

Case No.

143

Application, Transcript,  
Small Exhibits, Etc.

ADDRESS

DATE

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May 28, 1948

Mr. Foster Merrell  
U. S. Geological Survey  
Bernal, New Mexico

Dear Mr. Merrell:

For your information we are enclosing Notices of  
Publication of all cases to be heard June 15, 1948, at  
10:00 o'clock a.m.

Very truly yours,

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May 28, 1948

Mr. Glenn Staley  
Lea County Operators Committee  
Hobbs, New Mexico

Dear Glenn:

For your information we are enclosing Notices of  
Publication of all cases to be heard June 15, 1948, at  
10:00 o'clock a.m.

Yours very truly,

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May 28, 1948

Honorable Thomas J. Mahry  
Governor of the State of New Mexico  
Santa Fe, New Mexico

Dear Governor Mahry:

For your information we are enclosing Notices of  
Publication of all cases to be heard June 15, 1948, at  
10:00 o'clock a.m.

Respectfully submitted,

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May 28, 1948

Honorable John E. Miles  
Land Commissioner  
Santa Fe, New Mexico

Dear Governor Miles:

For your information we are enclosing Notices of  
Publication of all cases to be heard June 15, 1948, at  
10:00 o'clock a.m.

Respectfully submitted,

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May 28, 1948

THE SANTA FE NEW MEXICAN  
Santa Fe, New Mexico

RE: Cases 143, 144, 145, 146 and 147 -  
Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher counted in duplicate. The necessary blanks are enclosed.

Very truly yours,

by

GEORGE A. GRAHAM, Attorney

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May 28, 1948

THE KANSAS DAILY NEWS-SUN  
Kansas, New Mexico

RE: Cases 143, 145 and 146 -  
Notice of Publication

Gentlemen:

Please publish the enclosed notice once, immediately. Please proof-read the notice carefully and send a copy of the paper carrying such notice.

UPON COMPLETION OF THE PUBLICATION, PLEASE SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

For payment please submit statement in duplicate, accompanied by voucher enclosed in duplicate. The necessary blanks are enclosed.

Very truly yours,

bpw

GEORGE A. GRAHAM, Attorney



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May 28, 1948

Mr. Francis C. Wilson  
Wilson Oil Company  
Santa Fe, New Mexico

RE: Case No. 143

Dear Mr. Wilson:

With reference to your application for approval of an  
unorthodox location in the West Buick field, the above  
captioned case will be heard on June 15, 1948 at 10:00 a.m.

Very truly yours,

---

bvw

## Affidavit of Publication

State of New Mexico }  
County of Santa Fe } ss.

I, Will Harrison, being first duly sworn,  
declare and say that I am the Editor of the Santa Fe  
New Mexican, a daily newspaper, published in the English  
Language, and having a general circulation in the City and County of Santa Fe, State of  
New Mexico, and being a newspaper duly qualified to publish legal notices and adver-  
tisements under the provisions of Chapter 167 of the Session Laws of 1937; that the  
publication, a copy which is hereto attached, was published in said paper one time  
for one time one time the regular issue of the paper during the time of publication, and that the notice was  
published in the newspaper proper, and not in any supplement, one time for  
one time one time publication being on the  
2nd day of June, 1948, one time  
one time; that payment  
for said advertisement has been (duly made), or (assessed as court costs); that the  
undersigned has personal knowledge of the matters and things set forth in this affidavit.

Will Harrison  
Editor

Subscribed and sworn to before me this 2nd  
day of June, A.D., 1948

Anna K. Ormrod  
Notary Public

My Commission expires

June 14, 1949

53 lines, one time at \$ 5.30

lines, times, \$

Tax \$

Total ..... \$ 5.30

Received payment,

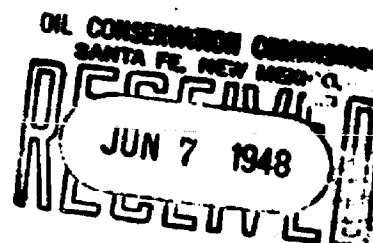
By

# Wilson Oil Company

INCORPORATED UNDER THE LAWS OF NEW MEXICO



P. O. BOX 627  
SANTA FE, NEW MEXICO  
TELEPHONE 66



June 2, 1948

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

In Re: Case No. 143

Dear Capt. Spurrier:

I have your letter of May 28 concerning the above case. I have been ill for nearly three weeks and since my return from the camp, I have been in bed for the most part, but I am trying to get ready to go East on Saturday as I have heretofore planned.

I called your office to explain and your very nice secretary told me that you were in Artesia and not expected back for a week. I will try to have someone there for the hearing on June 15 and I am sorry I cannot be present. However, I do not think there could be any objection, but if there is, please postpone it until I return about the 15th of July. Mr. Jim Gaskin will be present for me.

