

CASE 3363: Application of WM. A.  
& EDWARD R. HUDSON for an excep-  
tion to rules of Order R-111-A.

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ASE NO.

3363

Application,  
Transcripts,  
Small Exhibits  
ETC.

*Case file*

**RALPH L. GRAY**  
PETROLEUM ENGINEERING - PROJECT  
CONSULTANT  
302 CARPER BUILDING  
ARTESIA, NEW MEXICO

MAIN OFFICE OCC

JAN 17 AM 8:13

January 14, 1966

New Mexico Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

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

Dear Sir:

We have received copy of Order No. R-3029 in the application of William A. and Edward R. Hudson for an exception to the Potash Order No. R-111-A. We want to express our appreciation for the Commission's prompt action on this application.

Yours very truly,

*Ralph L. Gray*  
REGISTERED PETROLEUM ENGINEER.

RLG:lw

cc: William A. & Edward R. Hudson  
1510 First National Building  
Fort Worth, Texas 76102

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

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

P. O. BOX 2088  
SANTA FE

January 13, 1966

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 3363  
Order No. R-3029  
Applicant:

Hudson & Hudson

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.*  
A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x  
Artesia OCC         
Aztec OCC       

Other Mr. Roy Blackman

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

CASE No. 3363  
Order No. R-3029

APPLICATION OF WILLIAM A. AND EDWARD R.  
HUDSON FOR AN EXCEPTION TO THE CASING  
AND CEMENTING RULES PRESCRIBED BY ORDER  
NO. R-111-A FOR THE POTASH-OIL AREA,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on  
January 12, 1966, at Santa Fe, New Mexico, before Examiner  
Daniel S. Nutter.

NOW, on this 13th day of January, 1966, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

(1) That due public notice having been given as required by  
law, the Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicants, William A. and Edward R. Hudson,  
seek an exception to the casing and cementing requirements of the  
rules and regulations governing the Potash-Oil Area, promulgated  
by Order No. R-111-A, to drill, case, cement, and abandon their  
Singleton Well No. 1, located 990 feet from the North line and  
990 feet from the West line of Section 28, Township 20 South,  
Range 34 East, NMPM, Lea County, New Mexico, in accordance with  
the following program:

1. Drill and set 13 3/8-inch casing to approximately  
65 feet, and cement to surface.

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CASE No. 3363

Order No. R-3029

2. Deepen and mud-in 10 3/4-inch casing to a depth of approximately 800 feet.
3. Drill to approximately 1600 feet and mud-in 8 5/8-inch casing.
4. Drill to the Seven Rivers formation, and set 5 1/2-inch production casing below the base of the Tansill formation and tack said production casing with not less than 25 sacks of cement before drilling into the productive formation.
5. In the event production is obtained in commercial quantities, pull the 10 3/4-inch casing and the 8 5/8-inch casing, and cement the 5 1/2-inch production casing to the surface.
6. If commercial production is not obtained, or upon plugging the well subsequent to depletion, plug and abandon in accordance with the program as set forth and described in Commission Order No. R-111-A.

(3) That the proposed drilling, casing, cementing, and abandonment program should prevent waste of oil, gas, water, and commercial potash deposits by the subject well.

(4) That approval of the subject application will relieve the applicants of unnecessary operating expenses, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicants, William A. and Edward R. Hudson, are hereby granted an exception to the casing and cementing requirements of the rules and regulations governing the Potash-Oil Area, promulgated by Order No. R-111-A, to drill, case, cement, and abandon their Singleton Well No. 1, located 990 feet from the North line and 990 feet from the West line of Section 20, Township 20 South, Range 34 East, BMEH, Lea County, New Mexico, in accordance with the following program:

1. Drill and set 13 3/8-inch casing to approximately 65 feet, and cement to surface.

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CASE No. 3363

Order No. R-3029

2. Deepen and mud-in 10 3/4-inch casing to a depth of approximately 800 feet.
3. Drill to approximately 1600 feet and mud-in 8 5/8-inch casing.
4. Drill to the Seven Rivers formation, and set 5 1/2-inch production casing below the base of the Tansill formation and tack said production casing with not less than 25 sacks of cement before drilling into the productive formation.
5. In the event production is obtained in commercial quantities, pull the 10 3/4-inch casing and the 8 5/8-inch casing, and cement the 5 1/2-inch production casing to the surface.
6. If commercial production is not obtained, or upon plugging the well subsequent to depletion, plug and abandon in accordance with the program as set forth and described in Commission Order No. R-111-A.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*

