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GOVERNOR EDWIN L. MECHEM CHAIRMAN

State of New Mexico O il Conservation Commission

LAND COMMISSIONER E. S. JOHNNY WALKER MEMBER

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

P. O. BOX 671 SANTA FE

May 11, 1961

Watson & Watson Attorneys at Law Carper Building Artesia, New Mexico Re: Case No. 2262
Order No. 2-1964
Applicant:

V. S. Welch

Dear Sir:

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

Very truly yours,

A. L. PORTER, Jr.
Secretary-Director

| ir/ | | | | |
|-------------------------------------|----------|------|------|-----|
| Carbon copy of | order | also | sent | to: |
| Hobbs OCC X Artesia OCC 1 Aztec OCC | <u> </u> | | | • |
| OTHER. | | | | |

DEFORE THE OIL COMMERVATION COUNTSSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE MEARING CALLED BY THE OIL COMMERCAPION CONCESSION OF MEN MEXICO FOR THE SURPOSE OF COMMINISTING:

> CASE No. 2262 Order No. 3-1964

FOR AN UNCOMMODON OIL WELL LOCATION, NEWY COUNTY, NEW MEXICO.

ORDER OF THE COMMERSION

BY THE COMMERSION:

This cause same on for hearing at 9 o'clock a.m. on May 4, 1961, at Santa Fe, New Mexico, hefore Daniel 3. Metter, Examiner duly appointed by the Oil Conservation Countesion of New Mexico, hereinafter referred to as the "Countesion," in accordance with Rule 1314 of the Countesion Rules and Regulations.

NOW, on this 11th day of May, 1961, the Countssion, a quorum being present, having considered the application, the evidence addresd, and the recommendations of the Retminer, Daniel S. Nutter, and being fully advised in the premises.

FIEDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, V. S. Welch, seeks approved of an unerthodox oil well location in the Culvin-Yates Pool for a well to be drilled at a point 330 feet from the South line and 2390 feet from the West line of Section 29, Township 18 South, Range 31 Nest, 1889, Bidy County, New Nestlee.
- (3) That immuch as the applicant is the owner of the offsetting acrospe being excuded by the unorthodox location, the subject application should be approved.

IT IS THEREFORE ORIGINE:

(1) That the applicant, V. S. Weich, is berely enthorized to locate a well at an amorthodox oil well location in the Culvin-Yates Pool at a point 330 feet from the South line and 2390 feet from the West line of Section 29, Township 18 South, Range 31 East, MDM, Eddy County, New Monteo.

-2-CASE No. 2262 Order No. R-1966

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may door necess

nome at Santa Fe, New Merico, on the day and year berein-

OIL COMMENSATION COMMISSION

EDWIN L. MECHEN, Chatrum

2. S. Walter, Marker & Secretary

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II. S. Melch Sti Producer and Operator Artesia, A. A.

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Curs 2262

NEW MEXICO OIL CONSERVATION COMMISSION SANTA FR. NEW MEXICO

ATTENTION: MR. PORTER

Culum Valer

GENTLEMEN:

I AM WRITING FOR PERMISSION TO DRILL AN UNORTHODOX LCCATION AS SHOWN BY THE ENCLOSED MAP. THIS WILL BE A YATES WELL TO AN APPROXIMATE DEPTH OF 2600 FEET. ALL WELLS SHOWN ON THIS MAP ARE DRILLED WITH CABLE TOOLS.

Iverson & Welch are the owners of the Shugart A Lease covering the S/2 of Section 29-I8S-3IE. Chambers & Kennedy and Westwater & Associates have the N/2 of Section 32-I8S-32E joing Iverson & Welch on the South.

Our No. I-A well in the SW SW of Section 29 is producing from approximately 3600 feet and in this well we found No Yates pay. Our No. 2-A well in the SE SW is producing from approximately 3600 feet but we did find a fairly good Yates section. Our No. 3-A in the SW SE is producing from the Yates.

ALL OF THE WELLS IN THE N/2 OF Section 32 Are dual completed and producing from both the Yates and Queen.

IT IS DIFFICULT TO PRODUCE A PUMPING WELL WITH A PACKER AND AS THESE WELLS ALL HAVE TO BE PUMPED IT IS NOT VERY PRACTICAL TO TRY TO DUAL COMPLETE AS THERE IS ENTIRELY TOO MUCH WELL SERVICING COST.