I am sorry you were not present to see No. 27 come in but Raymond has told you all about it by this time.

Sincerely yours,

Francis C. Wilson

FCW:hc

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law of the following hearing to be held June 15, 1948, beginning at 10:00 o'clock a.m. on said day in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties in the following cases,  
and notice to the public:

CASE NO. 143

In the matter of application of Wilson Oil Company for approval of an unorthodox location for well No. 25 in the SE<sup>1</sup>/<sub>4</sub> of section 23, Township 21 South, Range 34 East, N.M.P.M., in the West Emice pool, Lea County, New Mexico.

CASE NO. 145

In the matter of application of Mid-Continent Petroleum Corporation for an order supplementing Order No. 637, the State-wide Proration Order (with deep pool adaptation) establishing a proportional factor for production from depths in excess of 12,000 feet and specifically relating to the U. S. Sanger No. 1 deep well in SE<sup>1</sup>/<sub>4</sub> of section 27, Township 9 South, Range 36 East, N.M.P.M., in Lea County, New Mexico.

CASE NO. 146

In the matter of application of the New Mexico Oil Conservation Commission, upon its own motion, by suggestion of the Lea County Operators Committee, for an order amending, restating and clarifying existing regulations in the matter of transportation of crude petroleum, and to facilitate the purchase, transportation and handling thereof by pipe line companies and other transporters within the State of New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on May 26, 1948.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

By R. R. Spurrer  
R. R. SPURRER, Secretary

1 cy order 775 mailed 7-21-48 to:

Mr. Francis C. Wilson, Santa Fe

Glenn Staley

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. 143

ORDER NO. 775

THE APPLICATION OF WILSON OIL COMPANY FOR  
AN ORDER APPROVING AN UNORTHODOX LOCATION  
FOR WELL NO. 25 IN THE SW $\frac{1}{4}$  NE $\frac{1}{4}$  SECTION 23  
TOWNSHIP 21 S. R. 34 E. (23E<sup>0</sup>), of the north  
line and 2300 west of the east line of said  
section) N.M.P.M. IN THE WEST BASIN P.O.,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This order comes for hearing at 10:00 o'clock am, July 15, 1948 at  
Santa Fe, New Mexico, before the Oil Conservation Commission of the State of  
New Mexico, hereinafter referred to as the "Commission."

AND:

On this 15th day of July 1948 the Commission having before it for con-  
sideration testimony adduced at the hearing of said case and being fully ad-  
vised in the premises,

FINDS:

1. That due public notice having been given in compliance with law, the  
Commission has jurisdiction of this case.
2. That two strings of tools were lost in the original orthodox location  
for well no. 25, in SW $\frac{1}{4}$  NE $\frac{1}{4}$  section 23, in township 21, S. R., 34 E., necessitat-  
ing abandonment, and shifting to the unorthodox location described as 23E<sup>0</sup>  
south of the north line and 2300' west of the east line of said section.
3. That applicant is the holder of all offset savings.

IT IS THEREFORE ORDERED:

1. That the application of Wilson Oil Company, for an order approving  
unorthodox well location 23E<sup>0</sup> south of the north line and 2300' west of the  
east line of section 23, township 21 S. R., 34 E. N.M.P.M. in the west basin  
pool, Lea County, New Mexico be, and the same hereby is approved, and,
2. That the G - 124, heretofore issued for the original location stand  
corrected in accordance herewith.
3. That should production be had, such well shall never be produced, by  
itself, or in conjunction with other wells on the same 40 acre unit in excess  
of the allowable prescribed for the west basin pool.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*James J. Maby*  
JAMES J. MABY, CHAIRMAN

*John E. Miles*  
JOHN E. MILES, MEMBER

*R. R. Spurr*  
R. R. SPURR, SECRETARY

OIL CONVEYANCE COMMISSION

STATE OF NEW MEXICO

MINUTES

OF

Hearing held June 15, 1948

Santa Fe, New Mexico

- - - - -

Cases No. 143, 144, 145, 146 and 147.

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

"The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law of the following hearing to be held June 15, 1948, beginning at 10:00 o'clock a.m. on said day in the City of Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties in the following cases,  
and notice to the public:

"CASE NO. 143

In the matter of application of Wilson Oil Company for approval of an unorthodox location for well No. 25 in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ , section 25, Township 21 South, Range 34 East, N.M.P.M., in the West Emisee pool, Lea County, New Mexico.

"CASE NO. 144

In the matter of application of Weier Drilling Company for approval of an unorthodox well location for Gilbert 1-X to be 120 feet south of the north line, and 74 feet west of the east line of NE $\frac{1}{4}$ SW $\frac{1}{4}$  of section 7, Township 18 South, Range 27 East, N.M.P.M., in the Empire pool, Eddy County, New Mexico.

