

Case No.

173

Application, Transcript,
Small Exhibits, Etc.

Page 173 In the matter of app. of Transcon-
tinental Oil Co. Inc. for approval of an
unorthodox location, etc.

MEETING OF THE
OIL CONSERVATION COMMISSION
SANTA FE, New Mexico
MARCH 31, 1949
IN THE SENATE CHAMBERS.
ATTENDING:

<u>NAME</u>	<u>REPRESENTING</u>	<u>ADDRESS</u>
Frank C. Barnes	Oil Comm.	Santa Fe
Frank C. Barnes	Franklin Hotel & Bar	Artesia
B. Woodworth	Oil Comm.	Santa Fe
George A. Graham	" "	" "
Glenn Staley	Lea County Operators	Hobbs, N.M.
R. L. Denton	Magnolia Pet. Co.	Midland Tex
W. B. Hamilton	Phillips Pet. Co.	Artesia, Tex
M. T. Smith	Shell Oil Co. Inc.	Midland Tex
J. Henry	The Atlantic Refining Co.	Dallas, Tex.
Ed W. Binion	Atlantic P.L. Co.	Midland, Tex
Wm E Bates	The Texas Co.	✓
H. C. Devore	Shell Ref. Corp.	Houston ✓
Frank R. Lovering	Shell Oil Co. Inc.	Hobbs, N. Mex
Richard A. Hughston	Shell Oil Co. Inc.	Midland, Texas
W. Brunner	Shell Oil Co. Inc.	" "
E. J. Gallagher	Gulf Oil Corp.	Hobbs
Paul L. Evans	" " "	"
Manuel A. Sanchez	S. H. Gas Co.	Santa Fe
R. E. Campbell	U. S. G. S.	Roswell, NM
W. B. Macey	American Republics Corp.	Artesia, NM
G. H. GRAY	Repollo Oil Co.	Midland, Texas.
Burton Atkinson	Humble Oil & Refg. Co.	Midland, Texas
Amos Harper		Seminole, Tex
Ed. Stangfield		" "
George C. Burke		Seminole, Texas
Al. Huer	Oil Conservation Com.	Alto, New Mex.
Ray A. Gaskins	Oil Conservation Com.	Alto, New Mex.
E. E. Lafferty	State of New Mexico	Alto, New Mex.
Carl M. Quisley	NM Oil & Gas Reel	Roswell

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 public hearings to be held March 31, 1949, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.
STATE OF NEW MEXICO TO:
All named parties in the following cases and notice to the public:
Case 173
In the matter of the application of Transcontinental Oil Co. Inc. for an order granting permission to drill its Coyote Dome No. 1, Oebra Springs Ranch well, in an unorthodox location in the center of the northeast quarter of section 1, in T.18N, R.21E, San Miguel County, New Mexico.
Case 174
In the matter of the application of

Southern Union Production Company for an order granting an exception to section 1 (c) of Order No. 768 to permit location of a well 200 ft. west of the boundaries specified in section 1(c); because of the nature of the terrain. The drilling unit containing 100 acres substantially in the shape of a square, embraces the SE 1/4 of section 29, T.28N, R.16W, in San Juan County, New Mexico.
Case 175

In the matter of the application of Gulf Oil Corporation for an order to dually complete and produce from the Hobbs lime section and the Byers sand section from a single well bore in the West Grimes No. 15, located 900 ft. north of the south line and 2310 ft. east from the west line of section 32, T.18S, R.34E, Lea County, New Mexico.
Case 176

In the matter of the application of the Oil Conservation Commission upon its own motion to amend Paragraph 2 of Order No. 788, issued in Case No. 146, deleting therefrom the words at the end of the section to-wit: "Provided that a supplemental order is issued authorizing such production", and making said Paragraph 2 of said Order 788 read as follows:

"Paragraph 2. That any common purchaser is authorized to purchase 100% of the allowable from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the state top unit allowable for that particular month. Any amount of crude petroleum up to and including the top unit allowable for that particu-

lar month may be purchased from a marginal unit".

Case 177
In the matter of the application of the Oil Conservation Commission upon its own motion to rescind, revise, change or amend Order No. 573, which became effective as of June 1, 1944, and generally known as the "Bonus Discovery Allowable Order".
Case 178

In the matter of the application of the Oil Conservation Commission upon its own motion upon recommendation of the Nomenclature Committee for an order deleting from the Arrowhead pool as here-

before established, the following described lands: SW 1/4 of section 11, and the W 1/2 of section 14, T.22S, R.36E, N.M.P.M., Lea County, New Mexico. This deletion from the Arrowhead pool is necessary because of the extension of the South Eunice pool to include gas production in the west part of above described section.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on March 15, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
(SEAL) R. R. SPURRIER,
Secretary.
Pub. Mar. 17, 1949.

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 (Business Manager) (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 advertisements 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 once each week for one time consecutive weeks, and on the same day of each week in 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, once each week for one time weeks consecutively, the first publication being on the 17th day of March, 1949, and the last publication on the 19th day of March, 1949; 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.

PUBLISHER'S BILL

97 lines, one time at \$ 9.70
lines, times, \$
Tax \$
Total \$ 9.70

Received payment,

By

Will Harrison
Editor-Manager
Subscribed and sworn to before me this 18th
day of March, A.D., 1949
Anna L. Grunaker
Notary Public
My Commission expires June 14, 1949

NOTICE OF PUBLICATION
 State of New Mexico
 Oil Conservation Commission
 The State of New Mexico by its
 Oil Conservation Commission here-
 by gives notice, pursuant to law, of
 the following public hearing to be
 held March 31, 1949, beginning at
 10:00 A. M. on that day in the City
 of Santa Fe, New Mexico, in the
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STATE OF NEW MEXICO TO:
 All named parties in the following
 cases, and notice to the public:
 Case 173

In the matter of the application
 of Transcontinental Oil Co., Inc.
 for an order granting permission to
 drill its Coyote Dome No 1, Cabra
 Springs Ranch well, in an unor-
 thodox location in the center of the
 northeast quarter of section 1, in
 T. 13 N, R. 21 E, San Miguel Coun-
 ty, New Mexico.

Given under the seal of the Oil
 Conservation Commission, of New
 Mexico, at Santa Fe, New Mexico,
 on March 15, 1949.

State of New Mexico
 Oil Conservation Commission
 R. R. Spurrier, Secretary

AFFIDAVIT OF PUBLICATION 2004

STATE OF NEW MEXICO, }
 COUNTY OF SAN MIGUEL } ss.

P. D. Bentley, being first duly sworn,

on oath states: That he is the (business manager) of the Las Vegas Daily Optic, a daily newspaper of general paid circulation and of general circulation in San Miguel County, New Mexico, entered under the second class postal privilege in said county, being the county in which the notice hereto attached is required to be published and said paper has been published in said San Miguel County continuously and uninterruptedly during a period of six months next prior to the first issue thereof containing said notice. That the notice of which a copy as published is hereto attached and hereby made a part hereof was published in the English language in said newspaper once each week for 1 consecutive weeks on the following dates, to-wit:

First Publication on the 16 day of March, 1949
 Second Publication of the _____ day of _____, 194____
 Third Publication of the _____ day of _____, 194____
 Fourth Publication on the _____ day of _____, 194____

That such notice is a legal notice and was published in said newspaper duly qualified for that purpose within the meaning of the provisions of Chapter 167, Session Laws of 1937, and that payment therefor has been made—assessed as Court costs.

PUBLISHER'S BILL

31 lines one time @ 10 \$ 3.10
 _____ lines @ _____ \$ _____
 Tax _____ \$ _____
 Total _____ \$ 3.10

Received payment,

Manager.

Editor

Business Manager

Subscribed and sworn to before me this 18th day of March, 1949.

Samuel G. Miller
 Notary Public.

My Commission expires Oct 2nd, 1951.

March 25, 1949

SANTA FE NEW MEXICAN
Santa Fe, New Mexico

Gentlemen:

In regard to the publishing of our Notice of Publication, covering Cases 173, 174, 175, 176, 177 and 178, under date of March 17, 1949, this will advise that we received all the necessary papers except a signed purchase voucher.

Will you kindly sign the enclosed voucher and return to us, as soon as possible, in order that we may make payment for this publication?

Thank you.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:bw

March 15, 1949

SANTA FE NEW MEXICAN
Santa Fe, New Mexico

RE: Cases 173-174-175-176-177-178, 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.

PLEASE PROOF READ AND UPON COMPLETION OF THE PUBLICATION SEND PUBLISHER'S AFFIDAVIT IN DUPLICATE.

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

Very truly yours,

Secretary and Director

RRS/bw

March 15, 1949

LAS VEGAS OPTIC
Las Vegas, New Mexico

Gentlemen:

RE: Case 173, Notice of Publication

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

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Very truly yours,

Secretary and Director

RES:bw

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 public hearing to be held March 31, 1949, beginning at 10:00 A.M. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

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

Case 173

In the matter of the application of Transcontinental Oil Co., Inc. for an order granting permission to drill its Coyote Dome No. 1, Cabra Springs Ranch well, in an unorthodox location in the center of the northeast quarter of section 1, in T. 13 N, R. 21 E, San Miguel County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on March 15, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. SPURRIER, Secretary

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

NOTICE OF INTENTION TO DRILL

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

Santa Fe, New Mexico P.O. Box 1076

IO-30-118

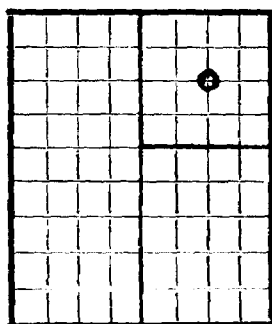
Place

Date

OIL CONSERVATION COMMISSION,
Santa Fe, New Mexico,

Gentlemen:

You are hereby notified that it is our intention to commence the drilling of a well to be known as
Transcontinental Oil Company, Inc. Well No. #1 in Center N.W. $\frac{1}{4}$.
Company or Operator Lease
of Sec. One, T. 13. N., R. 21. E., N. M., P. McCabra Springs Ranch San Miguel County, N. M.



AREA 640 ACRES

LOCATE WELL CORRECTLY

D-8800 Diesel Motor.

The well is 1320 feet (N.) (S.) of the North line and 1320 feet
(E.) (W.) of the East line of Sec. 1

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

If state land the oil and gas lease is No. Assignment No.

If patented land the owner is North American Investment Co.

Address Freeport, ILL. Manus & Manus Attys, 2nd National Bld

If government land the permittee is

Address

The lessee is

Address

We propose to drill well with drilling equipment as follows: Ft Worth Spudder

The status of a bond for this well in conformance with Rule 39 of the General Rules and Regulations of the Commission is as follows:

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

Size of Hole	Size of Casing	Weight Per Foot	New or Second Hand	Depth	Landed or Cemented	Sacks Cement
15 $\frac{1}{2}$ inch	12		used	650	landed	

If changes in the above plan become advisable we will notify you before cementing or landing casing. We estimate that the first productive oil or gas sand should occur at a depth of about 700 feet.

Additional information:

Approved _____, 19____
except as follows:

OIL CONSERVATION COMMISSION,

By _____

Title _____

Sincerely yours,

Transcontinental Oil Company, Inc.