THEREFORE, AM ASKING FOR PERMISSION TO DRILL A WELL 330 FEET NORTH OF THE SOUTH LINE AND 250 FEET WEST OF THE EAST LINE OF THE SW/4 OF SECTION 29 AS SHOWN ON THE ENCLOSED MAP.

There is a pipe line right-of-way running just west of our No. 2 well which would make it necessary for us to move at least I30 feet west which I am rather reluctant to do as we would be going 2I0 feet closer to a Yates dry hole.

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Case 2262

DOCKET: EXAMINER HEARING THURSDAY, MAY 4, 1961

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

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

CONTINUED CASE

CASE 2234:

Application of Kay Kimbell for an order force-pooling a 320-acre gas proration unit in the Basin-Dakota Pool. Applicant, in the above styled cause, seeks an order force-pooling all mineral interests in the Basin-Dakota Pool in the E/2 of Section 22. Township 29 North, Range 11 West, San Juan County, New Mexico, including those of Roy L. Cook as lessee and various other parties as lessors in the E/2 NW/4 NE/4 of said Section 22.

NEW CASES

CASE 2261:

Application of Continental Oil Company for two non-standard gas proration units. Applicant, in the above-styled cause, seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the S/2 and the NE/4 of Section 24, Township 20 South, Range 37 East, Lea County. New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 67, located 1980 feet from the South and West lines of said Section 24.

Applicant further seeks the establishment of a 480-acre non-standard gas proration unit in the Eumont Gas Pool consisting of the NW/4 of Section 24, and the SE/4, the SW/4 NE/4, the S/2 SW/4 and the NW/4 SW/4 of Section 13, all in Township 20 South, Range 57 East, Lea County, New Mexico. Said unit is to be dedicated to the SEMU Eumont Well No. 69, located 1980 feet from the North and West lines of said Section 24.

CASE 2262:

Application of V. S. Welch for an unorthodox oil well location. Applicant, in the above-styled cause, seeks approved of an unorthodox oil well location in the Culwin-Yates Pool for a well to be drilled at a point 330 feet from the South line and 2590 feet from the West line of Section 29, Township 18 South, Range 31 East, Eddy County, New Mexico.

Docket No. 13-61

-2-

CASE 2263:

Application of Collier Drilling Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transportation of oil from the Western Yates Lease, comprising the SE/4 NW/4 of Section 20, Township 18 South, Range 28 East, Eddy County, New Mexico, to a separate tank battery located on its Amerada Lease, comprising the NE/4 NW/4 of said Section 20.

CASE 2264:

Application of United States Smelting Refining and Mining Company for an oil-gas dual completion and for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal 11-20-34 Well No. 1, located 1980 feet from the North line and 2130 feet from the West line of Section 11, Township 20 South, Range 34 East, Lea County. New Mexico, in such a manner as to permit the production of oil from the Bone Springs formation adjacent to the Lea-Bone Springs Pool and the production of gas from an undesignated Pennsylvanian pool through parallel strings of 2-inch tubing.

Applicant further proposes to commingle the production from both of said pools in said well after metering only the Pennsylvanian pool production.

CASE 2265:

Application of Nash, Windfohr and Brown for an unorthodox well location. Applicant, in the above-styled cause, seeks approval of an unorthodox location in an undesignated Abo pool for its Jackson Federal Well No. 23-B, located 1420 feet from the South line and 1980 feet from the East line of Section 24, Township 17 South, Range 30 East, Eddy County, New Mexico.

CASE 2266:

Application of Nearburg & Ingram for permission to commingle the production from two separate leases, and from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle, after separate measurement, the Southwest Gladiola-Pennsylvanian Pool production from all wells on its Keating lease, comprising the NE/4 of Section 34 with Southwest Gladiola-Pennsylvanian and Sou hwest Gladiola-Devonian production from all wells on its Midhurst Lease, comprising the NW/4 of Section 35, all in Township 12 South, Range 37 East, Lea County, New Mexico.

Docket No. 13-61 -3-

CASE 2267:

Application of Byard Bennett for permission to institute a waterflood project in the Caprock-Queen Pool, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks permission to institute a waterflood project in the Caprock-Queen Fool in an area comprising the E/2 SE/4 of Section 20 and the SW/4 of Section 21, all in Township 14 South, Range 31 East, Chaves County, New Mexico, by the injection of water into the Stella Zimmerman Well No. 2, located in the SE/4 SE/4 of said Section 20.

