

Case No.

1513

Application, Transcript,  
Small Exhibits, Etc.

RECEIVED

**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. 1513  
Order No. N-1258**

**APPLICATION OF DRILLING AND  
EXPLORATION COMPANY, INC. FOR  
AN EXCEPTION TO THE CASING  
REQUIREMENTS ESTABLISHED BY  
ORDER NO. N-111-A FOR THE POTASH  
OIL AREA IN LEA AND EDOY COUNTIES,  
NEW MEXICO.**

**ORDER OF THE COMMISSION**

**BY THE COMMISSION:**

This cause came on for hearing at 9 o'clock a.m. on October 2, 1958, at Santa Fe, New Mexico, before Elvis A. Uta, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 6<sup>th</sup> day of October, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner, Elvis A. Uta, 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 presented no testimony in this case and that the documentary evidence that was presented is insufficient to justify granting the application.
- (3) That the application should be denied.

**IT IS THEREFORE ORDERED:**

That the application of Drilling and Exploration Company, Inc., in Case No. 1513 be and the same is hereby denied.

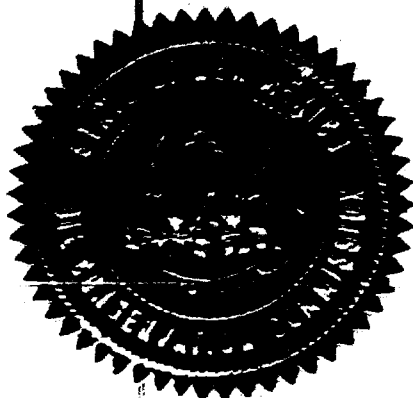
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

**STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION**

*E. L. Mechem*  
**EDWIN L. MECHEM, Chairman**

*Murray E. Morgan*  
**MURRAY E. MORGAN, Member**

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



10-2-58  
Received  
10-2-58  
POTASH COMPANY OF AMERICA

MAIN OFFICE  
GENERAL SALES OFFICE 1625 EYE STREET N.W. WASHINGTON 6 D.C.  
SOUTHERN SALES OFFICE 408 P CANDLER BLDG ATLANTA GA  
MIDWESTERN SALES OFFICE FIRST NATIONAL BLDG PEORIA ILL



1958 OCT 30 AM 8:40

REPLY TO:

EXECUTIVE OFFICES  
MINES AND REFINERY  
CARLSBAD NEW MEXICO

October 1, 1958

R. HAWORTH  
VICE PRESIDENT  
IN CHARGE OF PRODUCTION  
AND RESIDENT MANAGER

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

Attention: Mr. A. L. Porter, Jr., Secretary

Re: Case No. 1513, Drilling and Exploration Company, Inc.

Dear Sirs:

Further to my letter of September 24th, relative to an application by Drilling and Exploration Company, Inc., referred to as Case No. 1513, to be heard before Mr. Elvis A. Utz, Examiner, at Santa Fe, on October 2, 1958, I wish to add the following comments.

Potash Company of America, under normal circumstances, would object to any deviation from OCC Order R-111A. However, since the subject well is but a short distance inside our potash lease area, and located where exploratory drilling has indicated the absence of potash mineralization in sufficient concentration to be of economic value, we do not feel that objection to the casing program outlined in the application defined under Case No. 1513 is justified.

We wish to stress that our decision not to offer protest in this case, is not to be construed as indicating that the casing program outlined by Drilling and Exploration Company, Inc., is acceptable in known or potential potash areas.

Very truly yours,

R. Haworth

RH/r  
cc:JBC:RHB:RRK:ECJ

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

October 7, 1958

Mr. W. D. Girard  
Attorney-at-Law  
P.O. Box 1445  
Hobbs, New Mexico

Dear Mr. Girard:

On behalf of your client, Drilling & Exploration Company, Inc., we enclose two copies of Order R-1258 issued October 6, 1958, by the Oil Conservation Commission in Case 1513, which was heard on October 2nd at Santa Fe before an examiner.