Company or Operator

By H. A. Hershfield Jr.

Position _____ Pres.

Send communications regarding well to

Name H. A. Hershfield Jr. Midland Hotel

Address Santa Rosa, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

The following proceedings before the Oil Conservation Commission, State of New Mexico, came on pursuant to legal notice of publication, and at the time and place as set out below.

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 public hearings to be held March 31, 1949, beginning at 10:00 o'clock A.M. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

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Case 174

In the matter of the application of Southern Union Production Company for an order granting an exception to section 1 (c) of Order No. 748 to permit location of a well 200 ft. west of the boundaries specified in section 1 (c) because of the nature of the terrain. The drilling unit containing 160 acres substantially in the shape of a square, embraces the SE $\frac{1}{4}$ of Section 29, T. 28N, R. 10W, in San Juan County, New Mexico.

Case 175

In the matter of the application of Gulf Oil Corporation for an order to dually complete and produce from the Hobbs lime section and the Byers sand section from a single well bore in the West Grimes #15, located 990 ft. north of the south line and 2310 ft. east from the west line of section 32, T. 18S, R. 38E, Lea County, New Mexico.

Case 176

In the matter of the application of the Oil Conservation Com-

mission upon its own motion to amend Paragraph 2 of Order No. 788, issued in Case No. 146, deleting therefrom the words at the end of the section to-wit: "Provided that a supplemental order is issued authorizing such production", and making said Paragraph 2 of said Order 788 read as follows:

"Paragraph 2. That any common purchaser is authorized to purchase 100% of the allowable from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the state top unit allowable for that particular month. Any amount of crude petroleum up to and including the top unit allowable for that particular month may be purchased from a marginal unit".

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In the matter of the application of the Oil Conservation Commission upon its own motion to rescind, revise, change or amend Order No. 573, which became effective as of June 1, 1944, and generally known as the "Bonus Discovery Allowable Order."

Case 178

In the matter of the application of the Oil Conservation Commission upon its own motion upon recommendation of the Nomenclature Committee for an order deleting from the Arrowhead pool as heretofore established, the following described lands. SW $\frac{1}{4}$ of section 11, and the W $\frac{1}{2}$ of section 14, T. 22S, R. 36E, N.M.P.M., Lea County, New Mexico. This deletion from the Arrowhead pool is necessary because of the extension of the South Eunice pool to include gas production in the west part of above described section.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on March 15, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, Secretary

SEAL

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

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STATE OF NEW MEXICO TO:

All named parties in the following case, and notice to the public;

Case 179

In the matter of the application of Franklin, Aston and Fair for approval of an unorthodox well location 1270 ft. south of the north line and 1370 ft. east of the west line (SW NE $\frac{1}{4}$ NW $\frac{1}{4}$) in section 7, T.18S, R.30E., NMPM, in the Loco Hills pool, Eddy County, New Mexico.

Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on March 18, 1949.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ R. R. Spurrier
R. R. SPURRIER, Secretary

SEAL

BEFORE: Hon. Guy Shepard, Chairman

Hon. R. R. Spurrier, Secretary and Member

REGISTER:

Frank, C. Barnes, Santa Fe, N.M., for the Oil Conservation Commission.

Chuck Aston, for Franklin Aston and Fair, Artesia, N.M.

B. Woodworth, Santa Fe, N.M., for the Oil Conservation Commission.

George A. Graham, Santa Fe, N.M., for the Oil Conservation Commission.

Glenn Staley, Hobbs, N.M., for Lea County Operators.

R. L. Denton, Midland, Tex., for Magnolia Petroleum Co.

W. B. Hamilton, Amarillo, Tex., for Phillips Petroleum Company.

M. T. Smith, Midland, Tex., for Sheel Oil Co., Inc.

E. J. Henry, Jr., Dallas, Tex., for The Atlantic Refining Co.

Sid W. Binion, Midland, Tex., for Atlantic P.L. Co.

Wm. E. Bates, Midland, Tex., for The Texas Co.

F. C. Brown, Houston, Tex., for Shell Ph. Corp.

Frank R. Lovering, Hobbs, N.M., for Shell Oil Co., Inc.

Richard L. Hughston, Midland, Tex., for Shell Oil Co., Inc.

F. C. Brunner, Midland, Tex., for Shell Oil Co., Inc.

E. J. Gallagher, Hobbs, N.M., for Gulf Oil Corp.

H. A. Hirschfield, for Transcontinental Oil Co. - ?
Paul C. Evans, Hobbs, N.M., for Gulf Oil Corp.
Manuel A. Sanchez, Santa Fe., N.M., for S.U. Gas Co.
R. E. Canfield, Roswell, N.M., for U.S.G.S.
W. B. Macey, Artesia, N.M., for American Republics Corp.
G. H. Gray, Midland, Tex., for Repollo Oil Co.
Burton Atkinson, Midland, Tex., for Humble Oil & Refg. Co.
Amos Harper, Seminole, Texas.
G. L. Standfield, Seminole, Texas.
George C. Burke, Seminole, Texas.
Al Greer, Aztec, N.M., for Oil Conservation Commission.
Roy D. Yarbrough, Hobbs, N.M., for Oil Conservation Commission.
E. E. Kinney, Artesia, N.M., for State Bureau of Mines.
Art McQuiddy, Roswell, N.M., for U.M. Oil & Gas Assn.
Don McCormick, Santa Fe, N.M., for Oil Conservation Commission.

COMMISSIONER SHEPARD: The meeting will come to order. Mr. Graham, will you read the first case?

(Reads the notice of publication in Case No. 173.)

COMMISSIONER SHEPARD: Is the Transcontinental present or represented? Will you come forward, please? State your name for the reporter.

(H. A. Hirschfield, Jr., Vice President, Transcontinental Oil Company, was sworn and testified as follows):

COMMISSIONER SHEPARD: You may just go ahead and state your case.

MR. HIRSCHFIELD: Well, our property over there is one lease for land, comprising 34,128 acres, with one well application for the entire lease, perpetual; no further lease or drilling operations. We have not bothered to off-set the cross faulting until we wanted to drill. Then where this location is, there

is a cross faulting, a short faulting. We are in there on the down faulting, in a "V" of this faulting, and our land is checkerboarded in the ranch in 160 acre tracts, and we were not familiar that 40 acres was considered as a unit. And we are drilling right in the "V" of this faulting, and if we move the rig one way or the other, it would be on the slope of the fault, rather than in the "V". And if we move east, we will have to climb about a 300 foot mesa. So it's rather a difficult problem. I don't believe it will affect anybody else, inasmuch as our entire acreage is in one township and we are probably eight miles each way from the boundary line of the property.

COMMISSIONER SHEPARD: Why? Is this location on a grant?

MR. HIRSCHFIELD: Yes, it is on Cabra Springs Ranch. You can see by the map where we are drilling. There is a mesa, you see, right in there. (Indicating). And of course, there are boulders around the edge of that. It would be quite a job to move up there. And if we move over here (indicating), we are defeating our purpose by getting out of the fault.

COMMISSIONER SHEPARD: Does anybody have any questions?

MR. GRAHAM: Did you drill in the exact center of that 160 acres, is that right?

MR. HIRSCHFIELD: Yes, sir. It is set out in a 160 acre drill site.

MR. GRAHAM: Would it be objectionable to you if you move a foot or two, one way or the other, so as not to interfere?

MR. HIRSCHFIELD: No.

MR. GRAHAM: It would be identical.

MR. HIRSCHFIELD: In that cross fault, you see, the bable -- it would be pretty hard to see whether the location was sur-

veyed by the Tucumcari Engineering Company.

SECRETARY SPURRIER: What was the location?

MR. HIRSCHFIELD: It was the exact center of the northeast quarter of Section 1, 13 North, 21 East.

COMMISSIONER SHEPARD: If there are no further questions, you may be dismissed. It will be granted.

MR. HIRSCHFIELD: O.K. Fine. Thank you very much.

COMMISSIONER SHEPARD: Will you read the next case, Mr. Graham?

(Reads the notice of publication in case No. 174).

Van Thompson, having been first duly sworn, testified as follows:

DIRECT EXAMINATION BY MR. SANCHEZ

Q Mr. Thompson, I hand you a blank marked Exhibit "A", which is a map of Section 29, Township 28, North, Range 10 West, where the proposed well is to be located. Will you tell the Commission the necessity of permission for locating the well outside of the 330 foot limit from the center of the section?

A As stated in the application, it was originally planned to locate this well 1680 feet from the -- 1650 feet, I believe it is -- from the north and west boundaries; but when the location was actually surveyed, we found that it came down in the bottom of a deep ravine. So the District Engineer for the U.S.G.S. came out and looked at it and suggested that we move it 208 feet west, to save considerable expense in rigging up and making the location. The real purpose of this application was to -- when the 160 acre spacing was put into effect, a well was eliminated from all approval if it was within 990 feet of the outside boundary line; and this location will be 790 feet from the outside boundary line.

Q From the west boundary of the unit?

A Yes, from the west boundary of the unit.

Q The Southeast Quarter of Section 29 is the unit?

A That's right.

Q And agreement has been entered for the communitization and operation of this Southeast Quarter as a unit?

A That's right. The only people who could possibly be affected in this is the southern boundary production of Stanolin, of Verb (?) Frost, and Western Natural Gas Company, and they also own the Southwest Quarter of Section 29. So I don't see how there could possibly be any objection to it from anyone.

COMMISSIONER SHEPARD: Does anybody have any questions?

MR. McCORMICK: How close are you to the producing well?

MR. THOMPSON: About half a mile. Here's a plat. Here (indicating) is where the Whitfield, and the well closest to the producing well is, right here. We are actually moving west, further west of the producing well. The next closest wells are these two up here. (Indicating).

MR. SPURRIER: Off the record.

(Discussion off the record).

COMMISSIONER SHEPARD: Any further questions? Well, there are no objections and the order will be granted.

MR. SANCHEZ: I had an order prepared, which I will leave with the Commission if you care to sign it.

COMMISSIONER SHEPARD: All right.

MR. GRAHAM: The U.S.G.S. has approved it?

MR. THOMPSON: Mr. Frost approved the moving of the location of the well.

MR. SANCHEZ: If there is nothing further, ^{we} may ~~be~~ excused?

COMMISSIONER SHEPARD: Yes. The next case.

(Reads the notice of publication in Case No. 175).

PAUL C. EVANS, was sworn and testified as follows:

MR. EVANS: My name is Paul C. Evans, District Engineer, Gulf Oil Company. I have properly qualified before the Commission, and if they so desire I shall be glad to repeat the qualifications.

SECRETARY SPURRIER: That's not necessary.

MR. EVANS: All right. In order to follow the testimony, I have a statement here that possibly some of the Commission would like to follow; also some drawings.

COMMISSIONER SHEPARD: The Dual Completion Equipment drawing may be marked Gulf's Exhibit No. "A", Case 175; the Lane Wells log may be marked Gulf's Exhibit "B", Case 175.