CASE 2268:

Application of Humble Oil & Refining Company for an exception to Rule 303 (a). Applicant, in the above-styled cause, seeks an exception to Rule 303 (a) to permit commingling, without separate measurement, of the production from the Paddock, Penrose-Skelly and Drinkard Pools on the J. L. Greenwood Lease, comprising the S/2 of Section 9, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 2269:

Application of Great Western Drilling Company for an oil-salt water dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Federal MM Well No. 2, located in the SE/4 NW/4 of Section 8, Town-ship 9 South, Range 37 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Bough C formation adjacent to the East Allison-Pennsylvanian Pool and the injection of salt water into the San Andres formation.

CASE 2270:

Application of Pan American Petroleum Corporation for an oil-oil dual completion. Applicant, in the above-styled cause, seeks authorization to dually complete its Greenwood Unit Well No. 3, located in Unit H, Section 27, Township 18 South, Range 31 East, Eddy County, New Mexico, in such a manner as to permit the production of oil from an undesignated Bone Springs pool and the production of oil from an undesignated Wolfcamp pool through parallel strings of 2-inch tubing.

CASE 2271:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for an unorthodox oil well location. Applicant, in the above-styled cause, seeks the establishment of a 70.58-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 8 and 9 and the S/2 of that portion of the San Juan River channel lying in the S/2 NE/4, all in Section 18,

Docket No. 13-61

CASE 2271 (Cont.)

Township 29 North, Range 14 West, San Juan County, New Mexice, said unit to be dedicated to the Navajo Tribal "G" Well No. 7, at an unorthodox location 2545 feet from the North line and 1670 feet from the East line of said Section North line and 1670 feet from the East line of unit in Said pool consisting of Lot 6 and the S/2 of that portion said pool consisting of Lot 6 and the SE/4, all in said pool consisting of Lot 6 and the SE/4, all in said pool consisting of Lot 6 and the SE/4, all in said pool consisting of Lot 6 and the SE/4, all in Section 16, Township 29 North, Range 14 West, Sau Juan Section 16, Township 29 North, Range 14 West, Sau Juan County, New Mexico, said unit to be dedicated to the Navajo County, New Mexico, said unit to be dedicated to the South line Tribal "E" Well No. 10, located 660 feet from the South line and 1980 feet from the East line of said Section 16.

CASE 2272:

Application of Pan American Petroleum Corporation for two non-standard oil proration units and for two unorthodox oil well locations. Applicant, in the above-styled cause, seeks the establishment of an 89.62-acre non-standard oil proration unit in the Cha Cha-Gallup Oil Pool consisting of Lots 2, 3 and 4 of Section 8, Township 28 North, Range 13 West, San Jaun County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 11, at an unorthodox location 493 feet from the North line and 660 feet from the West line of said Section 8, and of an 89.22-acre non-standard oil proration unit in said pool consisting of Let 1 of Section 8 and Lets 3 and 4 of Section 9, all in Township 28 North, Range 13 West, San Juan County, New Mexico, said unit to be dedicated to the C. J. Holder Well No. 12, at an unorthodox lossion 493 feet from the North line and 660 feet from the West line of said Section 9.

CASE 2273:

Application of El Paso Natural Gas Company for an exception to Rule 309 (a). Applicant, in the above-styled cause, seeks an exception to Rule 309 (a) to permit the transporseeks and transporseeks an exception to Rule 309 (a) to permit the transporseeks and transporseeks

Docket No. 13-61

CASE 2274:

Application of El Paso Natural Gas Company for an oil-gas dual completion. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its Lusk Deep Unit Well No. 2, located in Unit O, Section 18, Township 19 Kouth, Range 32 East, Lea County, New Mexico, in such a manner as to permit the production of oil from the Strawn formation adjacent to the Lusk-Strawn Pool and the production of gas from the Morrow formation in an undesignated pool through parallel strings of 2 3/8-inch tubing.