"CASE NO. 145

In the matter of application of Mid-Continent Petroleum Corporation for an order supplementing Order No. 637, the State-wide Proportion Order (with deep pool adaptation) establishing a proportional factor for production from depths in excess of 12,000 feet and specifically relating to the U. D. Sawyer No. 1 deep well in SW $\frac{1}{4}$ SE $\frac{1}{4}$ , section 27, Township 9 South, Range 36 East, N.M.P.M., in Lea County, New Mexico.

"CASE NO. 146

In the matter of application of the New Mexico Oil Conservation Commission, upon its own motion, by suggestion of the Lea County Operators Committee, for an order amending, restating and clarifying existing regulations in the matter of transportation of crude petroleum, and to facilitate the purchase, transportation and handling thereof by pipe line companies and other transporters within the State of New Mexico.

"CASE NO. 147

In the matter of the application of Franklin, Aston & Fair for approval of an unorthodox well location 2590 feet south of the north line and 1370 feet east of the west line (in SE $\frac{1}{4}$ SW $\frac{1}{4}$ ) of section 7, Township 18 South, Range 30 East, N.M.P.M., in Eddy County, New Mexico.

"Given under the seal of the Oil Conservation Commission of New Mexico at Santa Fe, New Mexico, on May 26, 1948.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

By (signed) R. R. SPURRIER  
R. R. SPURRIER, Secretary"

(OIL CONSERVATION)  
(COMMISSION SEAL)



Said hearing was held at 10:00 o'clock a.m., Tuesday, June 15, 1948, in the Senate Chamber of the State Capitol Building, in the City of Santa Fe, New Mexico.

**MEMBERS OF THE COMMISSION PRESENT:**

Hon. John E. Miles, State Land Commissioner, Member  
 Hon. R. R. Spurrier, Secretary, Oil Conservation Commission, Member  
 Hon. George Graham, Attorney.

**REGISTER**

<u>Name</u>	<u>Representing</u>	
J. H. Crocker	Mid-Continent Petroleum Corp.	Tulsa, Okla.
M. B. Penn	"	"
E. J. Pierce	"	"
Foster Norrell	U. S. Geological Survey	Midland, Texas
J. H. Dunlevy	Skelly Oil Co.	Roswell, N. M.
G. W. Selinger	"	Hobbs, N. M.
C. D. Thomas	Sinclair Prairie Oil Co.	Tulsa, Okla.
Mrs. U. D. Sawyer	"	"
U. D. Sawyer	"	Crossroads, N.M.
G. H. Gray	Repelle Oil Co.	"
Walter Fumarias	Fumarias Oil Co.	Midland, Texas
Frank D. Gariner	Sinclair Prairie Oil Co.	Hobbs, N. M.
Alexander Johnston	"	Midland, Texas
Joe V. Lachey	Malco Refineries, Inc.	Tulsa, Okla.
Donald B. Anderson	"	Roswell, N. M.
E. A. Paschal	Oil Development Co. of Texas	"
R. C. Hunsbury	Santa Fe Railway	Amarillo, Texas
F. G. White	Magnolia Pipe Line Co.	Albuquerque, N.M.
G. H. Bushelle	"	Brownfield, Tex.
Harvie H. Mayfield	Magnolia Petroleum Co.	Midland, Texas
Paul G. Evans	Gulf Oil Corp.	"
E. F. Hoeler	Magnolia Petroleum Co.	Hobbs, N. M.
G. B. Wanta	Continental Oil Co.	Dallas, Texas
R. S. Dewey	Humble Oil & Refining Co.	Pecos City, Okla.
Earl Duggs	"	Midland, Texas
Chuck Aston	Consulting Petroleum Geolgst.	Artesia, N. M.
G. H. Gerd	Stanolind Oil & Gas Co.	"
J. G. Roth	"	Ft. Worth, Tex.
M. T. Smith	Shell Oil Co.	Santa Fe, N.M.
F. G. Barnes	Oil Conservation Commission	Midland, Texas
H. R. Lamb	New Mexico Bureau of Mines	Santa Fe, N.M.
Glenn Staley	Lea County Operators Committee	Artesia, N. M.
Neil B. Watson	Weiler Drilling Co.	Hobbs, N.M.
A. D. Weier	"	Artesia, N.M.
Guy Shepard	"	"
		Santa Fe, N. M.

**PROCEEDINGS**

The meeting was called to order by Commissioner Miles, Presiding Member. The docket was read by Mr. Graham.

**COMMISSIONER MILES:**

In the matter of the application for 500 barrel allowable in Case No. 148, this question is submitted to those who have an idea of what should be done, and I want your recommendations and comments. Please feel free to speak up.

Case No. 143

MR. SPURRIER:

Who is appearing for Mr. Wilson in this case?

If no one is appearing we will continue the case to some future date.