(Mr. Evans read the following statement into the record):

Hobbs, New Mexico
March 29, 1949

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The Gulf Oil Corporation's West Grimes No. 15 is located 990 feet from the south line and 2310 feet from the west line of Section 32, Township 18⁸, Range 38E, Lea County, New Mexico. Two States Drilling Company rotary tools were rigged up and drilling operations commenced on December 19, 1948. The 13-3/8" O.D., 48#, H-40, S.S. casing was set at 328 feet and cemented with 325 sacks of cement which was circulated to the surface. The Byers sand was encountered at 3655 feet and the entire section was cored with the Byers section extending to 3730 feet. The section from 3653 feet to 3731 feet was drill stem tested using the Halliburton testing tool and 1,072 M.C.F. of gas was gauged at the surface with 625 psi bottom hole flowing pressure. The well was then drilled to a depth of 4094 feet in the Lovington sand member and 7" O.D., 23#, J-55, S.S. casing was set at 4094 feet and cemented with 825 sacks of cement. The cement top behind the 7" casing was found at 2150 feet as per temperature survey. The 7" casing was then perforated with one 1/2" hole at 2100 feet and re-cemented with 500 sacks of cement and the cement top behind the 7" casing was found at 1450 feet as per temperature survey which is above the salt section. The Hobbs lime pay section was then penetrated to a total depth of 4105 feet and a Lane Wells radio activity log was obtained and three copies of the log are submitted to the Commission for their information. After running tubing and treating the Hobbs lime with 500 gallons of acid, the well flowed 552 barrels of

oil in 24 hours with a G.O.R. of 1343. After 24 hour shut-in period, the static bottom hole pressure was observed as 1161 psi.

Thirty barrels of oil base mud was spotted from total depth to above the Byers formation and the casing was filled to the surface with salt water mud. The 7" casing was then perforated opposite the Byers section from 3650 - 75 feet, 3685 - 3700 feet, and 3715 - 3730 feet with 4 jet holes per foot. The tubing string was run in the well from bottom up as follows:

(By the drawings, the Commission will see the equipment originally run in the well).

- (1) Std. 2-3/8" O.D. x 6' nipple w/top 2' perforated
- (2) 7" x 2" Lane Wells type BOC hookwall packer set at 4059'
- (3) 2-3/8" O.D. Baker safety joint
- (4) One 6' tubing nipple
- (5) 2-3/8" Otis type "L" landing nipple (side door choke)
- (6) 2-3/8" O.D., EUE, 4.7#, S.S. tubing to surface

The mud was then displaced with 195 barrels of oil and an Otis check valve and side door choke was run and set in landing nipple which shut off the bottom formation, Hobbs lime. Swabbed load oil from tubing and casing and well flowed through the tubing from the Byers section to clean up. After shutting-in casing and tubing in order to reach maximum pressure, the Otis check valve and side door choke was pulled and, prior to this operation, the static bottom hole pressure of the Byers section after 99 hours shut-in was observed to be 702 psi. The side door choke was then re-run with upper and lower packing elements and the perforations in the side door choke shut-off. This enables the Byers gas to be flowed through the casing and the Hobbs lime oil to be flowed through the tubing without comingling of the fluids. The attached schematic drawing shows the producing equipment installed in West Grimes No. 15.

Attempts were made to obtain segregation tests but, after ten days' testing, it was determined that segregation of the two above described zones was not complete. It is now planned to pull the tubing and packer and re-run dual completion equipment from bottom up as follows:

- (1) Std. 2-3/8" O.D. x 6' nipple w/top 2' perforated
- (2) 7" x 2" Land Wells type BOC hookwall packer set at approximately 4059'
- (3) 2-3/8" O.D. Baker safety joint
- (4) 2-3/8" Otis type "L" landing nipple (Side door choke)
- (5) 3-1/2" O.D., 7.7#, EUE, S.S. tubing to surface

The Hobbs lime section will be blanked off with Otis side door choke and the Byers gas section will be swabbed to induce flow. After the Byers section has flowed sufficiently to clean up, the Otis side door choke will be pulled and re-run blanking off the casing from the tubing and opening up the Hobbs lime section

to the tubing. Then segregation tests will be taken in the following manner:

- (1) The casing and tubing will be shut-in until both zones have reached a maximum pressure; then the tubing will be opened and the Hobbs lime section produced. A dual pressure recorder will be installed so that both the tubing and casing pressures can be recorded on the same chart. Also, the oil and gas will be measured for a 24 hour period.
- (2) Then the tubing will be shut-in and allowed to build-up to maximum pressure. The casing will be opened and the Byers gas section tested in the manner described above.
- (3) The results of these tests will be reported to the Oil Conservation Commission and these tests will be repeated at periodic intervals in accordance with previous orders of the Commission in order to assure that communication between the two zones does not exist.

The oil obtained from the Hobbs lime section will be stored on the lease and sold to the Shell Pipe Line Company. The available gas produced against 400 psi surface pressure will be utilized in the Gulf Hobbs gas lift system to produce the Bowers crude oil on the West Grimes lease and the Hobbs lime crude oil on the North Grimes and Hardin Leases. Also, the well will provide gas for house consumption at the Gulf camp and Cities Service camp in Hobbs. There is no doubt that the two above described zones are definite and distinct reservoirs. The gas produced from the Byers section is classified as "sweet gas" and is non-corrosive while the oil produced from the Hobbs lime is sour and is slightly corrosive.

The Commission will recall that the Gulf obtained permission on July 16, 1947, to dually complete their West Grimes No. 4 in the Hobbs Pool. The Bowers oil zone is produced through the casing and the Byers gas zone is produced through the tubing. The same type of equipment was utilized in this completion as has been utilized in dually completing West Grimes No. 15. Subsequent segregation tests on West Grimes No. 4 have proven that to date an effective seal has been maintained between the tubing and casing.

The reasons that the Gulf Oil Corporation proceeded to dually complete this well without specific authority from the New Mexico Oil Conservation Commission are as follows:

- (1) At the time this well was staked and drilling operations commenced, it was not definitely known that the Byers gas section would be productive on this 40 acre tract. Therefore, it was believed advisable and prudent to determine the productivity of this zone before requesting permission to dually complete West Grimes No. 15.
- (2) By the time the gas productivity of the Byers zone was determined, the New Mexico Legislature was in session and it was not planned to hold an Oil Conservation Commission hearing until March, 1949. Delaying the mechanics of dual completion

at the time the rotary rig was in place until official approval was obtained would have entailed considerable extra expense. It is my estimate that the delay would have cost the Gulf Oil Corporation approximately \$7,500 in rig time and mud cost.

- (3) Due to the low productivity of the Byers gas section, it would not be economical to drill a separate well to this strata nor is it economical to delay operations so that completion expense will be increased.

Very truly yours,

/s/ Paul C. Evans
Paul C. Evans
District Engineer
Gulf Oil Corporation

PCE:lfr

MR. EVANS: And that completes our portion of the testimony.

If there are any questions --

COMMISSIONER SHEPARD (Interrupting): Any questions?

SECRETARY SPURRIER: No.

MR. GRAHAM: Do you recall Case No. 92, and the fact that in the order issued in that case, the Commission doubted that the packers were sufficiently efficient to insure segregation of the zones?

MR. EVANS: That's right.

MR. GRAHAM: The order was issued as an experimental proposition, the other cases of the Gulf being dismissed?

MR. EVANS: That is correct.

MR. GRAHAM: Do you figure it is the prerogative of the Commission to continue to desire information as to the efficiency of these packers?

MR. EVANS: That is correct.

MR. GRAHAM: For that reason, that is what you did?

MR. EVANS: That is correct.

MR. GRAHAM: You start out with a Baker packer?

MR. EVANS: That's right.

MR. GRAHAM: In that original No. 4?

MR. EVANS: That's right.

MR. GRAHAM: What happened in that original No. 4?

MR. EVANS: In that original well, we ran the Baker equipment production type packer and in the operation we had definite difficulty in making a seal with the Baker type packer. Therefore, we changed the type of installation from the Baker type to the regular Lane Wells hookwall packer and set it immediately above.

MR. GRAHAM: Along in 1948, the Company made a report under that order, covering the period of about a year?

MR. EVANS: That's right.

MR. GRAHAM: And it was satisfactory. The result of that study showed it was a seal and there wasn't any communication?

MR. EVANS: That's right. That is correct. In that case, tests were taken in the same manner as here. In the original completion with the Baker packer, we were not able to ever complete the well at all so that we could satisfactorily segregate the tests, but we did after putting the Wells packer in it; and those tests were submitted to the Commission on similar type case, with dual recording on casing and tubes.

MR. GRAHAM: Our information seems to be that was the report of a year. What is the present situation?

MR. EVANS: The present situation on that particular well is that in the last three or four months, we have not taken any segregation tests, due to the fact that in the upper zone or the Byers' zone, it has failed to flow; but we do know that we haven't any communication between the two, due to the fact that in the Byers' zone the gas is producing now at 400 pounds pressure, it is producing daily 428 thousand cubic feet of gas

alone, no oil in it, and the casing pressure stands at 250 pounds on the casing and stays constant at that.

MR. GRAHAM: The upper zone at the time of the last report read that it was making 44 barrels of oil?

MR. EVANS: That is correct. But during the winter months is when the well died in that section, and we had no gas for Hobbs, or the camp, or City Service, and so consequently we have not attempted a re-conditioning method to induce flow back through the channels.

MR. GRAHAM: What is your opinion as to the experiment on No. 4?

MR. EVANS: Well, my opinion of the experiment is the fact that with mechanical equipment, it is possible and capable of segregating the two zones.

MR. GRAHAM: In the Hobbs Pool, you mean?

MR. EVANS: In this particular well, the fact that the mechanical equipment which was run was efficient and can satisfactorily separate the two zones.

MR. GRAHAM: And the experiment would have been a success if the well had not --

MR. EVANS (Interrupting): Mechanically, it was successful. Now, whether economically and otherwise, it would be successful, is above my audit, but mechanically and engineeringly, it can be done satisfactorily.

MR. GRAHAM: At that time, there was considerable objection to the dual completion idea.

MR. EVANS: That is correct.

MR. GRAHAM: Do you have any comments from others, or inquiries from others, other people so concerned?

MR. EVANS: We have had no official comment from anyone on the

case. There has been considerably more experiment taken in Texas and other areas, and more dual completions have been done in New Mexico since the original time.

MR. GRAHAM: With respect to the gas, the sour gas and corrosive gas, that is still an element in your opinion, in the dual completion?

MR. EVANS: Corrosiveness is always an element in dual completion, or single completion.

MR. GRAHAM: But it was encountered in the Hobbs Pool in the Byers zone?

MR. EVANS: That is correct. There has been some difficulty over a long period of time in the Hobbs Pool with corrosiveness in casing and tubing in the Hobbs Pool. Some companies have gone through an extensive program of repairing, in which they have gone in and found some casing leaks, just in single completions. In fact, we have had one that we know of. It has not been extremely difficult in nature as in some areas, but it is a problem, and it is corrosive in Hobbs to some extent.

MR. GRAHAM: In your opinion, a general dual completion program over the oil-producing areas and different pools, is that advisable? What is your view on that?