Case 2262 OIL CONSERVATION COMMISSION P. O. BOX 871 SANTA FE, NEW MEXICO April 11, 1961 Mr. Y. S. Helch Artesia, New Medico Doar Mr. Welch: I have your letter of April 10, 1961 requesting semission to drill a well at an unorthodox location in the Culwin-Yates Pool in the 82/4 84/4 of Section 29, Township 18 South, Range 31 East, Sddy County, New Mexico. Insumch as the proposed usorthodox logation is not necessitated by topographical conditions and insumuch as there appears to be other standard locations where this well might be drilled, administrative approval of your application cannot be granted. If you desire, we will set this matter for hearing before a Commission examiner. Please advise me if this is your desire and I will them comsider your letter and the attached plat as the application. Very truly yours, RICHARD S. MORRIS Attorney

New Mexico Oil Conservation Commission Page #2 april IO, I96I

WR. ARMSTRONG SUGGESTED THAT I WRITE YOU REQUESTING AN ADMINISTRATIVE ORDER AND I WOULD APPRECIATE IT VERY MUCH IF YOU WOULD ADVISE IF THERE ARE ANY FURTHER REQUIREMENTS.

Yours very truly

V.S. Freich

BEFORE THE OIL CONSERVATION COMMISSION SANTA PE, NEW MEXICO MAY 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

Application of V. S. Welch for an unorthodox oil well location.

Case 2262

BEFORE THE OIL CONSERVATION COMMISSION SAMTA FE, MEW MEXICO MAY 4, 1961

EXAMINER HEARING

TH THE MATTER OF:

CASE 2262 Application of V. S. Welch for an unortho-: dox oil well location. Applicant, in the: above-styled cause, seeks approval of an unorthodox oil well location in the Culwin-: Yates Pool for a well to be drilled at a : point 330 feet from the South line and 2390: feet from the West line of Section 29, Town-: ship 18 South, Range 31 East, Eddy County, : New Mexico.

BEFORE:

Daniel S. Mutter, Examiner.

TRANSCRIPT - OF PROCEEDINGS

MR. NUTTER: We will call next Case 2262.

MR. MORRIS: Case 2262. Application of V. S. Welch for an unorthodox oil well location.

MR. WATSON: Neal B. Watson of the firm of Watson & Watson, Artesia, New Mexico, representing Mr. V. S. Welch and the applicant, Mr. V. V. Welch.

(Witness sworn)

V. S. WELCH.

called as a witness, having been first duly sworn, testified as



follows:

DIRECT EXAMINATION

BY IM. WATSON:

- State your name, please.
- V. S. Welch.
- You are the applicant in this case for an unorthodox well location in the southeast quarter of the southwest quarter of Section 29, Township 18 South, Range 31 East?
 - Yes, sir.
 - What leasehold interest do you own in that Section?
 - One-half interest.
 - What portion of the Section?
 - The south half of Section 29.
 - What production do you now have on that lease?
 - We have seven wells on that lease.
 - And from what formations are they producing?
- Two of them are producing. No. 1 and 2 are producing from the Queen or the upper Grayburg, and 3, 4, 5 and 6 are producing from the Yates.
- Where are the Yates wells located that you have in the south half of Section 29?
- One is located in the north, our No. 4 is located in the northeast of the southwest, and No. 5 is in the northwest of the southwest. No. 6 is in the northwest of the southeast, and No. 7 is in the southwest of the southeast.



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MEXICO

- With reference to the south half of the south half of Q Section 29, in Township 18 South, Range 31 East, what development has been done there with respect to the Yates Wells, Yates producing wells?
 - In the --
 - In the south half of the south half?
 - You mean in the north half; in the north half of 32?
- Q No. I wanted to get the situation with reference to the south half of the south half of your tract.
- Â Yes. Well Wo. 1 "A", which is in the southwest of the southwest, is producing from the Grayburg or Queen, lower Queen. No. 2 is producing from the Grayburg, or lower Queen. The other wells are producing from the Yates.
- Q Now, in the north half of the north half of Section 32, Township 18 South, Range 31 East, what Yates production has been developed in that area?
- Well, there's Yates wells in the northwest of the northwest, in the northeast of the northwest, in the northwest of the northeast, and in the northeast of the northeast, and in the south west of the northeast. Those are all producing from both the Yates and the Queen.
- Applicant seeks an unorthodox location for a Yates test Q 330 feet north of the South line, and 250 feet west of the East line of the southwest querter of Section 29, as shown on your Exhibit attached to your application. What are your reasons, Mr. Welch,



for desiring to drill the well at that particular location?