Case No. 144

BY MR. NEIL B. WATSON:

I am appearing for the applicant, Weier Drilling Company of Artesia, New Mexico, and request that Mr. Weier be sworn as a witness.

TESTIMONY OF MR. A. D. WEIER, after having been duly sworn:

MR. WATSON:

Q. Are you a member of the firm, Weier Drilling Company?

A. Yes.

Q. Is that a corporation?

A. Yes.

Q. What is your official position?

A. President.

Q. Is that company engaged in oil well drilling operations in New Mexico?

A. Yes sir.

Q. How long have you been so engaged?

A. About ten or eleven years.

MR. WATSON:

I have here the original oil and gas lease on the lands in question which I would like to submit in evidence and later withdraw, substituting a copy to be designated as "Petitioner's Exhibit #1."

Q. I hand you petitioner's Exhibit #1 and ask you to state what it is, please.

A. It is an oil and gas lease for the NE 1/4 Section 7, Township 18 South, Range 27 East.

Q. Who is the lessee named in that lease?

A. The Weier Drilling Company.

Q. What is the date of that lease, please?

A. The 30th day of October, 1947.

Q. Does that lease cover fee lands, state lands or government lands?

A. Fee lands.

MR. WATSON:

I offer in evidence Exhibit No. 1, which is an exact copy of the original oil and gas lease just identified.

Q. What field is that lease in?

A. It is known as the Empire pool.

Q. Have you drilled any wells in that area?

A. Yes sir.

Q. Did you drill a well offsetting this 80?

A. Yes sir, one well.

Q. Where was it located?

A. In the NW $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 7.

Q. You are then familiar with that area; is that correct?

Yes sir.

Q. Are there some natural hazards with reference to drilling?

A. Yes; the river has bad bulges and places where the water stands the year round.

Q. Is that the Pecos River?

A. Yes sir.

Q. You have made application to drill a well in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$  of said Section 7, 74 feet west of the east line and 180 feet south of the north line of the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of said Section 7, to be known as Gilbert 1-X. Why is it necessary to make your location at that point instead of elsewhere?

A. We would have to build five or six miles of roads through the swamps.

Q. What difficulties would you incur in drilling?

A. The river would overflow the location.

Q. Did you have a survey made for this location?

A. Yes sir.

Q. Is there any other place in that forty that is accessible and would be a feasible location for a well?

A. No sir, there is not. We located it on the highest point we could find according to the survey.

Q. Have you heretofore filed with the Commission notice of intention to drill at this point?

A. Yes sir.

Q. In addition to the well you have drilled in the offsetting forty, are there any other wells producing in that forty?

A. Yes, in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$  there is a small well.

Q. And besides these two there is no other development?

A. No sir.

Q. Do you know the names of the owners on the forty acres adjoining the tract where you are making application for this location?

A. Yes sir.

Q. Did you file with your petition a consent to the proposed location of these adjoining owners?

A. Yes sir.

Q. To the best of your knowledge, are any of these owners making any protest to this location?

A. No sir; none that I know of.

Q. The well that you previously drilled on the offsetting forty is a producing well, is it not?

A. Yes sir.

MR. HATSON:

Does the Commission have any questions?

MR. SPURRIER:

Has anyone anything further in this case? Does anyone wish to question the witness?

Case No. 144 is approved by the Commission as requested by the applicant.

COMMISSIONER MILES:

Before we proceed with the next case I want to introduce Mr. and Mrs. Sawyer of Cressroads.

Also, Mr. Guy Shepard, nominee for State Land Commissioner.

Case No. 145

BY MR. J. H. CROCKER:

My name is J. H. Crocker, Tulsa, Oklahoma. I represent the applicant in this matter. We have two witnesses here, but in the

interest perhaps of saving the record and taking up the time of the Commission unduly, it might be appropriate for me to make an observation or two; and I might start by saying that at the time this application was filed no proportional factor had been designated as requested. Since that time this has been done so far as a proration unit is concerned. There have been changed conditions since the application was filed; and if we were filing the application today it would be different in some respects. Our position before you today is that we think you have the jurisdiction to grant a temporary allowable for this well.

First and foremost we want to state we are not here seeking any advantage whatsoever at the cost or expense of any other operator. The Commission's jurisdiction has been invoked through the filing of an application yesterday with the secretary. This application was filed pursuant to the consensus of opinion evinced at a meeting held in Tulsa last Friday at which time a representative group assembled, representing, I should say, practically all the operators of the pool. At that meeting it was suggested that an application be filed seeking an order from the Commission establishing 80-acre proration units, fixing spacing as two wells staggered in the NE $\frac{1}{4}$  and SW $\frac{1}{4}$  of each government quarter section and fixing a daily well allowable for the Devonian formation in that area based upon proration units of 80 acres.