Very truly yours,

A. L. Porter, Jr.  
Secretary - Director

bp  
Encls.

C  
O  
P  
Y

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 9-3-58

CASE NO. 1513

HEARING DATE 9-2-58

My recommendations for an order in the above numbered case(s) are as follows:

1. Recommend this case be denied because of no evidence.

Note: There was no witness and no sworn testimony. Mr. Heath of International Potash & Chemical objected to any exception to R-111 & A.

Harold W. [Signature]

\_\_\_\_\_  
Staff Member

DRILLING AND EXPLORATION COMPANY, INC.

P. O. BOX 2075 C

HOBBS, NEW MEXICO

August 27, 1958

Case 1513

asking for  
ex. hearing  
@ Hobbs.

Oil Conservation Commission  
Box 871  
Santa Fe, New Mexico

Gentlemen:

Drilling & Exploration Company, Inc. herewith makes application for an exception to the shallow zone casing requirements in the Potash-Oil area as established by Order R-III-A, for a well to be located 1980 feet from the North line and 1980 feet from the West line of Section 27 Township 20 South, Range 34 East, Lea County, New Mexico to be known as Drilling & Exploration Company, Inc. Ballard No. 1. Said well to be drilled with cable tools to an approximate depth of 3700 feet as a North extension to the Lynch field.

It is proposed to use the following casing program in lieu of the program prescribed for cable tool holes by Order R-III-A:

1. 13 3/8 inch casing to be cemented at approximately 70 feet.
2. 10 3/4 inch casing to be landed at approximately 700 feet.
3. 8 5/8 inch casing to be landed at approximately 1250 feet.
4. 5 1/2 inch casing to be cemented at the top of the producing formation with 50 sacks cement for testing purposes.
5. 10 3/4 inch casing and 8 5/8 inch casing to be pulled.
6. In the event commercial production is obtained, 5 1/2 inch casing to be perforated and cement circulated to surface.

In support of the above described casing program we wish to point out:

1. That the above location is 660 feet North of the defined limits of the Lynch field in which numerous wells have been drilled and completed with casing programs similar to that proposed above.
2. That the Oil Conservation Commission has indicated in their Order No. R-968 and R-999 that such a casing program affords adequate protection for all potash deposits.

Docket Mailed  
9-19-58  
PCP  
B P

R

Oil Conservation Commission  
Santa Fe, New Mexico

Page No. 2

A copy of this application has been furnished the Potash Company of America, Box 31, Carlsbad, New Mexico, as the only potash operator holding a lease within a radius of one mile of the proposed location.

Therefore, Drilling & Exploration Company, Inc. respectfully requests that this application be set for an Examiner hearing at Hobbs, New Mexico as prescribed by law.

Yours very truly,

DRILLING & EXPLORATION COMPANY, INC.

*D. C. Webb*

D. C. Webb  
Division Production Superintendent

DH

cc: Potash Company of America  
Box 31  
Carlsbad, New Mexico

United States Geological Survey  
Box 1838  
Hobbs, New Mexico

Drilling & Exploration Co., Inc.  
Box 35366  
Dallas 35, Texas

N9 728635

RECEIPT FOR CERTIFIED MAIL—20¢		
SENT TO <i>Potash Co. of America</i>		POSTMARK OR DATE
STREET AND NO. <i>Box 31</i>		MAIN OFFICE OC AUG 11 1957
CITY AND STATE <i>Carlsbad, New Mexico</i>		
If you want a return receipt, check which		
<input checked="" type="checkbox"/> 35¢ shows to whom and when delivered	<input type="checkbox"/> 35¢ shows to whom, when, and address where delivered	If you want a return receipt, check which
		<input type="checkbox"/> 50¢ for
FEES ADDITIONAL TO 20¢ FEE		
PS Form 3800 Jul 1957		SEE OTHER SIDE



BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1513

TRANSCRIPT OF HEARING

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

October 2, 1958

NEW MEXICO OIL CONSERVATION COMMISSION  
Mabry Hall  
Santa Fe, NEW MEXICO

REGISTER

HEARING DATE \_\_\_\_\_ Examiner \_\_\_\_\_ October 2, 1958 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
Ernest C Jourdan	Potash Co of America	Carlsbad, N.M.
R. W. Sullivan	Brit-Amer Oil Prod Co.	Denver, Colo.
Archie Speer	Utex Exploration Co	Artesia, N.M.
B. K. Beville	Humble Oil & Ref. Co.	Hobbs, N.M.
J. B. Cunningham	Potash Company of America	Carlsbad, N.M.
F. C. MORGAN	Phillips Petroleum Co.	Hobbs & Mex
J. P. White	Sunray, Midland	Santa Fe,
W. R. LOAR	"	Tulsa
H. A. Heaton	in Petrol. Div, U. S. Bureau of Chemicals	Carlsbad N.M.
W. J. Johnson	Humble	Roswell, N.M.
Jack M Campbell	Campbell & Russell	Roswell NM
W. B. Hall	Continental Oil Co.	" "
Edith Swenson	Cont'l Oil Co.	Roswell NM
J. M. Buchanan	"	"
James Davidson	"	"
R. M. Hinkle	"	Roswell
R. R. Astor	Franklin, Astor & Son, Inc.	Roswell
Nancy Royal		Santa Fe

NEW MEXICO OIL CONSERVATION COMMISSION

Mabry Hall

Santa Fe, NEW MEXICO

REGISTER

HEARING DATE Examiner October 2, 1958 TIME: 9:00 a.m.

NAME:	REPRESENTING:	LOCATION:
VICTOR T. LYON	CONTINENTAL OIL CO	EDWICE, N. M.
James E. Sperling	Modrall, Sperling et al	Albuquerque
J. W. Baulech	(magistrate)	
Jason Kellahin	El Paso Natural Gas	fa
John L. Sanders	Kellahin & Fox	Santa Fe
	Magnolia Pet. Co	Hobbs

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
OCTOBER 2, 1958

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IN THE MATTER OF: :

CASE 1513 Application of Drilling and Exploration Com- :  
pany, Inc. for an exception to the casing :  
requirements for the potash-oil area in Lea :  
and Eddy Counties, New Mexico. Applicant, :  
in the above-styled cause, seeks an order :  
authorizing an exception to the shallow-zone :  
casing requirements for the potash-oil area :  
as set forth in Order No. R-111-A for its :  
Ballard No. 1 Well located 1980 feet from :  
the North and West lines of Section 27, Town- :  
ship 20 South, Range 34 East, Lea County, New :  
Mexico. Applicant proposes to drill with :  
cable tools to an approximate depth of 3,700 :  
feet adjacent to the Lynch Pool. Applicant :  
proposes to use the following casing program :  
in lieu of the program prescribed for cable :  
tool holes by Order R-111-A: :

- (1) 13 3/8 inch casing to be cemented at :  
approximately 70 feet. :
- (2) 10 3/4 inch casing to be landed at ap- :  
proximately 700 feet. :
- (3) 8 5/8 inch casing to be landed at ap- :  
proximately 1250 feet. :
- (4) 5 1/2 inch casing to be cemented at the :  
top of the producing formation with 50 :  
sacks cement for testing purposes. :
- (5) 10 3/4 inch casing and 8 5/8 inch cas- :  
ing to be pulled. :
- (6) In the event commercial production is :  
obtained, 5 1/2 inch casing to be per- :  
forated and cement circulated to sur- :  
face. :

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3  
BEFORE:

Mr. Elvis A. Utz, Examiner.

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. UTZ: Next case on the docket will be Case 1513.

MR. COOLEY: Case 1513. Application of Drilling and Exploration Company, Inc. for an exception to the casing requirements for the potash-oil area in Lea and Eddy Counties, New Mexico.

MR. GIRAND: If the Commission please, I would like the record to show that W. D. Girand of Hobbs, New Mexico appears on behalf of the applicant.