- In drilling our No. 2 "A" we found a very good Yates section in that well. We went on down to the upper Grayburg, or lower Queen, the same as No. 1 "A", and we got a nice well, and producing it from there, but we passed up the Tates, we didn't produce it from the Yates.
 - Do you have any reason why you didn't want to dually complete the well?

It just isn't practical to dually complete a low pressure well where you have to set a packer and pump. It isn't practical because there's too much expense connected with it and maintaining

- You have had some experience in the producing end of the it. oil business, have you not, Mr. Welch?
 - Oh, yes. Α
- For how long have you been operating there in the Artesia area?
 - Since 1923.
- In your opinion, it would not have been practical to dually complete the well?
- It would be a lot cheaper to dually complete it, but I den't think it would be practical.
 - You feel that the operation expenses --
- The operation expense and the trouble of producing 2 low pressure well that you have to pump with a packer set is not



practical.

Do you have any other reasons, Mr. Welch, such as any installations in the area which make it necessary to drill this well at this unorthodox location?

Well, I would like to drill it where I could get an oil well. The object of drilling these wells is to produce oil. I could move west 330 feet, keep 330 from my offset, but I have got a dry hole over there that had no Yates at all, and I don't want to run toward that. There's a pipeline that runs just west of the No. 2 Well, and I would have to move across that to get a location, and I just don't want to move toward the dry hole.

You say the offset acreage to the east where you will be 250 feet from the line, that is a part of your same lease and is under the same ownership, is it not?

Oh, yes.

MR. WATSON: That's all I have. Do you have any questions?

MR. MORRIS: Yes, sir.

MR. NUTTER: Mr. Morris.

CROSS-EXAMINATION

BY MR. MORRIS:

Mr. Welch, what reasons do you have for not wishing to move your well to the north?

Well, it should be an offset location. I would expect to drill an offset to my neighbors. The other wells there, or the



other well just southeast of it is 330 feet from our line, and it's an awfully good Yates well.

- You could drill at an orthodox location, however, if you Q moved to the north, is that correct?
 - Oh, you, sure.
 - And the reason, then --
- Well, there's two reasons for that. Our tank battery sets to the north. Of course, I could drill any place to the north or west there, but it wouldn't be an offset well.
 - You do feel --
 - I want to get as close to a good well as I can.
- C You do feel that the entire 40-acre tract, being the southeast of the southwest quarter of 18, you feel that the whole 40 acres, however, is productive of oil from the Yates, don't you?
 - Oh, no. I have no reason to think so. A
- You'll be in the position, Mr. Welch, of dedicating the entire 40 acres to that well when you get it drilled, and you are aware, are you not, that you can only dedicate productive acreage to a well?
- Well, I don't know that it's not productive. I do know that we didn't get any Yates in the well offsetting it.
- For purposes of dedication, you would presume it all to be productive, though, would you not?
 - Naturally, of course. I would hope so. A
 - Q Mr. Welch, referring to your Well No. 4 in the northeast



of the southwest, is that a good well in the Yates?

- How about your Well Wo. 5 in the northwest of the southwest, that is a good well in the Yates?
 - Right.

MR. MORRIS: Thank you. I have no further questions.

BY MR. NUTTER:

- Mr. Welch, how wide is this pipeline right-of-way that \mathcal{C} runs by there?
 - I couldn't answer that, I don't know.
- How far west would you have to move to clear your No. 2 Well, plus the right-of-way?
- I couldn't answer that to the foot, but I would have to move at least 150 foot, perhaps more, I don't know. I haven't measured it off, but I know just from looking at it that I would have to be on the other side of the right-of-way.
 - The only direction that you are seeking an unorthodox location is to move approximately 80 feet closer to the east line of that southwest quarter --
 - That's right.
 - -- which is crowding acreage owned by yourself and Mr. Q. Iverson?
 - That's right. A

MR. NUTTER: Any further questions of Mr. Welch?

MR. WATSON: That's all we have.



MR. MUTTER: Do you have anything further, Mr. Watson?

IR. MATSOM: Mo, sir.

Does anyone have anything to offer in Case MR. MUTTER: 2262? He will take the case under advisement.

** ** ** **

STATE OF NEW MEXICO) COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal this, the 6th day of May, 1961, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

My Commission expires: June 19, 1963

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No.222 heard by me on _____

New Mexico Oil Conservation Commission