Coming to this application, we would like to have the Commission allow us 500 barrels a day for a 90 day period, and we are hopeful, if allowed, no part of it would be charged to any other producer. I presume everybody concedes we have brought in the discovery well and have so earned the reward for discovery which is generally considered to be just compensation. Our discovery allowable, I believe, if we could take it, amounts to an aggregate of about 60,000 barrels. Under your formula as we interpret it we may either take our top well allowable of 291 barrels or our discovery allowable of 165 barrels a day. Of course it is obvious that our choice is 291 barrels.

We seek this concession from the Commission upon the theory that it will not result in underground or surface waste. We do not think massive energy will be unduly impaired; and I would like here for the record to show that in the tests which have thus far been made our interpretations are available to the Commission, the Geological Survey, Mr. Staley and any operator operating in the pool. If we have any information, or develop any information as a result of future tests, that any of these operators desire, it is available to them. We have given most of the information to the press and any we have not given is available as I have stated.

We think that an added allowable will be beneficial in the progress of further tests and we are deeply concerned about conservation of reservoir energy and, as I say, we are not seeking anything that is not just, fair and equitable. It would be helpful we think in future tests if you will allow the 500 barrels a day for 90 days from this well, and the results of these tests might be very beneficial to other operators and the Commission if and when you set the time for hearing the application filed yesterday.

We believe that statement generally covers our attitude and the reason why we are here; and we are going to put on our chief petroleum engineer and I shall not draw him out at any great length unless the Commission or other operators desire to elicit further information. We also have our engineer, Mr. Pierce, who has been on the derrick floor all the time. It may not be necessary for him to testify unless you want to question him. I ask that Mr. Penn be sworn.

TESTIMONY OF MR. M. B. PENN, after being duly sworn:

BY MR. CROOKER:

Q. State your name.

A. M. B. Penn.

Q. What is your profession?

A. Petroleum engineer.

Q. With whom?

A. Mid-Continent Petroleum Corporation.

Q. How long have you been with that corporation?

A. Since 1935.

Q. Have you ever testified before this Commission?

A. No.

Q. Are you a graduate petroleum engineer?

A. Yes.

Q. When did you graduate?

A. In 1935.

Q. From what university?

A. The University of Tulsa.

Q. What has been your experience since you graduated?

A. The two years following my graduation I was a chemist in the testing and research department of the Sinclair Refining Company. In 1935 I became affiliated with the Mid-Continent Petroleum Corporation with the title of draftsman and subsequently chief draftsman; and later in the production department as petroleum engineer and subsequently as chief petroleum engineer, my present title.

Q. Mr. Penn, are you familiar with the engineering data of the drilling operations in connection with the drilling and completion of the U. D. Sawyer No. 1 discovery well in the Greasewoods pool, Lea County, New Mexico?

A. I am.

Q. I wish you would, in your own method of expression, advise the Commission how the well was drilled, how it was completed, when it was completed, what tests have been made, and your interpretation of such tests. When was the well completed?

A. The well was completed as to drilling April 22, 1943, at a total depth of 12,255 feet. The pipe was run to the bottom of the hole and cemented.

A radial activity log was made; the well was perforated with 600 holes from 12,115 to 12,215 feet. The top of the section from which we are producing and which we judge to be the Devonian formation, is 12,106 feet.

The official production test was made May 16th, at which time the well produced 995 barrels in 8 hours and 20 minutes. Following that test we have taken, under the services of the West Texas Engineering Service Company, a series of gas-oil ratio and productivity index tests. We found static bottom hole pressure at a datum of minus 2100, which is 12,134 feet, to be 4885 pounds. When the well was operated with a 48/64 choke it produced 3792 barrels per day, with 195 pounds bottom hole pressure draw down, which gives us a P. I. of 19.6 barrels per day per pound drop. Through a 32/64 choke the well produced 3192 barrels per day with 185 pound draw down and P. I. of 19.54. Through a 16/64 choke the well produced 1523 barrels per day with 45 pound draw down and P. I. of 35.4. Through a 10/64 choke it produced 547 barrels a day with 15 pound draw down and P. I. of 37.8. We took a test through a 6/64 choke and found the rate to be 120 barrels a day and the draw down was 3 or 4 pounds, and the P. I. I would not want to say was determined because we were within the accuracy of the bottom hole pressure gauge.

I believe that these tests, which not only show very small draw down for these rates of production but also show a practically continuous build up as to static conditions, indicate that production at the rate of 500 barrels a day would certainly not be detrimental to the reservoir energy; and it is our intention to test the well further in order to obtain some history and production data that will allow us to make some further conclusions as to the characteristics of the reservoir. We have given the Commission a copy of the graphic chart of these tests.