MR. UTZ: Are there any other appearances in this case? If not, you may proceed, Mr. Girand.

MR. GIRAND: I want to present a statement to the Commission. If the Commission please, I am not prepared to offer any evidence in regard to this matter for the reason that the only potash company owning potassium leases within a mile of the proposed location is the Potash Company of America, and they have notified the Commission by letter dated September the 24th that they have no objection to the proposed location or the drilling of the well in accordance with the terms of the application. Now, as I read Order R-111-A, and particularly Section 7, in the last paragraph it says this: "The Commission, or its authorized representative, may approve such Notice of Intention to Drill if no objection to the location of the proposed well is made by a potash operator within ten days after receipt. If the location of the

4  
proposed well is objected to by the potash operator, the matter shall be referred to the Secretary-Director of the Commission for arbitration. If a satisfactory settlement cannot be reached, the Secretary-Director of the Commission shall refer the matter to a hearing before the Commission after due notice and a decision either approving or denying the operator's plans to drill shall be entered by the Commission."

Now, this Commission has previously approved two applications for the drilling of wells within the potash area, and there are wells within the immediate location of Applicant's Well 1, being the application of Wilson Oil Company in Case No. 1215, Order No. R-968, and in the case of the Hudson & Hudson, Incorporated, in Case No. 1249, Order No. R-999.

If the Commission please, the applicants have filed notice of intention to drill with the Department of Interior, Geological Survey, and that notice of intention has been approved subject to the action of this Commission, and/or acceptance to Order R-111-A. I might call the Commission's attention to one difference between our application and the application of Hudson & Hudson, Incorporated, and the Wilson Oil Company, and that is, we propose to submit the surface casing at the 70-foot zone all the way to the top. It will be a permanent installation. We are doing that for a safety factor only.

I might call the Commission's attention further to the location of applicant's well. It is outside of the limits of the middle

Lynch Pool. However, it is within the influence of the Order, it is within one mile thereof. Applicant proposes to drill in the SE of the NW of Section 27, 20, 34. Now, the Wilson Well is located in the NE of the NE of 21, Township 20 South, Range 34 East, and the Hudson Well is located in the NE of the SE of Section 28, Township 20 South, Range 34 East. In this connection, if there is no objection, we would like to incorporate the records in Case No. 1249 and Case No. 1215; adopt those records as records in the instant case for the reason that the basic principles in the three applications are very similar. The principle of casing program is practically identical with the exception of the cementing of the surface casing to the 70-foot level.

MR. UTZ: Is there objection to the incorporation of Cases 1215 and 1249 in this case?

MR. CUMMINGS: I am Mr. J. B. Cummings with the Potash Company of America. We offer no objection to its incorporations providing it is made clear that each one of these particular cases were considered by us under -- on specific merits. Also, I would further request that our letter of October 1st, 1958 to the Commission be incorporated in the record, which points out in the last paragraph that "We wish to stress that our decision not to offer protest in this case, is not to be construed as indicating that the casing program outlined by Drilling and Exploration Company, Inc., in this particular Case 1513 is acceptable in known or potential potash areas."

MR. UTZ: Would you state your name, please?

MR. CUMMINGS: J. E. Cummings.

MR. COOLEY: Representing Potash Company of America.

MR. UTZ: Without objection, then, the letters in Cases 1215 and 1249 will be incorporated and made a part of this record.

MR. COOLEY: I understand Counsel, that incorporation by reference of these cases is limited to the general applicability of testimony regarding the general proposition of adequacy of casing in the potash area and does not go to the specific instance of the proposed casing program in this case?

MR. GIRAND: It only goes to this extent, that the potash company owning the potassium lease has no objection to this particular well location or the casing program as offered on this particular well. It's our contention that the three cases are very similar due to their location at the very edge or near the edge of the potash company as designated by R-118.

Q (By Mr. Cooley) Mr. Girand, you say the proposed location is within one mile of the Middle Lynch Pool?

A Yes.