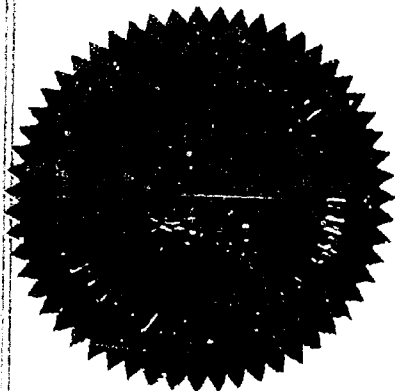
JACK M. CAMPBELL, Chairman

*Guyton B. Hays*

GUYTON B. HAYS, Member

*A. L. Porter, Jr.*

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



eer/

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 1/12/66

CASE

2363

Hearing Date

9 am 1/12/66

DSN @ SF

My recommendations for an order in the above numbered cases are as follows:

Enter an order approving an exception to the casing & entry rules for the oil-potash area as promulgated by Order No R-111-A for ~~Edw~~ Wm. A. & Edw. R. Hudson to permit their Singletons No 1 (990' FNL & 990' FNL of 28-205-34E Lea Co) to be drilled, cased, and cemented as follows:

(1) Drill and set 13 3/8-inch casing to approximately 65 feet, and cement to surface; (2) <sup>mud-in</sup> deepen and set 10 3/4-inch casing to a depth of approximately 800 feet; (3) <sup>mud-in</sup> drill to approximately 1600 feet and set 8 5/8-inch casing; (4) <sup>mud-in</sup> drill to the Seven Rivers formation, and set 5 1/2" <sup>inches</sup> production casing ~~with~~ <sup>said production casing</sup> below the base of the Tansill formation and tacked with not less than 25 sacks of cement before drilling into the productive formation.

(5) In the event production is obtained in commercial quantities, ~~applicant agrees to~~ <sup>shall pull the 10 3/4 inch casing and the 8 5/8 inch casing,</sup> cement said 5 1/2" production casing to the surface.

(6) <sup>or upon plugging the well subsequent to depletion,</sup> If commercial production is not obtained, ~~the well will~~ be plugged and abandoned in accordance with the program as set forth and described in Commission Order No. R-111-A.



## POTASH COMPANY OF AMERICA

MINE AND REFINERY: P. O. BOX 31 • CARLSBAD, NEW MEXICO 88220 • AREA CODE 505 • TU 7-2844

January 6, 1966

*Case file*

New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

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

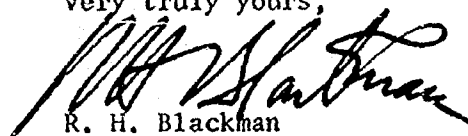
Re: Case No. 3363

Gentlemen:

Enclosed find withdrawal of the objection of Potash Company of America to the application bearing the serial number noted above.

Our objection is withdrawn in view of the amended application and upon the understanding that the casing and abandonment procedure as described in the application as amended is set forth in detail in the order of approval.

Very truly yours,

  
R. H. Blackman  
Resident Counsel

RHB:mw

cc: Messrs. Hudson & Hudson, Fort Worth, Texas  
Messrs. Kellahin & Fox, Santa Fe, New Mexico  
Mr. John Anderson, USGS, Roswell, New Mexico  
Mr. Robert Fulton, USGS, Carlsbad, New Mexico



MEMBER: AMERICAN POTASH INSTITUTE

BEFORE THE OIL CONSERVATION COMMISSION  
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
WILLIAM A. AND EDWARD R. HUDSON FOR  
APPROVAL OF A WELL LOCATION AND CE-  
MENTING PROGRAM WITHIN THE POTASH  
AREA, LEA COUNTY, NEW MEXICO, AS AN  
EXCEPTION TO ORDER NO. R-111, AS  
AMENDED

Case No. 3363

WITHDRAWAL OF OBJECTION


Comes now Potash Company of America objector in the above cause and  
in view of the amendment to the application filed herein providing that:

- (1) Applicants agree that the 5-1/2" Production Casing will be  
set below the base of the Tansill formation and tacked with not less  
than 25 sacks of cement before drilling into the productive formation,
- (2) In the event production is obtained in commercial quantities,  
applicant agrees to cement said 5-1/2" Production Casing to the surface,
- (3) If commercial production is not obtained, the well will be  
plugged and abandoned in accordance with the program as set forth and  
described in Commission Order No. R-111-A,

Hereby withdraws its objection heretofore filed herein.