MR. EVANS: From an engineering standpoint, and mechanically, I would say that it is mechanically satisfactory, and you can engineeringly, satisfactorily segregate the two zones. There is going to be in any dual completion, or single completion, there are considerable difficulties that might be expected, and you may have them on those. Whether it is economically advisable, and so forth, I am not in a position to say. But I can say, it can be done mechanically and engineeringly, and

that it did work in this one case mechanically and engineeringly, as far as segregating the two zones and preventing comingling of the two fluids.

COMMISSIONER SHEPARD: Does anybody else have anything to say? Mr. Staley, do you have anything?

MR. STALEY: No.

COMMISSIONER SHEPARD: I guess that's all, Mr. Evans. It will be granted. Read the next case, Mr. Graham, please.

(Reads the notice of publication in Case No. 176.)

COMMISSIONER SHEPARD: Is there any objection? Does anyone want to appear against this?

MR. BURTON ATKINSON: I have a statement to read.

(Statement read by Mr. Atkinson into the record, as follows):

HUMBLE OIL & REFINING COMPANY
Post Office Box 2180
Houston 1, Texas
March 25, 1949

File 6-1
New Mexico
Pipe Line Transportation

Re: Hearing set for 3/31/49 to amend Par. 2 of
Order 788 (Case 176)

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

We have received notice of a hearing to be held on March 31, styled Case 176, relative to the amendment of Paragraph 2 of Order 788. According to the notice, it is proposed to eliminate from Paragraph 2 the following clause: "***provided that a supplemental order is issued authorizing such production."

From the transporter's standpoint, we believe it is highly desirable that this provision be maintained in Paragraph 2, or that Paragraph 2 be amended. The provision was included in Order 788 as a result of the difficulties encountered by purchasers in determining the amount of oil which could be lawfully run from marginal units.

It is our understanding of the New Mexico Conservation Statute that a pipe line is authorized to transport any oil which has been legally authorized to be produced in the State of New Mexico, and that after the Commission has fixed the allowable production, no further authorization is needed insofar as the transportation and purchase of such oil is concerned.

We feel further that a pipe line cannot be authorized to transport any oil unless the Commission has first authorized the production of the oil, and it was for this reason that we supported the inclusion of a provision which would require the Commission to issue supplemental schedules granting increases in the allowable to marginal wells in all cases where the wells were capable of producing more oil than the amount shown on the original proration schedules. We still think that is necessary, unless the remaining portion of Paragraph 2 is to be amended.

The proposed Paragraph 2 as quoted in the notice does not authorize the production of any oil from marginal wells in excess of that shown on the proration schedule, nor does it authorize the transportation of such oil. It merely authorizes the purchase of such oil.

If the Commission feels that the issuing of supplements to the proration schedules is burdensome, and it is felt that a rule should be adopted which would allow these marginal units to produce up to the top allowable, then we would suggest that, in lieu of the present Paragraph 2, the following be substituted:

"The owner or operator of any marginal unit is authorized to produce from such marginal unit any amount of crude petroleum that such unit is capable of producing, up to and including, the top unit allowable as fixed by the Commission for the field in which such unit is located, provided that the owner or operator of such marginal unit shall notify the Commission and the transporter transporting the oil from such unit, in writing, the amount of crude petroleum which will be produced from such unit in excess of the allowable production as shown on the proration schedule. The marginal unit is a unit that is incapable of producing the state top unit allowable for the field in which such unit is located."

Very truly yours,

/s/ W. E. Hubbard
W. E. Hubbard

WEH-AS

COMMISSIONER SHEPARD: Does anybody else have anything to offer? Mr. Staley, would you have anything on this?

MR. STALEY: In the state, most of us are familiar with what the Commission had in mind in making this suggestion, this

change. All marginal wells are placed on the proration schedule with the amount of oil that the operator feels the well is capable of producing. This amount will vary from month to month, and in a great number of cases, we will find that wells are producing oil in small -- more or less small-- amounts, in addition to the amount that appears on the proration schedule.

At the present time it is necessary that an order, supplementary order be given the pipe line to purchase that additional oil. It is in relation to the amount of oil involved. It places a tremendous burden on the administration of making up the proration schedules and issuing these orders out to the pipe line. And just recently we found that within a period of ten days, 70 letters were written, one carbon copy going to the Federal Board, another to the pipe line, a copy to the Oil Conservation Commission, and one being retained by the writer. And it is felt by the Commission that some simpler method of handling this oil production by the marginal wells in excess of the amount of the original proration schedule, could be worked out.

It is suggested here, since coming to Santa Fe, by some of the operators, that the Commission might adopt the system of not requiring -- that is, that the pipe lines should not require an additional order for wells, the marginal wells in pools where there are no top allowable wells; that is, an addition could be made to the order, exempting from the issuance of special order for those pools in which there are no top allowable wells. We have a number of those fields in Eddy County, and a few in Lea County. That is just a suggestion.

MR. McCORMICK: How would that solve the problem, Mr.

Staley?

MR. STALEY: It would solve the problem to this extent: It wouldn't be necessary for the proration office to issue orders to the pipe lines where the operators wish to sell marginal oil in those fields which have no top allowable wells, that is, all wells in the pool. The pipe lines could purchase in that pool any oil produced up to the top allowable. But, of course, that would not apply in the fields having top allowable wells.

MR. McCORMICK: Why would you make the distinction between the two types of fields?

MR. STALEY: Because all the wells at the present time, and presumably all the wells in that pool, are producing to capacity; and there would be no opportunity for an operator to produce additional oil from the top allowable well to take care of another well.

COMMISSIONER SHEPARD: Anybody else have anything to say?

MR. BRUNNER: I would like to make a short statement in regard to Shell Oil Company. We feel very much that the proration has been set up as a form of control to set certain allowables for certain wells; and if we do away with the ordering of supplemental orders to be issued, you are practically taking away your control, in effect. You are giving a lease allowable and not a well allowable. Any lease, with two or more wells, with a portion of marginal wells and a portion of top allowables, that lease immediately has what I would say is a lease allowable, because there is no control on the operator at all. So that, he could just, by a mere statement to the pipe line say, "Well, this well is now producing so much." He would be immediately allowed to produce. And actually, it is, in effect, taking the control away which is set up by law.

SECRETARY SPURRIER: May I interrupt?

MR. BRUNNER: Surely. I'm just voicing an opinion here, probably the minority, but still, an opinion.

SECRETARY SPURRIER: Well, I'm strictly in the minority. What keeps them from doing that now, Mr. Brunner?

MR. BRUNNER: Nothing, except the fact that they have to put it in writing that they are doing something there that they are not doing. That way, you actually remove that restriction, that they have to put themselves on record. I admit, I know what you have in mind. The practice probably goes on to a certain extent; but still, it is true back there that I have to sign, as Superintendent of the Field, that this well is capable of making so much oil, when I know it does not make it. But the other way, by which you tell the pipeline people that you are now producing 40 barrels over last month, or you are now producing 10 barrels over last month, it is all in the record you have.

SECRETARY SPURRIER: What about the C-115?

MR. BRUNNER: That's right. They make an affidavit there. You have some control there, too, of course.

SECRETARY SPURRIER: It's a question of before or after, you might say.

MR. BRUNNER: I don't think it is. I'll admit that in our previous discussion, and in discussions probably going on now by the operators, some of them wanted to do it, but most of the operators don't want to do it. It's a question of hurting the reservoirs, because you might over-produce by ten or fifteen. But wells are not going to over-produce by fifty or sixty, because you might be depleting the field to do that. But you are making it much easier when you take

this restriction away. Now, this compromise suggestion that Mr. Staley prepared, I think would answer the purpose, because it would limit to a great extent these numerous wells that you could limit in all of the marginal fields, any wells in those sections that are marginal, and it would slow those wells down slightly. That's one reason I didn't want to go on record here. Well, that's all I have. It's just an opinion.

SECRETARY SPURRIER: Well, we appreciate your comments, Mr. Brunner.

MR. BRUNNER: I think I would like to add one last thought, and that is that actually we haven't had a chance to really study that thing much. I think the pipe line companies are concerned much more about it than we are, because they are worried about it on the legal side of the question in running legal oil. They want to be sure they have the legal right and justification in their files for running oil. They want to be sure they have the right, legally, to run that oil.

SECRETARY SPURRIER: Well, the Oil Conservation Commission is the one that legalizes oil in the State.

MR. BRUNNER: That's right, but they like to have something in the file that they can take out and say, "Here are our orders," and let them talk for them.

MR. McCORMICK: How about this fourth paragraph here, the purchase of allowables?

SECRETARY SPURRIER: Well, gentlemen, I have a letter here, dated March 28, 1949, addressed to me, which I will read, as follows:

(Secretary Spurrier read into the record, the following letter):

SHELL PIPE LINE CORPORATION
Shell Building
Houston 2, Texas
March 28, 1949

IN RE: Case No. 176, set for
public hearing March
31, 1949, at Santa Fe,
New Mexico

MR. R. R. Spurrier, Secretary,
Oil Conservation Commission,
State of New Mexico,
Santa Fe, New Mexico

Dear Mr. Spurrier:

Receipt is acknowledged of Notice of Hearing in
the above styled Case.

May we suggest that Paragraph 2 of Order No. 788 be
re-written as follows:

"Paragraph 2. That any producer named in the monthly
proration order is authorized to produce 100 percent of the
top field allowable from all units classified as marginal on
the monthly proration order and any common purchaser is auth-
orized to purchase and any transporter may transport such
production from such marginal units. A marginal unit is a
unit that is incapable of producing the established top unit
allowable for that particular month from the pool in which
the unit is located."

We should also like to make the following observation
on Paragraph 4 of Order No. 788, which authorizes 'the pur-
chase of shortages,' (which in the Order appear to be synony-
mous with back allowables). Could not the production from
marginal units in excess of scheduled allowables be considered
in this same category (without the ten barrel per day limita-
tion), published in the monthly proration order or supplements
thereto, and authorize the production, purchase and transporta-
tion thereof?

We wish to suggest that the Commission through its ac-
counting processes show on its monthly proration schedule in
the previous 60 day allowable column for marginal units, the
adjusted allowable based on actual production for the given
month. This in our opinion would result in no overages (un-
less production is in excess of the top unit allowable for
that pool); and in the case of shortages, enable pipe line
companies to keep in check with the Commission on such cur-
rent shortages as are made up the month following that in
which they occur, in accordance with Paragraph 4, of Order
No. 788.

As a further alternative, based on the Commission's
study of past production performances on marginal units, we
suggest the monthly proration schedule under current allow-
able show the maximum daily allowable figure commensurate with

the average daily production for a period, such as the preceding ninety days, or for whatever period is felt would be equitable and applicable.

These suggestions are respectfully submitted to your Commission for its kind and studied consideration, with the thought that all concerned in your State, Conservation Authorities and Industry alike, may best be served.

Yours very truly,

SHELL PIPE LINE CORPORATION

By /s/ F. CHAS. NICHOLSON

FCB:nb

SECRETARY SPURRIER: What is "E" for? "FCB", "F. Charles"--

VOICES: That is Arthur Nicholson.

SECRETARY SPURRIER: That's right. Now, I hope you can understand it better than I can. I don't understand the reference to a certain paragraph.

MR. McCORMICK: I don't understand any of the discussion on that 60-day previous allowables.

MR. GRAHAM: Mr. Chairman?