Q Does the proposed casing program comply with the Special Pool Rules regarding casing for the Middle Lynch Pool?

A My recollection is that the, on a cable tool well, that they are substantially the same as those incorporated in R-118, that's the Order creating the Middle Lynch Pool, and Order No. 1093 in Case No. 1337 which reads, "Surface casing" this is under



cable tool casing program. "Surface casing to the top of the Red Bed, top of water shutoff casing is to be set off the channel, lower water shutoff casing to be set in the Santa Rosa formation and into the Dewey Lake formation, producing casing to be set below the Ellenburger until it has been determined that commercial production has been obtained, in which event said production casing shall be submitted to the surface; whereupon all other strings of casing may be pulled." Now, our only difference in that is that we propose to cement the surface casing from top to bottom, that is 13 and 3/8 surface pipe which will be set at approximately 70 feet.

MR. UTZ: Do you have anything further in this case, Mr. Girand? Any other statements to be made in this case?

MR. HEATON: I am George Heaton of U. S. Borax Company. I think it was stated that this was in this potash lease, or a mile or something. I don't think that is the case. I think it is inside an existing potash lease. Our management feels very strongly that in such a case, the Rules of R-111-A should be complied with, particularly if it is a potash area, and more particularly because it is inside a potash lease.

MR. GIRAND: I believe, Mr. Heaton, the well lies within the potash lease, the potash lease held by the Potash Company of America. I didn't mean to leave -- it is within the outer boundary of the potash zone as defined by Order R-111-A. It is inside 660 feet from the exterior line of that, line drawn

by that Order.

MR. UTZ: Any other statements to be made?

MR. COOLEY: Mr. Examiner, I have the letter addressed to the Oil Conservation Commission from Potash Company of America dated October 1st. This letter was received a few moments ago by the Potash Company of America's representative. I wish to read the letter. "Dear Sirs: Further to my letter of September 24th, relative to an application by Drilling and Exploration Company, Inc., referred to as Case No. 1513, to be heard before Mr. Elvis A. Utz, Examiner at Santa Fe, on October 2, 1958, I wish to add the following Comments. Potash Company of America, under normal circumstances, would object to any deviation from OCC Order R-111-A. However, since the subject well is but a short distance inside our potash lease area, and located where exploratory drilling has indicated the absence of potash mineralization in sufficient concentration to be of economic value, we do not feel that objection to the casing program outlined in the application defined under Case No. 1513 is justified. We wish to stress that our decision not to offer protest in this case, is not to be construed as indicating that the casing program outlined by Drilling and Exploration Company, Inc., is acceptable in known or potential potash areas. Signed, Very truly yours, R. Haworth."

We also will incorporate in the record Potash Company's letter of September 24, which was a letter which was also received.

MR. UTZ: Without objection, they will be received as a part of the record in this case.

Mr. Heaton, your objection to the program as outlined by the applicant is for the reason that you don't think that it will protect your potash deposits in the area, is that true?

MR. HEATON: More particularly it is in the potash lease where it is assumed there is no potash deposits.

MR. COOLEY: Does your company have a lease on this area?

MR. HEATON: No, sir.

MR. COOLEY: I didn't hear your answer, sir.

MR. HEATON: No, sir, we don't have a lease in that area.

MR. GIRAND: May I ask Mr. Heaton a question?

MR. UTZ: Yes.

MR. GIRAND: Mr. Heaton, what is your nearest potassium lease to Section 27, Township 9, 34 East, if you recall, sir?

MR. HEATON: I don't know.

MR. GIRAND: Could you hazard a guess as to how far your nearest lease --

MR. HEATON: I can't recall offhand, but it must be a couple of miles.

MR. UTZ: Anything further in this case? If not, the case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) : ss

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 29<sup>th</sup> day of October, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*J. A. Trujillo*  
Notary Public

My Commission Expires:  
October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1513, heard by me on Oct. 22, 1958.  
*[Signature]*, Examiner  
New Mexico Oil Conservation Commission