Company desires to drill one (1) Red Sand well on each of the three above described leases to be numbered and located as follows:

- (a) Baish Well No. 37-B; in NW/4 SE/4 of Section 27, Township 17 South, Range 32 East, N.M.P.M., to be located 1345 feet North of South line and 1345 feet West of East line of said Section 27;
- (b) Pearsall No. 14-A; in SW/4 NE/4 of Section 33, Township 17 South, Range 32 East, N.M.P.M., to be located 1345 feet South of North line and 2615 feet West of East line of said Section 33;
- (c) Pearsall No. 6-BX; in SE/4 NE/4 Section 34, Township 17 South, Range 32 East, N.M.P.M., to be located 1345 feet South of North line and 1295 feet West of East line of said Section 34;

the location of each of said wells being shown on the map attached hereto marked Exhibit "A" and by reference made a part hereof.

8. In the event permission is granted to drill the three (3) above mentioned Red Sand unorthodox locations Applicant proposes to drill these wells through the Red Sand zone found at approximately 3300 feet and then continue drilling through the regular Maljamar Pay (Grayburg-San Andres Formation) to a depth of approximately 4200 feet. Applicant proposes to diamond core the Red Sand zone and also the Maljamar Pay and set casing through the Maljamar Pay to the total depth. Upon completion Applicant plans to leave the regular Maljamar Pay cased off and set a bridging plug at the base of the Red Sand, perforate the Red Sand zone and sand-oil treat before placing the wells on production. The drilling of these three (3) wells in this manner will enable Applicant to systematically develop the Red Sand

WHEREFORE, Applicant prays that it be granted permission to drill the three (3) hereinabove described Red Sand wells at the locations hereinabove set forth, in the manner above described; that the Commission set a date for hearing this Application in accordance with its rules and regulations and that upon presentation of this application to the Commission that a proper order be entered granting permission to Applicant to drill said wells and that upon the completion of the same, if productive, that it be granted an allowable for each well separate from other wells located upon the same 40 acre tract which are producing from the Maljamar Pay.


John E. Cochran, Jr.,
308 Carper Building,
Artesia, New Mexico,
Attorney for Kewanee
Oil Company

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

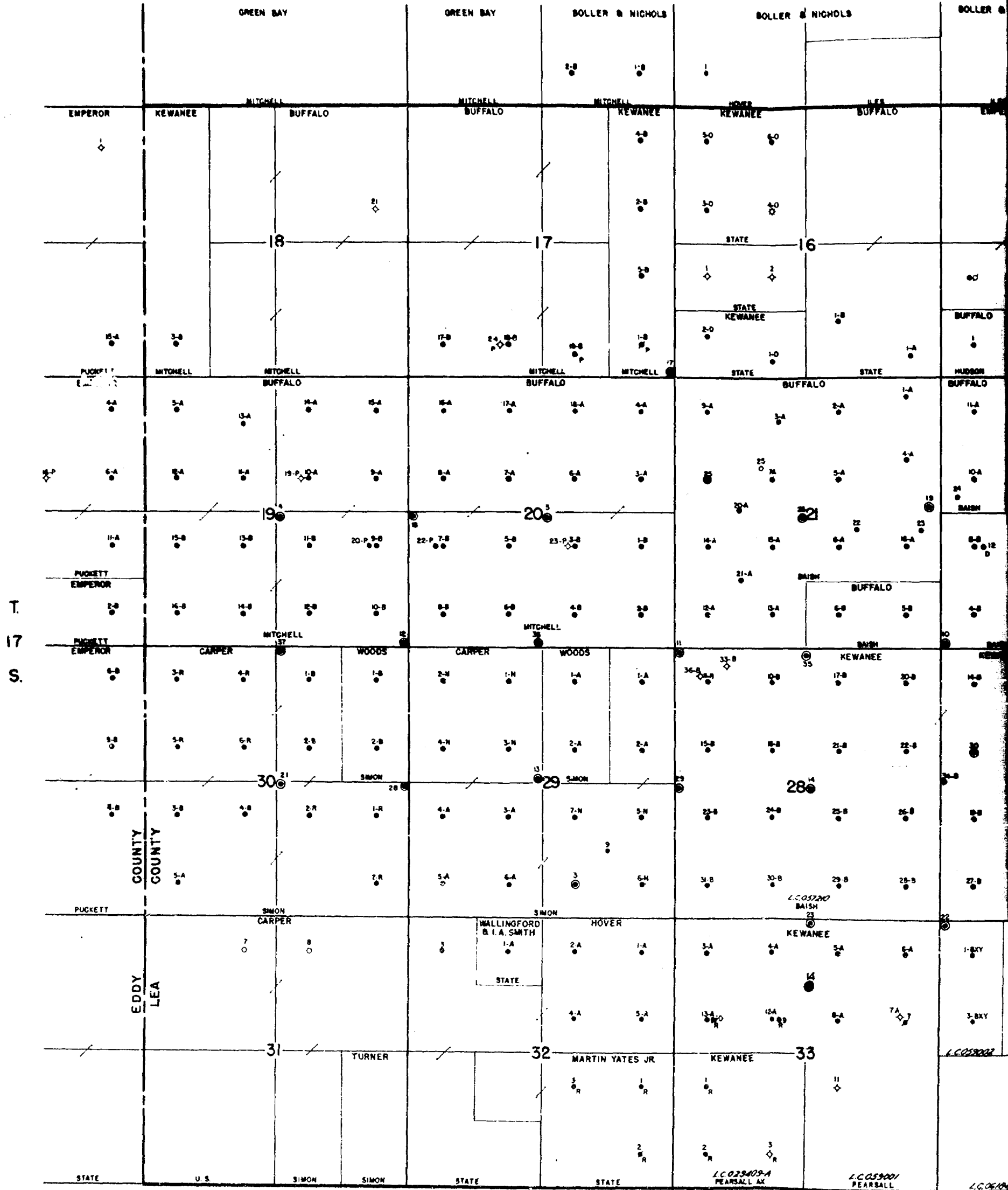
W. H. MILLS, being first duly sworn upon his oath deposes and states: That he is division engineer for Applicant in its West Texas and New Mexico Division and that he has read the foregoing application and from personal knowledge knows the matters therein contained to be true and correct except such statements that are alleged upon information and belief and as to those, he verily believes them to be true.