COMMISSIONER SHEPARD: Yes, sir.

MR. GRAHAM: The reference to the limited notice, I wondered if the Commission could consider anything other than to leave out those words, or leave them in? If we are going to amend the Order, I wonder if we have sufficient notice in there, to bring up these newer thoughts in regard to the amendment? What do you think, Don? What do you think, if we said we wanted to leave out those words?

COMMISSIONER SHEPARD: I think we will just continue this case until the next hearing, and at that time, I hope we will get further information; and in the meantime, the Commission can make further study.

MR. GRAHAM: And amend the notice to re-advertise it and open

these suggestions.

MR. STALEY: For the information of the Commission in regard to the Shell letter, I would like to point out that it is impossible for the current shortage to be shown on the production schedule in the month following, in which the shortage occurred, due to the fact that the C-115 monthly report of operations production is not received in the Commission office until the 25th day of the month following the month in which the oil was run.

COMMISSIONER SHEPARD: Well, let's take the next case. Will you read it, Mr. Graham, please?

(Reads the notice of publication in Case No. 177).

MR. STALEY: If the Commission please, due to the fact that this is a question that is of vital importance to all operators, not only in Lea County but all operators in the State; and due to the fact that the Lea County Operators Annual Meeting will be held on the 4th day of May in Santa Fe and we expect a large number of operators to be present, the Lea County Operators would appreciate it very much if the Commission would continue the hearing of that case until some time about the time that this group of Operators will all be in Santa Fe. It would just save two trips for a large number of people, who, I know, would like to be present at the time that case is heard.

COMMISSIONER SHEPARD: We will be glad to extend the case until the next meeting, following your Lea County Operators Annual Meeting.

MR. STALEY: That will probably be May 5?

SECRETARY SPURRIER: That will be May 5.

MR. GRAHAM: Do you think it is advisable to re-advertise that, or work on the mailing list?

MR. STALEY: I will be glad -- I am notifying all Operators of the Lea County Operators Meeting --

MR. GRAHAM (Interrupting): And that will be --

MR. STALEY (Interrupting): And we will include -- I will be glad also to send the same notice to all other Operators on our mailing list in Eddy County.

MR. GRAHAM: You don't think it is necessary to re-advertise?

MR. STALEY: I don't think so.

COMMISSIONER SHEPARD: Case No. 178, read it, please, Mr. Graham.

(Reads the notice of publication in Case No. 178).

SECRETARY SPURRIER: Gentlemen, I think you are all familiar by now with the fact that the Commission must hold an open hearing on the deletion of any part of any pool -- and for the sake of brevity, I will ask you now if any of you here have any objection to this proposal? If not, the Commission assumes that the action is justified.

COMMISSIONER SHEPARD: Does anyone have anything to say about it? (No response). Well, the order will be granted.

Case No. 179. Mr. Graham, will you read it please?

(Reads the notice of publication in Case No. 179).

COMMISSIONER SHEPARD: Will you come forward and be sworn?

MR. CHUCK ASTON was duly sworn and testified as follows:

MR. ASTON: I am Chuck Aston, Consulting Geologist of Artesia, representing Franklin, Aston, and Fair in the above-entitled case, which is an application for an unorthodox well location, same to be located 1270 feet south of the north line, and 1370 feet east of the west/^{line} of Section 7-18-30, in the Loco Hills Pool, Eddy County, New Mexico.

The reason for this request is the proximity of water

-oil contact in the Loco Hills Field in this location, and this same contact eliminates a normal 10 acres or 330 feet from the common intersection of the 40 acre location.

We respectfully ask, as submitted in the evidence, Exhibit A, you will find a map of Section 7-18-30, showing the location of the producing wells, dry holes, and the proposed unorthodox location, with a dashed line indicating the location of the water-oil contact as determined from the sub-surface geological information, as Exhibit B, because this acreage, all acreage in consideration in this case is under lease from the United States Government. As Exhibit B which we have filed with you, is a letter from the Department of the Interior of the United States Geological Survey, stating that they have no contest insofar as this unorthodox location is concerned.

If there are any questions, I will be glad to try to answer them.

MR. McCORMICK: Who owns the adjoining leases?

MR. ASTON: Franklin, Aston and Fair owns all the leases. There is no lease within 1270 feet within the proposed unorthodox location.

MR. McCORMICK: You have a lease on the entire West Half of Section 7?

MR. ASTON: Yes, sir.

MR. McCORMICK: Is it one lease?

MR. ASTON: Yes, sir, it is all the same, all "A" lease, Federal "A" lease.

MR. McCORMICK: How about over-writing royalty?

MR. ASTON: The royalty set-up on that, I am not too familiar with, but it would all be the same, because it is all operated

as one unit lease.

MR. McCORMICK: Uniform throughout the West Half of 7?

MR. ASTON: Yes, sir. For your information, the exact location is 50 feet from the common intersection of the 40. The measure I gave was from the outside lines of the section.

COMMISSIONER SHEPARD: Any further questions? Does anybody have any objections?

MR. ASTON: If I might interject one point for the record -- we are setting Case 147 as heard before the Commission and granted, as a precedent for making this application.

SECRETARY SPURRIER: You have been qualified before the Commission?

MR. ASTON: Yes, sir.

COMMISSIONER SHEPARD: If there are no objections from anyone, it will be granted.

MR. ASTON: Thank you.

COMMISSIONER SHEPARD: Would any of the pipe line companies like to make a statement on the case we continued, No. 176?

MR. HOUSTON: I would like to know whether it is continued to May 5? Is that when it will be called up again?

COMMISSIONER SHEPARD: It will be called up at the next meeting. Is that May 5?

MR. McCORMICK: When is the Operators' meeting?

MR. STALEY: May 3 and 4.

COMMISSIONER SHEPARD: It will be continued to May 5.

Mr. Spurrier, do you have something you would like to add?

SECRETARY SPURRIER: Yes. Off the record.

(Discussion off the record).

COMMISSIONER SHEPARD: Does anybody else have anything? Mr.

Lovering.

MR. LOVERING: Frank Lovering, with Shell. While some of the pipe line representatives are still here, I would like to go back to Case 176 and call your attention to the alternate suggestion by Mr. Staley, which I think will overcome most of the objections to the present procedure on the part of all operators and the Lea County operators committee itself.

It appears to me that by not only designating fields but by designating any unit in which all production from marginal wells will be corraled into one tank battery, not comingled with wells that produced top allowables, that in the month before, that these units are tentative and that those units would actually be allowed to produce up to the top allowable, and the pipe lines could take the production from these units. That could be easily done and at the same time it would enable the Commission and the Lea County operators' committee in arriving at their nominations could take those units and, based on the current production proration estimate, a very close allowable figure could be reached, which they could actually produce, and at the same time allow them to distribute excess production over top allowable wells.

I would like to hear from any pipe line representatives here as to whether or not that would cure the present ills we have in this proposed change.

COMMISSIONER SHEPARD: Would anybody else like to add something to that?

Well, if there are no further questions, we will stand adjourned.

(Whereupon, the meeting adjourned at 11:10 A.M.)

April 22, 1949

Mr. H. A. Hershfield, Jr.
Transcontinental Oil Company, Inc.
Midland Hotel
Santa Rosa, New Mexico

Dear Mr. Hershfield:

Enclosed herewith is a signed copy of Order No. 814, issued by the Oil Conservation Commission, in connection with the hearing held on March 31, 1949, at Santa Fe, New Mexico. This is for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:bw
encl.

April 7, 1949

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

Dear Mr. Staley:

Enclosed herewith is a copy of the transcript of the hearing held before the Oil Conservation Commission on March 31, 1949, for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:lw
encl.

April 7, 1949

Oil Conservation Commission
205 Booker Building
Artesia, New Mexico

Gentlemen:

Enclosed herewith is a copy of the transcript of the hearing held before the Oil Conservation Commission on March 31, 1949, for your records.

Very truly yours,

R. P. Spurrier
Secretary and Director

RPS:hw
encl.

April 22, 1949

Mr. Chuck Aston
Booker Building
Artesia, New Mexico

Dear Mr. Aston:

Enclosed herewith is a signed copy of Order No. 814, issued by the Oil Conservation Commission, in connection with the hearing held on March 31, 1949, at Santa Fe, New Mexico.

This is for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:bw
encl.

April 22, 1949

*Case
173*

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

Dear Mr. Staley:

We are enclosing herewith signed copies of Order Nos. 814, 815, 816, 817 and 818, issued by the Oil Conservation Commission, in connection with the hearing held on March 31, 1949, at Santa Fe, New Mexico.

These are for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:bw
encls.

April 7, 1949

Oil Conservation Commission
P. O. Box 1545
Hobbs, New Mexico

Gentlemen:

Enclosed herewith is a copy of the transcript of the hearing held before the Oil Conservation Commission on March 31, 1949, for your records.

Very truly yours,

R. R. Spurrier
Secretary and Director

RRS:bw
encl.

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 public hearing to be held March 31, 1949 beginning at 10:00 A.M. on that day in the City of Santa Fe, New Mexico, in the Senate Chambers.

STATE OF NEW MEXICO TO:

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

Case 173

*For Coyote
New Mexico*
In the matter of the application of Transcontinental Oil Co., Inc. for an order granting permission to drill Coyote Dome No. 1 ^{in an unorthodox} ~~in an unorthodox~~ location in the center of the northeast quarter of section 1, in township 13 N, R. 21E, San Miguel County, New Mexico.

Case 174

*Transcontinental Oil
Co.
New Mexico*
In the matter of the application of Southern Union Production ^{COMPANY} ~~Corporation~~ for an order granting an exception to section 1(c) of order No. 748 to permit location of a well 200 ft. west of the boundaries specified in section 1 (c) because of the nature of the terrain. The drilling unit containing 160 acres substantially in the shape of a square, embraces the SE $\frac{1}{4}$ of section 29, T.28N, R.10W, in San Juan County.

Case 175

*Griffis
for*
In the matter of the application of Gulf Oil Corporation for an order to dually complete and produce from the Hobbs lime section and the Byers sand section from a single well bore in the West Grimes #15 located 990 ft. north of the south line and 2310 ft. east from the west line of section 32, T.18S, R.38E, Lea County, New Mexico.

Case 176

*Griffis
for
Custod
for - only
submit*
In the matter of the application of the Oil Conservation Commission upon its own motion to amend Paragraph 2 of Order No. 788, issued in Case No. 146, deleting therefrom the words at the end of the section to-wit: ~~"Paragraph 2-~~ ^{Paragraph} "Provided that a supplemental order is issued authorizing such production" and making said paragraph 2 of said Order 788 read as follows: "Paragraph 2- That any common purchaser is authorized to purchase 100% of the allowable from all units classified as marginal units on the monthly proration order. A marginal unit is a unit that is incapable of producing the state top ~~allowable~~ unit allowable for that particular month. Any amount of crude petroleum up to and ~~including~~ including the top unit allowable for that particular month may be purchased from a marginal unit."