Respectfully submitted,

POTASH COMPANY OF AMERICA

By   
R. H. Blackman  
Resident Counsel  
P. O. Box 31  
Carlsbad, New Mexico

JASON W. KELLAHIN  
ROBERT E. FOX  
FORREST S. SMITH

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
54½ EAST SAN FRANCISCO STREET  
POST OFFICE BOX 1769  
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315  
AREA CODE 505

January 4, 1966

Oil Conservation Commission  
of New Mexico  
P. O. Box 2088  
Santa Fe, New Mexico

*Case 3363*

Gentlemen:

Enclosed find three copies of amendment to application  
of William A. and Edward R. Hudson for a well location  
and cementing program in the potash area, Lea County,  
New Mexico.

Very truly yours,

KELLAHIN & FOX

*Jason W. Kellahin*

Jason W. Kellahin

jwk/mas  
enclosures

BEFORE THE OIL CONSERVATION COMMISSION  
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
WILLIAM A. AND EDWARD R. HUDSON FOR  
APPROVAL OF A WELL LOCATION AND CE-  
MENTING PROGRAM WITHIN THE POTASH  
AREA, LEA COUNTY, NEW MEXICO, AS AN  
EXCEPTION TO ORDER NO. R-111, AS  
AMENDED.

Case No. 3363

AMENDMENT TO APPLICATION

Come now William A. and Edward R. Hudson, applicants in  
the above-styled and numbered case, and move the commission to  
amend their application, heretofore filed and presently set for  
hearing on the 12th day of January, 1966, as follows:

(1) Applicants agree that the 5½" Production Casing will be  
set below the base of the Tansill formation and tacked with not  
less than 25 sacks of cement before drilling into the productive  
formation.

(2) In the event production is obtained in commercial  
quantities, applicant agrees to cement said 5½" Production  
Casing to the surface.

(3) If commercial production is not obtained, the well will  
be plugged and abandoned in accordance with the program as set  
forth and described in Commission Order No. R-111-A.

Except as amended herein, said application to remain as ori-  
ginally submitted.

Respectfully submitted,

WILLIAM A. AND EDWARD R. HUDSON

By Jason W. Kellahin  
KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANT



*Case file*  
*3363*

# POTASH COMPANY OF AMERICA

MINE AND REFINERY: P. O. BOX 31 • CARLSBAD, NEW MEXICO 88220 • AREA CODE 505 • TU 7-2844

December 31, 1965

H. N. CLARK  
VICE PRESIDENT OF PRODUCTION

Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

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

Re: William A. and Edward R. Hudson, Unit D of  
Section 28-20S-R34E, Lea County, New Mexico.

Gentlemen:

We enclose a copy of our letter of even date addressed to Messrs. Hudson concerning a well location on the property described above. We also enclose three copies of our protest to such drilling. You will notice that our letter to Messrs. Hudson indicates we will withdraw the protest if the casing program is amended as therein stated.

While we are willing to withdraw our objection under the conditions set forth in that letter we do not wish such action to be construed as approval of a well at the proposed location since we feel that any further drilling in the Lea County R-111-A area will be detrimental to ultimate recovery of the potash reserves. We are not entering formal protest for that reason because we feel that the evidence which would be presented at a hearing on such a protest would be substantially similar to the evidence presented in cases 2182 and 2183 which were heard February 13, 1961. Under the circumstances, it would appear that those cases would be followed by the Commission, at least until further evidence becomes available or changed circumstances warrant further consideration.

We would, of course, expect that the order approving the location would provide that all provisions of Order R-111-A would be strictly followed except as they might be waived specifically by the Commission.

Very truly yours,

HNC:mw

Enclosures

cc: Mr. Robert Fulton, USGS, Carlsbad, New Mexico  
Mr. John Anderson, USGS, Roswell, New Mexico



MEMBER: AMERICAN POTASH INSTITUTE

1-4-66

Date

POTASH COMPANY OF AMERICA

CARLSBAD, NEW MEXICO

December 31, 1965

Messrs. William A. and Edward R. Hudson  
1510 First National Building  
Fort Worth, Texas

Dear Messrs. Hudson:

This will acknowledge receipt of your letter of December 22 addressed to Mr. J. B. Cummings and of a letter dated December 28 from Kellahin and Fox, your attorneys in Santa Fe, concerning your application for a drilling location in Section 28-20-34 in Lea County.