MR. CROCKER:

Q. If this Crossroads area is as productive as we all hope it will be, I wish you would tell the Commission the number of wells we will be required to drill to fully develop the field and the number of direct and indirect offsets that will be required assuming this Commission fixes proration units at 80 acres with two wells to 160 acres.

A. On the acreage contiguous to the well we will have a total of ten wells. At the present time seven will be direct offsets to our discovery well under the spacing pattern you describe.

Q. Are there other wells drilling or rigging up in that area in addition to the completed well.

A. We have one well drilling and one well rigging up.

Q. Where is the drilling well?

A. It is a quarter-mile west and a quarter-mile south of the discovery well, in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 23. We have a well rigging up, and it might be drilling by this time, which is

a quarter mile west and a quarter-mile north of the discovery well, in the NE $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 27. The Magnolia Petroleum Company has a well drilling a half-mile east of our discovery well in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of Section 26. The Shelly Oil Company has a well in the process of drilling in the NE $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 28, which is three-quarters of a mile west and a quarter-mile south of our discovery well.

Q. Mr. Penn, in the light of that testimony it would naturally follow, I assume, that we are very vitally interested in conserving the reservoir energy and producing the well under the most efficient means possible, and in not being responsible for underground or surface waste. Does this well produce any gas to speak of?

A. A very small amount.

Q. Is any gas being popped off?

A. What gas there is is being popped off. The ratios are all less than fifty to one: less than fifty cubic feet per barrel. That is an unusually low ratio.

Q. Is that all? Is there anything else?

A. I believe that is all.

MR. CROCKER:

The Commission may have the witness - and any operator who has any questions.

MR. SPURRIER:

Does anyone care to cross-examine the witness or ask any questions?

BY MR. SETH:

What was the time of the various tests through the different chokes?

A. On the 4 $\frac{1}{2}$ /64 choke we produced five hours; on the 2 $\frac{1}{2}$ /64, a two hour gauge was used; on the 1 $\frac{1}{2}$ /64 test we produced for three hours and twenty minutes; on the 10/64 test we produced one hour; and on the 6/64 test, two hours. I would like to add to that statement that we took these tests over short periods of time because of the rapid build up and rapid draw down; and we are going to take some more tests along these lines beginning tomorrow.

Q. How much did the well cost?

A. Exclusive of flow lines, separators and tank batteries, etc., \$300,114.24.

Q. How long will it take to pay out with the present price of crude at approximately 300 barrels a day production?

A. I cannot answer that; I do not know what the price of this crude is and am not familiar with the deal with the Magnolia.



Q. What is the gravity of the oil?

A. Forty-two to forty-three.

Q. The Mid-Continent price per barrel is \$2.65, isn't it? And if you were hooked up to a pipe line it would pay out in a little over one and a-half years; is that correct?

A. That sounds reasonable.

BY MR. SKLINGER, representing Skelly Oil Company:

Q. Mr. Penn, how long does it take to drill a well to the Devonian formation in that area?

A. We started drilling September 1, 1947, and we completed the well April 22, 1948; about seven months, I believe. We expect to complete our next well in six months, approximately.

Q. You expect to complete the next well in approximately six months?

A. That is correct.

Q. What size choke are you now using?

A. I believe about 10/64; but at the same time we will experiment with others.

Q. You will experiment with various size chokes?

A. That is correct.

Q. Is the well making any water?

A. Not a drop.

Q. What you say about the lack of gas would indicate a water drive?

A. That is my conclusion.

Q. And your request is for a temporary allowable for 500 barrels daily until such time as you complete your testing or until such time as the Commission might issue a permanent order in connection with the application filed yesterday afternoon?

A. That is right.

Q. That is all.

COMMISSIONER MILES:

Does anyone else have any questions?

MR. R. S. DEWEY, representing Humble Oil & Refining Company:

Q. The application filed yesterday will come up in 90 days for hearing whether or not the Commission sees fit to grant a temporary order; is that the way it is?

MR. SPURRIER:

Tentatively, Mr. Dewey, we hope to

hear that application on the 15th day of July.

Q. This matter will be heard on the 15th day of July; is that right?

MR. STURRILL:

That depends on what Mr. Crocker asks for; that application as presented yesterday deals with spacing and proration units and allowable, and the application today deals with allowable. Now perhaps Mr. Crocker can clarify that.

BY MR. CROCKER:

Q. You were not represented at the Tulsa meeting, Mr. Dewey?

MR. DEWEY:

A. No, and I am just trying to get it clear.

MR. CROCKER:

As I stated in my opening statement, the meeting at Tulsa last Friday was attended by practically all operators in that area I believe except your company and two others. I filed the application yesterday pursuant to the consensus of opinion and a vote taken on Friday. Now that application covers three points upon which we invoked the jurisdiction of the Commission: The first is to establish proration units of 80 acres; second, to fix well spacing as two wells to a government quarter section, one in the NE $\frac{1}{4}$  of the quarter and one in the SW $\frac{1}{4}$ , with proper tolerance for surface obstructions; and third, and last, if the Commission grants the 80 acre proration units and requested well spacing, that it fix daily production allowable in the Crossroads pool from the Devonian formation at 500 barrels a day.