Case 177

*for - City -
New Mexico*
In the matter of the application of the Oil Conservation Commission upon its

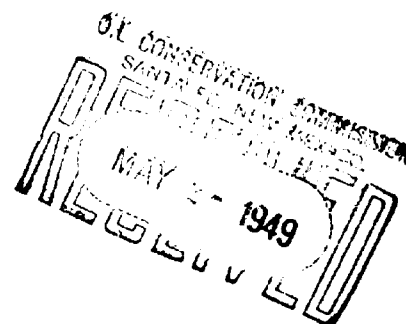
Assume
own motion to rescind, ~~change~~ or amend Order No. 573 which became effective as of June 1, 1944, and generally known as the "Bonus discovery allowable order".

Case 178

*Hoff-
Lea*
In the matter of the application of the Oil Conservation Commission upon its own motion upon recommendation of the Nomenclature Committee for an order deleting from the Arrowhead pool as heretofore established, the following described lands: SW $\frac{1}{4}$ of section 11, and the W $\frac{1}{2}$ of section 14, T.22S, R. 36E, NMPM, Lea County, New Mexico. This deletion from the Arrowhead pool is necessary because of the extension of the South Eunice pool to include gas production in the west part of above described section.

Santa Fe, New Mexico

April 22, 1949



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

Dear Mr. Staley:

We are enclosing herewith signed copies of Order Nos. 814, 815, 816, 817 and 818, issued by the Oil Conservation Commission, in connection with the hearing held on March 31, 1949, at Santa Fe, New Mexico.

These are for your records, and distribution.

Very truly yours,

/s/ R. R. Spurrier
Secretary and Director

RRS:bw
encls.

Applications of cases to be heard on May 5th together with maps submitted by applicants, are on file in the office of the Lea County Operators, Hobbs, New Mexico, for inspection of any interested parties.

Glenn Staley

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
April 25, 1949

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. 173
ORDER NO. 814

IN THE MATTER OF THE APPLICATION OF
TRANSCONTINENTAL OIL COMPANY, INC. FOR AN
ORDER GRANTING PERMISSION TO DRILL ITS
COYOTE DOME NO. 1 WELL, CABRA SPRINGS
RANCH, IN AN UNORTHODOX LOCATION IN THE
CENTER OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$)
OF SECTION 1, in TWP 13N, R. 21E, N.M.P.M.,
IN SAN MIGUEL COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing at 10:00 o'clock A.M.,
on March 31, 1949 at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 8th day of April, 1949, the Commission having before it 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 of the case and the subject matter thereof.
2. That the well, located in the trough of a geological fault, is a
160 acre center location in fee land; that due to the existing geological and
topographical situation it would be inequitable and unjust to require the applicant
to make a regular location in a wildcat area.
3. That such a location as applied for will involve no offset wells or
owners.

IT IS THEREFORE ORDERED:

1. That the application of Transcontinental Oil Company, Inc. for an
order authorizing an unorthodox well location to be known as Coyote Dome No. 1
well, Cabra Springs Ranch, and located in the approximate center of the northeast
quarter (NE $\frac{1}{4}$) of section 1, Twp. 13N, R. 21E, N.M.P.M., in San Miguel County,
New Mexico, be, and the same hereby is approved:
2. That should commercial production be had in said Coyote Dome No. 1
well, the same shall be held and considered to be upon a single 40 acre tract, to
be designated, and never produced in excess of the allowable for a single 40 acre
tract as now or hereafter fixed by the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ THOMAS J. HARRY, CHAIRMAN
/s/ GUY SHEPARD, MEMBER
/s/ R. R. SPURRIER, SECRETARY

LEA COUNTY OPERATORS COMMITTEE
ROBES, NEW MEXICO
APRIL 25, 1949

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. 174
ORDER NO. 815

IN THE MATTER OF THE APPLICATION OF SOUTHERN
UNION PRODUCTION COMPANY, PETITIONER, FOR AN
ORDER GRANTING EXCEPTION TO SECTION 1 (c) OF
ORDER NO. 748 FIXING THE SPACING OF WELLS IN
THE KUTZ CANYON-FULCHER BASIN GAS FIELDS OF SAN
JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A.M., March 31, 1949,
at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico,
hereinafter referred to as the "Commission".

NOW, on this the 31st day of March, 1949, the Commission having before
it for consideration the testimony and other evidence adduced at the hearing
of said case and the application of petitioner and being fully advised in the
premises:

FINDS:

That the proposed location of a Pictured Cliffs well on the Southern
Union Production Company, Byrd-Frost, Inc., Western Natural Gas Company, Stanolind
Oil and Gas Company, P. B. English, San Juan Basin Pool and G. T. Lackey communi-
tized drilling unit comprising the SE $\frac{1}{4}$ of Section 29, Township 28 North, Range 10
West, N.M.P.M., in San Juan County, New Mexico, 200 feet west of the boundary
specified in Section 1 (c) of Order No. 748 should be permitted because of the
rugged terrain of a feasible location within the limitations prescribed by said
Section 1 (c).

IT IS THEREFORE ORDERED:

That Southern Union Production Company be granted permission to locate,
drill, complete and produce the Southern Union Production Company, et al - Hubbell
Well No. 1, at a location 1650 feet north of the south line and 1850 feet west of
the east line of Section 29, Township 28 North, Range 10 West, N.M.P.M., San Juan
County, New Mexico.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
APRIL 25, 1949

/s/ THOMAS J. LABRY, CHAIRMAN
/s/ GUY SHEPARD, MEMBER
/s/ R. R. SPURRIER, SECRETARY

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. 175
ORDER NO. 816

IN THE MATTER OF THE APPLICATION OF
GULF OIL CORPORATION FOR AN ORDER
AUTHORIZING IT TO DUALY COMPLETE
AND PRODUCE FROM THE HOBBS LIME
SECTION AND THE BYERS SAND SECTION
FROM A SINGLE WELL BORE, ITS WEST
GRIMES NO. 15 WELL, LOCATED 990 FEET
NORTH OF THE SOUTH LINE AND 2310 FEET
EAST OF THE WEST LINE OF SECTION 32,
TOWNSHIP 18 SOUTH, RANGE 38 EAST,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A.M., March 31, 1949,
at Santa Fe, New Mexico, before the Oil Conservation Commission of the State
of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 19th day of April, 1949, the Commission having before it
for consideration the testimony adduced at the hearing of said case 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 although recent experiments tend to show that mechanical
packers and other devices are now available for engineeringly successful
dual completions, the Commission is not convinced of the soundness of dual
completions as a general practice in New Mexico without specific controls
over each such project, and the Commission therefore, frowns upon growing
tendencies to dually complete wells, before authority is given.

IT IS THEREFORE ORDERED:

1. That effective the 31st day of March, 1949, the Gulf Oil Corpora-
tion be and it hereby is granted, permission to dually complete and produce
its West Grimes No. 15 well, located 990 feet north of the south line and
2310 feet east of the west line of Section 32, Township 18 South, Range 38
East, N.M.P.M., Lea County, New Mexico, in such manner that gas from the
Byers gas sand through the annular space between the tubing and the casing
and the Hobbs lime section through tubing by means of packer control, and

PROVIDED that said well shall be completed and produced in such a
manner that there will be no commingling within the well bore of the well of
gas or oil and gas produced from the two separate strata and,

PROVIDED FURTHER, that said well must be equipped in such a manner that

reservoir pressures may be determined on each of the two specified strata separately and further, that said well must be equipped with all necessary connections required to permit recording meters to be installed and used at any time so that when such meters are installed all natural gas, oil and/or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio determined and provided further, that the operator shall make any and all tests including segregation tests but not excluding other tests and/or determinations at any such times and in such manner as is deemed necessary by the Commission. The original and all subsequent tests shall be witnessed by a representative of the Commission and by representatives of offset operators if any there be, and the results of each test properly attested to by the petitioner and all the witnesses and shall be filed with the Commission within 10 days after the actual completion of each such test and,

PROVIDED FURTHER, that prior to the time said well is dually completed the applicant company shall supply the Commission for its approval, with plat or drawing showing the proposed method and manner of completion together with an electrical or radioactivity log, showing the location and extent of each separate stratum and the proposed perforations, and,

PROVIDED FURTHER, that upon the dual completion of the well the operator shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually employed to produce the seal from both zones showing tube and location of packers, other devices used, location and extent of perforations, name and depth of each producing horizon and special report of production, gas-oil ratio and reservoir pressure determinations of each horizon at the time of completion.

IT IS FURTHER PROVIDED and so ordered by the Commission that upon failure of the operator to comply with any provision or provisions of this order then the conditions hereunder shall immediately terminate.

IT IS FURTHER ORDERED that jurisdiction in this case is hereby retained by the Commission for such further order or orders as may seem necessary or convenient to the Commission and this case shall not be considered as establishing a precedent of authorizing general dual completions in the Hobbs field.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ THOMAS J. MABRY, CHAIRMAN

(SEAL)

/s/ R. R. SPURRIER, SECRETARY

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. 178
ORDER NO. 817

IN THE MATTER OF THE APPLICATION OF THE
OIL CONSERVATION COMMISSION UPON ITS
OWN MOTION UPON RECOMMENDATION OF THE
NOMENCLATURE COMMITTEE FOR AN ORDER DELETING
FROM THE ARROWHEAD POOL AS HERETOFORE ES-
TABLISHED THE FOLLOWING DESCRIBED LANDS,
SW $\frac{1}{4}$ SECTION 11 AND THE W $\frac{1}{2}$ of SECTION 14,
TOWNSHIP 22 SOUTH, RANGE 36 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing at 10:00 O'clock A. M.,
March 31, 1949 at Santa Fe, New Mexico before the Oil Conservation Commission of
New Mexico, hereinafter referred to as the "Commission".

NOW, on this 19th day of April, 1949, the Commission having before it
for consideration the recommendation of the Nomenclature Committee and the testimony
adduced and statements made 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 of this cause and the subject matter thereof.
2. That the recommendation of the Nomenclature Committee for deletion
of said described lands from the Arrowhead Pool is acceptable to the Commission.
3. That the only production upon the land sought to be deleted is
certain gas production in the western part of the above described land, which
property should be within the South Eunice pool.

IT IS THEREFORE ORDERED:

That the recommendation of the Nomenclature Committee that the SW $\frac{1}{4}$ of
Section 11 and the W $\frac{1}{2}$ of Section 14, Township 22 South, Range 36 East, N.M.P.M.,
Lea County, New Mexico be eliminated and deleted from the Arrowhead pool as here-
tofore defined, be, and it is hereby accepted and approved and said SW $\frac{1}{4}$ of Section
11 and the W $\frac{1}{2}$ of Section 14, Township 22 South, Range 36 East, are hereby deleted
from said Arrowhead Pool.

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

LEA COUNTY OPERATORS COMMITTEE
HOBBS, NEW MEXICO
April 25, 1949

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
/s/ THOMAS J. HARRY, CHAIRMAN
/s/ R. R. SPURRIER, SECRETARY

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. 179
ORDER NO. 818

IN THE MATTER OF THE APPLICATION OF
FRANKLIN, ASTON AND FAIR FOR AN ORDER
APPROVING APPLICATION FOR AN UNORTHODOX
WELL LOCATION, 1270 FEET SOUTH OF THE
NORTH LINE AND 1370 FEET EAST OF THE WEST
LINE, SECTION 7, TOWNSHIP 18 SOUTH,
RANGE 30 EAST, N.M.P.M., IN THE LOCO
HILLS POOL, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 10:00 o'clock A. M., March 31, 1949,
at Santa Fe, New Mexico, before the Oil Conservation Commission of the State of
New Mexico, hereinafter referred to as the "Commission".