V. H. Mills
V. H. Mills

SUBSCRIBED AND SWORN to before me this 27th day
of April, 1954.

Lucius J. Smith
Notary Public

My commission expires: October 1, 1966.



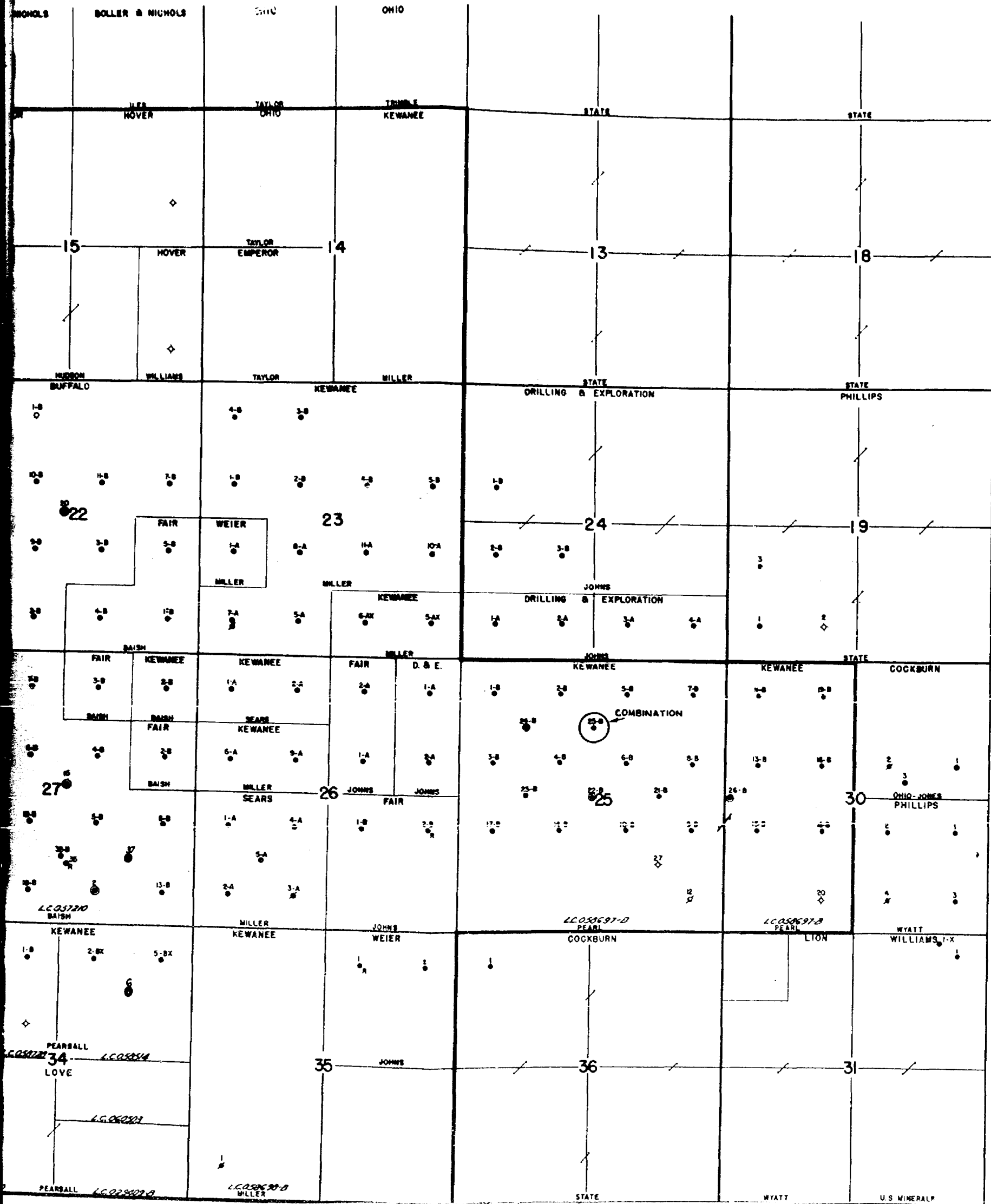
LEGEND

- OIL WELL, PRODUCING
- OIL WELL, ABANDONED
- ◇ DRY HOLE
- GAS WELL
- ⊠ GAS INPUT WELL

KEWAN

MAL

LEA



T.
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S.