MR. DEWEY:

The allowable will have to be discussed at that hearing?

MR. CROCKER:

If and when the Commission grants that application it will fix a daily well allowable and 80 acre proration units under which the Crossroads field and our No. 1 Sawyer will be operated.

MR. DEWEY: Thank you.

BY MR. F. G. WHITE, representing Magnolia Pipe Line Company:

If the Commission sees fit to grant the 500 barrel daily allowable, the Magnolia will nominate to purchase and transport to Eunice the crude, where there are adequate transportation facilities outside the state.

MR. SPURRIER:

Is there anything further?

If not, Mr. Penn is excused.

MR. CROCKER:

I am inclined, unless somebody otherwise suggests, to forego putting Mr. Pierce on the stand. But if anyone wishes it he will. If he does not go on, I would like to make a further suggestion. If the Commission is willing to do it, and assuming, of course, that they grant the request for a 500 barrel allowable, we would like to have it date back to the 15th day of May. If the Commission doubts the wisdom of this or any operator objects we would not press the point. We would like to have the decision of the Commission today, and start tomorrow on the new production schedule.

We believe our case is closed.

MR. SPURRIER:

Does anyone have anything further?  
Mr. Morrell, would you like to put something in the record?

MR. MORRELL:

A. I think I have no comment to add.

MR. SPURRIER:

One last request - is there anyone else to be heard? If not, the Commission will announce that they approve the MidContinent's application as requested.

MR. GLENN STALEY, Representing Lea County Operators' Committee:

I do not know that I can add anything. Of course it always complicates the bookkeeping when changes are made, but we have plenty of ink eradicator so the effective date of allowable can be changed. As you know the books consist of ledger forms and the allowable for each proration period is entered on that set of books, and if the order is made retroactive they will have to be changed.

MR. SPURRIER:

If it is made effective as of May 15th does that involve this problem?

MR. STALEY:

A. It certainly does.

COMMISSIONER MILES:

What is your reason for the request that it be set back to May 15th?

MR. CROCKER:

That is the day the well officially came in, and if that is out of order we suggest it be thrown out, but if it could be granted without involving too much inconvenience or expense, we would appreciate it.

COMMISSIONER MILES:

Do you think it would throw you out of gear too much if we set it back to May 16th, Mr. Staley?

A. No, it would just change the amount charged to the well, and the Commission would have to notify the producer the amount of back allowable from that date on.

COMMISSIONER MILES:

I do not know how Mr. Staley feels, but I feel this is a special case, and if it can be granted without too much disturbance I would like to grant the request.

MR. SELINGER:

We are drilling a well in that area and are down approximately 4000 feet. Of course from a selfish point of view we would like to have the allowable held down to 100 barrels until we brought ours in. You gentlemen will recall the bonus order only goes down to a certain depth, and operators at that time had no idea of production beyond 10,000 feet, and wells below that depth were not given the favorable consideration of wells above 10,000. As we are all aware, the Mid-Continent has brought in this discovery well and we believe they are entitled to some sort of bonus. At the meeting Friday some discussion was had as to modifying the bonus and deep well adaptation and permitting wells below 10,000 to receive equal consideration with those above. As an interested operator, we would have no objection to the date being fixed as May 16th for the reason it is merely a temporary allowable, subject to the order of the Commission at the July 15th hearing, and only gives 60 days extra consideration, and I would like to say that is a good extra allowable for the 60 day period.

COMMISSIONER MILES:

Would anyone else like to make a statement?

MR. SPURRIER:

Is there anyone else to be heard in this case?

If not, the Commission will grant the application as requested.

MR. CROCKER:

Thank you.

INSERT HERE Case No. 146 - pp. 14, 15, 16, 17

Transcript Case 145 given Andy Nelson 7-21-48

Case No. 147

TESTIMONY OF MR. CHUCK ASTON, after having been duly sworn:

MR. ASTON:

I represent Franklin, Aston & Fair in this case, and, if the Commission please, this petition concerns an unorthodox well location in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 7, Township 18 South, Range 30 East, in the Loco Hills pool, Eddy County, New Mexico, same being Federal Lease Las Cruces #047239-A, operated by Franklin, Aston & Fair.

As stated in the petition, all 40 acre tracts concerned in this petition are subject to the rules and regulations of the United States Geological Survey, and said Department makes no objection to this request, as evidenced by "EXHIBIT A" in your file in this case.