NOT, on this 19th day of April, 1949, the Commission having before it for
consideration the testimony adduced at the hearing of said cause and being fully
advised in these premises:

FINDS:

1. That due public notice having been given as required by law, the
Commission has jurisdiction of this case.
2. That the $SW\frac{1}{4}$ NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 7, Township 18 South, Range 30 East,
is Federal acreage and the Federal Oil and Gas Supervisor has approved the appli-
cation filed herein for an unorthodox well location.
3. That a regular and orthodox location on this acreage would be unecon-
omic for the reason that the evidence shows that the oil-water contact of the pool
indicated on the map introduced as "Exhibit B", filed in the cause, might inter-
fere with or prevent production.

IT IS THEREFORE ORDERED:

That the application of Franklin, Aston and Fair for an order is hereby
approved for an unorthodox well location 1270 feet south of the north line and 1370
feet east of the west line of Section 7 ($SW\frac{1}{4}$ NE $\frac{1}{4}$ of the NW $\frac{1}{4}$) Township 18 South,
Range 30 East, N.M.P.M., in the Loco Hills Pool, Eddy County, New Mexico, and

IT IS FURTHER ORDERED that should production be had at the location afore-
said, the well by itself or in conjunction with other wells on the same 40 acre
tract shall not be produced in excess of the allowable now fixed or which may here-
after be fixed by the Commission for the Loco Hills Pool.

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

ILLEGIBLE

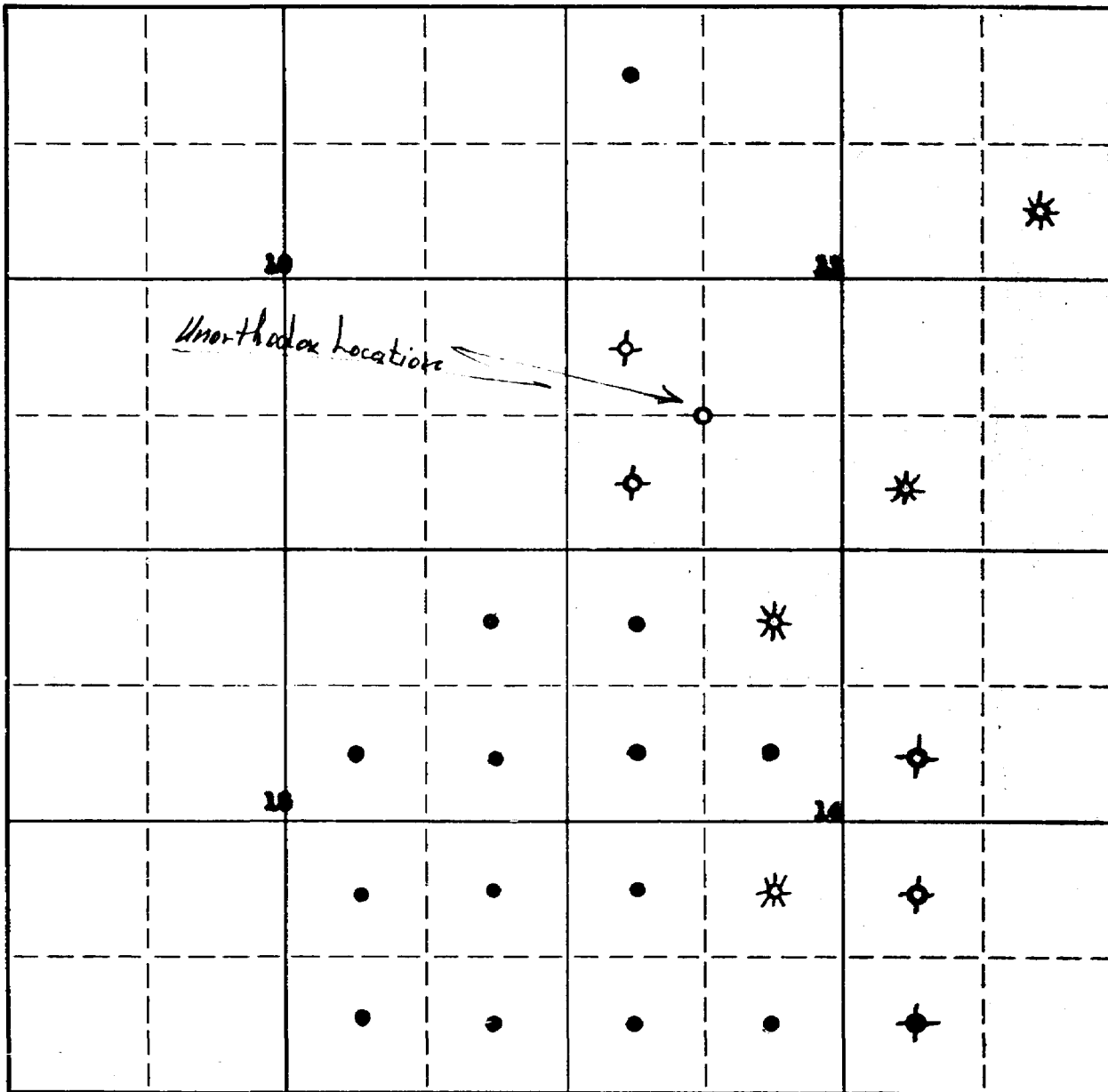
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

/s/ THOMAS J. HEBRY, CHAIRMAN
/s/ R. R. SPURRIER, SECRETARY

LEA COUNTY OPERATING COMMITTEE
HOBBS, NEW MEXICO
APRIL 25, 1949

SECTION PLAT

Lea County, State of New Mexico
 Section 11 Township 24S Range 30E
 NORTH



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. 173
ORDER NO. 814

IN THE MATTER OF THE APPLICATION OF
TRANSCONTINENTAL OIL COMPANY, INC. FOR AN
ORDER GRANTING PERMISSION TO DRILL ITS
COYOTE DOME NO. 1 WELL, CABRA SPRINGS
RANCH, IN AN UNORTHODOX LOCATION IN THE
CENTER OF THE NORTHEAST QUARTER (NE $\frac{1}{4}$)
OF SECTION 1, IN TWP. 13N, R. 21E, N.M.P.M.,
IN SAN MIGUEL COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This matter came on regularly for hearing at 10:00 o'clock A.M.
on March 31, 1949 at Santa Fe, New Mexico, before the Oil Conservation
Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 8th day of April, 1949, the Commission having before it 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 of the case and the subject matter thereof.
2. That the well, located in the trough of a geological fault, is a
160 acre center location in fee land; that due to the existing geological and
topographical situation it would be inequitable and unjust to require the
applicant to make a regular location in a wildcat area.
3. That such a location as applied for will involve no offset wells or
owners.

IT IS THEREFORE ORDERED:

1. That the application of Transcontinental Oil Company, Inc. for an
order authorizing an unorthodox well location to be known as Coyote Dome No. 1
well, Cabra Springs Ranch, and located in the approximate center of the north-
east quarter (NE $\frac{1}{4}$) of section 1, Twp. 13N, R. 21E, N.M.P.M. in San Miguel County,
New Mexico, be, and the same hereby is approved:
2. That should commercial production be had in said Coyote Dome No. 1
well, the same shall be held and considered to be upon a single 40 acre tract,
to be designated, and never produced in excess of the allowable for a single
40 acre tract as now or hereafter fixed by the Commission.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Thomas J. Mabry
THOMAS J. MABRY, CHAIRMAN

GUY SHEPARD, MEMBER

R. R. Spurrer
R. R. SPURRER, SECRETARY

Transcontinental

OIL COMPANY, INC.

PRINCIPAL OFFICES

SANTA ROSA, NEW MEXICO

NEW YORK OFFICE

SUITE 1200

545 FIFTH AVENUE

MURRAY HILL 7-5519

January 14, 1949

New Mexico
Oil Conservation Commission
Santa Fe, N.M.

Gentlemen:

This is to apply for an unorthodox well location on our Coyote Dome No. 1 test located in the center of the N.E. $\frac{1}{4}$ of Sec. 1, T. 13N R21E.

This well is located directly between two fault zones as shown on the attached geological maps and in the event it was moved either north or south it would involve steeply slanted sub surface formations and would to a great extent be troublesome in retaining a straight hole. We picked this location due to the fact that it is possibly a trap and should be productive. It is tough drilling but could be worse if not in the center of the fault trough.

We have the Cabra Springs Ranch checkerboarded in 160 acre tracts and at the time we figured that 160 acres would be a unit boundary and continued under that presumption.

It is strictly a wildcat well and the unorthodox location would in no way effect any existing wells as to offset procedure. One producing well on our 64,128 acres makes the entire lease a perpetual one as long as oil or gas is produced from any part of the entire tract therefore offset wells in the event of production will not bother this location.

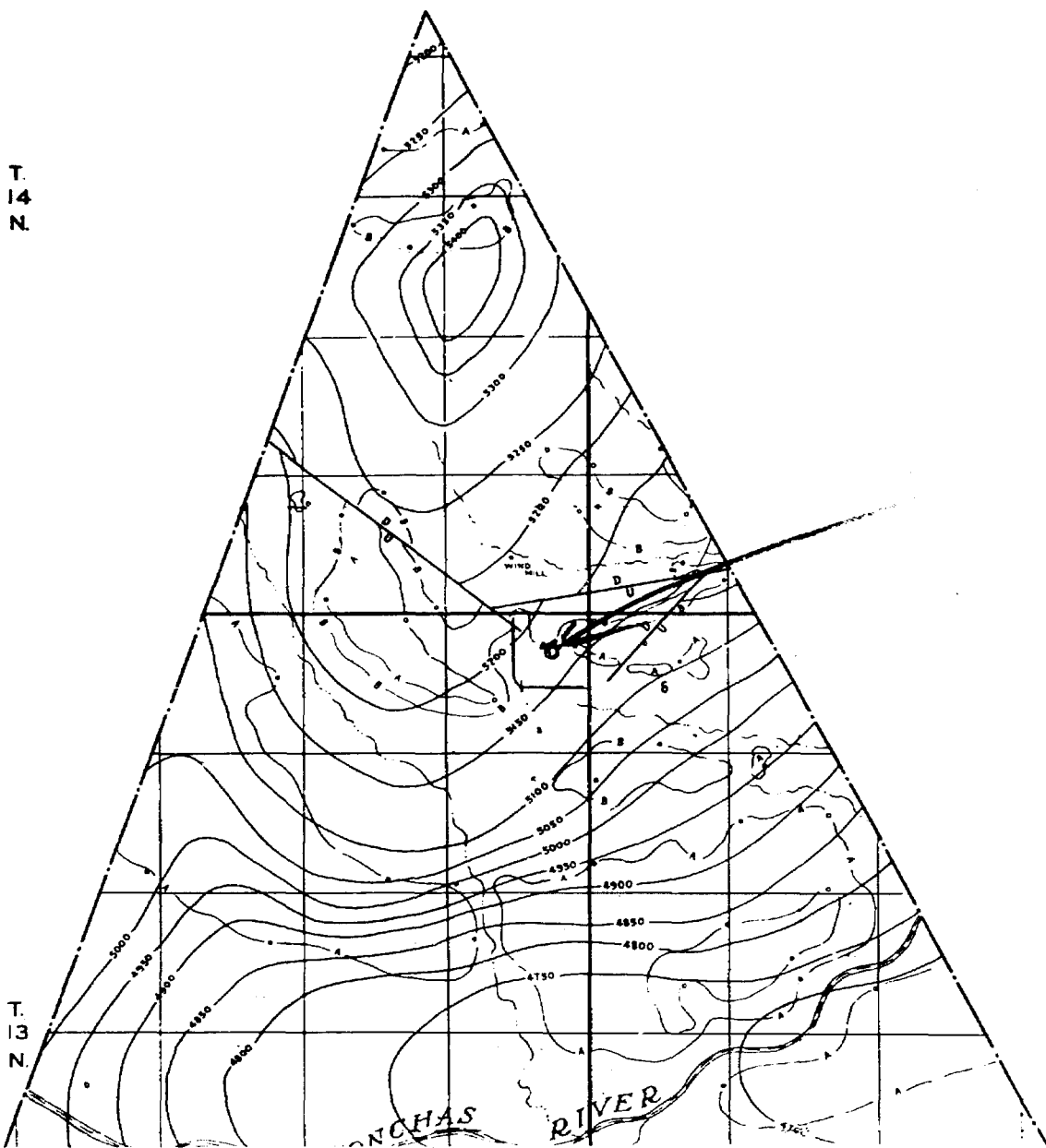
Assuring you of our cooperation at all times we are,