We enclose a copy of our protest which we are today forwarding to the Oil Conservation Commission and of its forwarding letter.

We will withdraw our protest provided your application is amended to provide (1) that the 5-1/2" Production Casing is set below the base of the Tansill formation and tacked with at least 25 sacks of cement before drilling into the productive formation. (2) If it is determined that commercial production has been obtained, said 5-1/2" casing shall be cemented to the surface, and (3) if commercial production is not obtained, the well will be plugged and abandoned in accordance with the program as set forth and described in Order No. R-111-A.

Very truly yours,

H. W. Clark  
Vice President

HNC:mw

Enclosures

cc: Mr. A. L. Porter, Jr., OCC, Santa Fe, New Mexico  
Mr. Robert Fulton, USGS, Carlsbad, New Mexico  
Mr. John Anderson, USGS, Roswell, New Mexico  
Messrs. Kellahin & Fox, P.O. Box 1769, Santa Fe, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
WILLIAM A. AND EDWARD R. HUDSON FOR  
APPROVAL OF A WELL LOCATION AND  
CEMENTING PROGRAM WITHIN THE POTASH  
AREA, LEA COUNTY, NEW MEXICO, AS AN  
EXCEPTION TO ORDER NO. R-111, AS  
AMENDED.


O B J E C T I O N

Comes now Potash Company of America, a Colorado corporation  
authorized to do business in the state of New Mexico, and  
objects to the drilling of the well described in the above  
entitled application for the reasons that the casing program  
as set forth in said application and in the application for  
permit to drill, deepen, or plug back, form C-101, which was  
furnished to objector by William A. & Edward R. Hudson will  
not adequately protect the potash measures and will result  
in undue waste of potash deposits of substantial value.

WHEREFORE, objector prays that said application  
be denied.

Respectfully submitted,

POTASH COMPANY OF AMERICA

By   
R. H. Blackman, Resident Counsel.  
P. O. Box 31  
Carlsbad, New Mexico

BEFORE THE OIL CONSERVATION COMMISSION  
OF NEW MEXICO

*Case 3363*

APPLICATION OF WILLIAM A. AND  
EDWARD R. HUDSON FOR APPROVAL  
OF A WELL LOCATION AND CEMENTING  
PROGRAM WITHIN THE POTASH AREA,  
LEA COUNTY, NEW MEXICO, AS AN  
EXCEPTION TO ORDER NO. R-111.

A P P L I C A T I O N

Come now William A. and Edward R. Hudson and apply to the Oil Conservation Commission of New Mexico for approval of a well location for the No. 1 Singleton Well, and for approval of a casing and cementing program for said well as an exception to the provisions of Order No. R-111, and in support thereof would show:

1. Applicants propose to drill their No. 1 Singleton well at a location 990 feet from the West line and 990 feet from the North line in Unit D of Section 28, Township 20 South, Range 34 East, Lea County, New Mexico.
2. Said proposed location is within the limits of the "Potash Area" as defined by Order No. R-111, of the New Mexico Oil Conservation Commission.
3. Applicants propose to drill said well to a depth sufficient to penetrate the Seven Rivers formation at a depth of approximately 3,800 feet.
4. Applicants seek an exception to the provisions of Order No. R-111 as to the casing and cementing program for said well, and propose to drill and complete said well as follows: Drill and set 13 3/8 inch casing to approximately 65 feet, and cement to surface; deepen and set 10 3/4 inch casing to a depth of approximately 800 feet; drill to approximately 1600 feet and set 8 5/8 inch casing; drill to

BUCKET MAILED

Date 1-4-66  
*cf to all Potash Companies*

the Seven Rivers formation, and set 5 1/2 inch casing; in the event production is achieved, applicant proposes to pull the 10 3/4 and 8 5/8 inch casing and run 5 1/2 inch casing to the bottom, and cement to the surface.

4. To the best of applicants' information and belief, Potash Company of America is the only potash company owning leases on potash formations within one mile of the proposed well. Said Potash Company of America has been notified of this application by service of a copy thereof, by certified mail, simultaneously with the filing of this application.