This well is to be located 2590 feet from the north line and 1570 feet from the west line of Section 7, Township 18 South, Range 30 East, and is to be drilled to a total depth of approximately 2800 feet to test the Loco Hills pay sand.

I have filed with the Commission "EXHIBIT B" which is a map showing a part of the Loco Hills oil field. On this map are located the producing wells in the section in question, as well as the unorthodox location requested in this petition; and further, a dashed line approximating the structural contour determining the water-oil contact in this section of the Loco Hills field. From a study of that map it is easy to see that an orthodox location, either 10 acre or 40 acre, in the forty in question, would lie directly on the dashed line or on the water side of said dashed line; and therefore a well drilled in an orthodox location would be economically unsound.

The petitioner represents that drilling a well in this requested unorthodox location will more adequately drain the Loco Hills reservoir and, as before stated, would make it a more economical venture for the operator. The petitioner further requests that the Loco Hills top allowable which has governed under the order of the Commission be granted to this unorthodox well if it is a producer.

As an expert witness as petroleum geologist, it is my considered opinion that the water-oil contact as shown on "EXHIBIT B" is as near the true water-oil contact as it is possible to show with the present geological evidence.

That is all I have if the Commission please.

COMMISSIONER MILES:

Has anyone any questions they would like to ask?

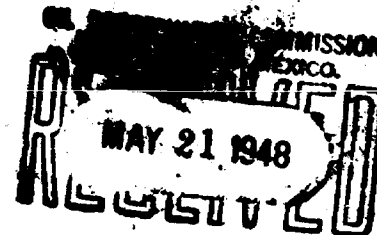
The petition is granted as requested.

- - - - -  
The hearing was adjourned.

**Wilson Oil Company**  
INCORPORATED UNDER THE LAWS OF NEW MEXICO



P. O. BOX 627  
SANTA FE, NEW MEXICO  
TELEPHONE 66



May 19, 1948

~~143~~

Captain R. R. Spurrier  
State Geologist and Secretary of the  
New Mexico Oil Conservation Commission  
Santa Fe, New Mexico

Dear Captain Spurrier:

Pursuant to your favor of the 16th inst., I am  
inclosing herewith petition of the Wilson Oil Company for an  
unorthodox location, which is pursuant to our Amended Notice  
of intention to drill after we skidded the rig from the original  
location.

Yours very truly,

*Francis C. Wilson*  
Francis C. Wilson

FCW:v

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

IN THE MATTER OF:

APPLICATION FOR APPROVAL OF AN UNORTHODOX  
LOCATION FOR WELL NO. 25 IN THE SE $\frac{1}{4}$  NW $\frac{1}{4}$   
SECTION 23, TOWNSHIP 21 SOUTH, RANGE 34 EAST  
N.M.P.M. WEST EUNICE FIELD, LEA COUNTY  
STATE LEASE NO. B-9084

Comes now the Petitioner, Wilson Oil Company, and  
moves the Commission for approval of an unorthodox location  
for Wilson State Well No. 25 under State Lease No. B-9084 located  
in the SE $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 23, Township 21 South, Range  
34 East, N.M.P.M. in the West Eunice Field, Lea County, New Mexico,  
and for ground of this application says:

That the original location was in the SE $\frac{1}{4}$  of the NW $\frac{1}{4}$   
of Section 23, Township 21 South, Range 34 East, N.M.P.M., Lea  
County, New Mexico, but that in the drilling of said well a string  
of tools was lost and in attempting to fish them out a second string  
was lost in the hole and the well then abandoned, and the location  
was skidded to 2320 feet south of the north line, and 2880 feet west  
of the east line of said section, making the said location as finally  
drilled an unorthodox location under the laws of the State of New Mexico  
and the rules and regulations of the New Mexico Oil and Gas Conservation  
Commission adopted pursuant thereto; it is further represented by  
the Petitioner that it owns the offset acreage on all sides of the  
said unorthodox location and that all of the lands in said Section 23  
are State lands and are leased by your Petitioner directly from the  
State, and the royalties are paid to the State, so that no one is



affected by the said unorthodox location either adversely or otherwise.

WHEREFORE, your Petitioner prays that the New Mexico Oil Conservation Commission set this petition down for hearing giving notice thereof in the usual manner as required by the rules and regulations of the Commission, and upon said hearing, that the said unorthodox location be allowed and approved.

WILSON OIL COMPANY

By *Francis C. Wilson*  
President  
PETITIONER

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

ss

Francis C. Wilson being first duly sworn, deposes and says that he is President of and Attorney for the Petitioner Wilson Oil Company; that the above petition has been prepared according to law; that he has read over and understands the contents thereof and that the matters and things therein stated are true of his own knowledge.

*Francis C. Wilson*

Subscribed and sworn to before me this 19th day of May,  
1948.

*Ernest H. [Signature]*  
Notary Public

My Commission Expires:  
July 12, 1949