sincerely
TRANSCONTINENTAL OIL CO. Inc.

H.A. Hershfield, Jr.
H.A. Hershfield, Jr.
Executive Vice-President

T. 14
N.

T. 13
N.



DETAIL GEOLOGICAL MAP
OF THE
PINO MESA STRUCTURES
SAN MIGUEL COUNTY
NEW MEXICO

GEOLOGY BY
C. D. JOHNSON

SCALE
2" EQUAL 1 MILE

DRAFTING BY
C. E. SHODENPETH

PETROLEUM INFORMATION, INC.
DENVER

DATED
DENVER COLO
OCT 1932

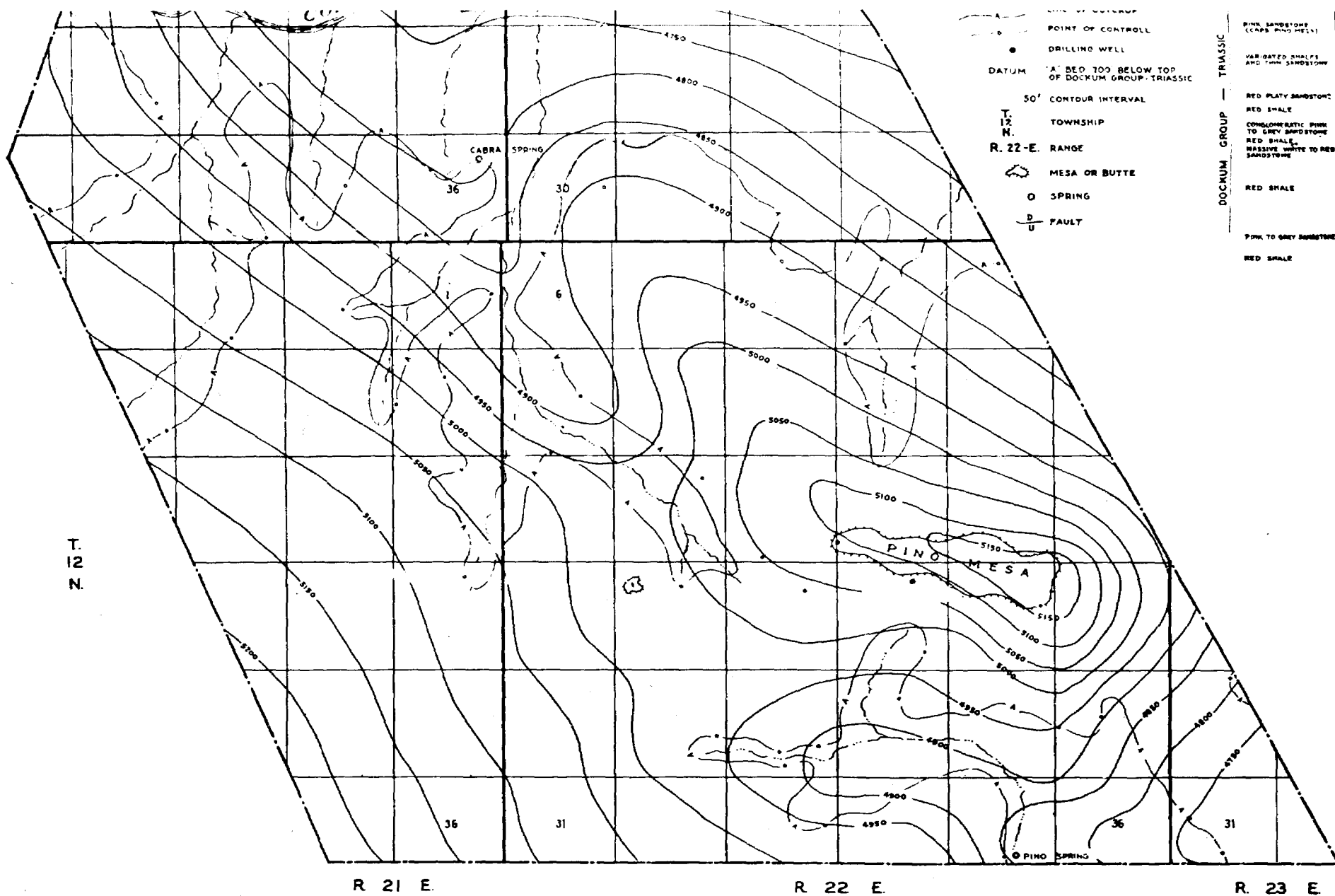
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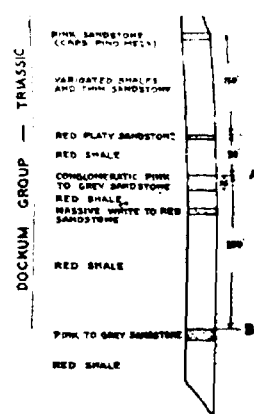
OUTCROPPING GEOLOGIC SECTION
VERTICAL SCALE 100' = 1"

REG. 39400

N



- LINE OF OUTCROP
POINT OF CONTROL
DRILLING WELL
DATUM
50' CONTOUR INTERVAL
T. 12 N.
R. 22-E. RANGE
MESA OR BUTTE
SPRING
FAULT



25

John H. ...

January 13, 1949

Mr. H. A. Herahfield, Jr.
Midland Hotel
Santa Rosa, New Mexico

Dear Mr. Herahfield:

In answer to your letter of January 6th, regarding the location of your Transcontinental #1 well in 1-13N-21E.

This well is in the center of the NW/4 and technically is an unorthodox location. To comply with the regulations, it should be 330 feet north, south, east or west of the center. However, we have no objection to the well being so located, provided you comply with the rules governing unorthodox locations.

If you will file a petition with the Commission requesting an unorthodox location (in triplicate) in the center of the section, and set forth the reasons for the location (topography, geology, etc.) it can be straightened out at our next hearing in March. You can represent yourself at the hearing, present your case and I am sure there will be no difficulty.

A trip to Santa Fe will undoubtedly be cheaper than the \$10,000.00 you say it would cost to move 330 feet. This is purely a legal technicality, but is absolutely necessary for the record. It is the only alternative to moving the rig.

We gave you tentative permission to spud in a well in 1-13N-21E, without a bond, so you could meet your drilling commitment and retain the lease. No particular location was approved. However, there won't be any difficulty involved if you will file your petition with this office within the next week or ten days.

Very truly yours,

Frank C. Byrnes
Geologist

FCB:bw

Transcontinental

OIL COMPANY, INC.

PRINCIPAL OFFICES

SANTA ROSA, NEW MEXICO

NEW YORK OFFICE
SUITE 1200

545 FIFTH AVENUE
MURRAY HILL 7-8818

JAN 10 1949
RECEIVED

January 6, 1949

New Mexico Oil Conservation Commission
P.O. Box 671
Santa Fe, New Mexico

Attn. Mr. Frank C. Barnes

Dear Mr. Barnes:

We are in receipt of your letter acknowledging the form C-101 on the Estrada test, however we are quite at a loss to understand the return of the form C-101 on the Coyote Dome test in C-NW $\frac{1}{4}$ of S-1 R21E T13N.

We submitted this form to your office on 10-30-48 and it was received in your office 11-1-48. We had some difficulty arranging the drilling bond but were told to go ahead and spud in our well in order to hold our lease. This we have done and at that time no mention was made of a change in location. Our well is a little over 120 feet deep and was shut down until the bond came through. During this time we have established a permanent rig set up that would cost us in the neighborhood of \$10,000 to move the 330 feet.

Transcontinental has approximately 34,000 acres and it is all on the same ranch and checkerboarded in 160 acre tracts. There are a few of the tracts under that figure due to the irregular shape of the Cabra Springs Ranch boundary line. In as much as the division of the Transcontinental holdings are in 160 acre tracts it looks to me like the unit boundary line on such acreage would be the 160 acre boundary.

In the future we will locate the wells as you suggest but due to the nature of the cross faulted structure we are drilling the centre of the NW $\frac{1}{4}$ puts us exactly in the trough of the cross faulting. Moving either way would probably increase the toughness of an already tough drilling job.

Awaiting your further word we are, sincerely,

TRANSCONTINENTAL OIL CO. INC.

H.A. Hershfield Jr.
H.A. Hershfield Jr.

Executive Vice-President

Hiram Dow

La Fonda no 35 vs 6 a ✓
2 Labor P - Sept. | La Poando ✓
✓ 4 - 65 vs | ✓ on 200 f

70 C-101

Cockburn, Beddingfield St + 2310 S 1650 W 36-17-27

35-17-27 Paton, Russell 8-A 450 S 1650 E

25-18-26 Callin, Tassett, Arm 6 990 N 660 E

70 C-101

5-13-32 Great Western, St 5#1 1980 S 660 W

4-19-38 Stansted, St A #7 630 N 560 W

22-21-37 Duff, Eutonk #4 1980 N 660 E

28-21-37 Duff, long #12 660 N + E

look up Skelly Lines #16 (10^{SR}) 34-22-37

23-23-36 TPCro, St 26 and 27

5-23-37 Skelly, Harrison B-1 1980 S 660 W

17-25-37 Callerton + Irwin, Neelworth B-1 330 N 990 W

Case 173

In the matter of application of Transcontinental Oil Company, Inc. for approval of an unauthorized location for ~~well No. 1~~ Cobre Springs Well No. 1 to be 1320 feet south of the north line and 1320 feet west of the east line (center NW/4) section 1, T. 13 N, R. 21 E, N. M. P. M., San Miguel County, New Mexico.