WHEREFORE, applicants pray that this matter be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order granting the authority requested herein.

Respectfully submitted,

WILLIAM A. and EDWARD R. HUDSON

By Jason W. Kellahin  
KELLAHIN & FOX  
P. O. Box 1769  
Santa Fe, New Mexico

ATTORNEYS FOR APPLICANTS

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMAS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
January 12, 1966

EXAMINER      HEARING

IN THE MATTER OF:

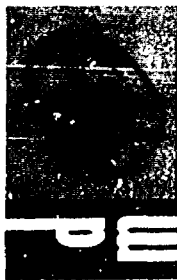
Application of William A. and Edward R. Hudson  
for an exception to the casing and cementing  
rules prescribed by Order No. R-111-A for the  
potash-oil area, Lea County, New Mexico.

Case No. 3363

BEFORE:

Daniel S. Nutter, Chief Engineer

TRANSCRIPT OF HEARING



## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOREGISTERHEARING DATE JANUARY 12, 1966 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Ralph L. Gray	WMA & Ed. R. Hudson	Artesia, N.M.
Jason Kellaher	" " "	Santa Fe, N.M.
A.L. Porter, Jr.	Q.C.S.	" " "

MR. NUTTER: The hearing will come to order, please. The first case will be Case 3363.

MR. DURRETT: Application of William A. and Edward R. Hudson for an exception to the casing and cementing rules prescribed by Order No. R-111-A for the potash-oil area, Lea County, New Mexico.

MR. NUTTER: Are there any appearances in this case other than the applicants? Let the record show that applicant's application was received by the Commission. The case was advertised whereupon an objection was entered by R.H. Blackman, present counsel for the Potash Company of America, in which he was objecting to the exception of the casing and cementing program prescribed by Order R-111-A for oil wells in the potash area. The negotiations were conducted and amended. Application was filed by Kellahin and Fox representing applicants Hudson and Hudson. It reads:

"Come now William A. and Edward R. Hudson, applicants in the above-styled and numbered case, and move the Commission to amend their application, heretofore filed and presently set for hearing on the 12th day of January, 1966, as follows:

(1) Applicants agree that the 5 1/2" Production Casing will be set below the base of the Tansill formation and tacked with not less than 25 sacks of cement before drilling into the productive formation.

(2) In the event production is obtained in commercial quantities, applicant agrees to cement said 5 1/2" Production Casing to the surface.

(3) If commercial production is not obtained, the well will be plugged and abandoned in accordance with the program as set forth and described in Commission Order No. R-111-A."

Upon receipt of this amended application, R. H. Blackman, counsel for Potash Company of America, filed a withdrawal of his application which in essence reads: He withdraws his objection provided that; (1) Applicants agree that the 5 1/2 will be set below the base of the tansill.

He sets forth the three stipulations that had already been stipulated by Kellahin and Fox. His letter of transmittal prescribes that; "Our objection is withdrawn in view of the amended application and upon the understanding that the casing and abandonment procedure as described in the application as amended is set forth in detail in the order of approval".

Is there any objection to the amending of the application as it was run? If not the application will be considered for amendment and you may proceed.

MR. KELLAHIN: Jason Kellahin appearing on behalf of the applicant, and we have one witness I would like to

have sworn, please.

(Witness sworn)

R A L P H A. G R A Y, a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Ralph Gray.

Q What business are you engaged in, Mr. Gray?

A Consulting engineering.

Q Have you as a consulting engineer testified before the Oil Conservation Commission of New Mexico and made your qualifications a matter of record?

A Yes, sir.

MR. KELLAHIN: Are the witness's qualifications acceptable?

MR. NUTTER: Yes.

Q (By Mr. Kellahin) Are you familiar with the application of William A. and Edward R. Hudson in Case 3363, now before the Examiner?

A Yes, I am.

Q You heard the amendment as read by the Examiner; is that your understanding as to what is provided by the application?

A Yes, sir.

Q Now, referring to what has been marked as Exhibit 1, would you describe that exhibit, please?

A Exhibit 1 is a map of the area showing the proposed location of the William A. and Edward R. Hudson Singleton Number 1. This map also shows an area which is colored yellow, and the yellow area shows the potash leases that are held by the Potash Company of America, according to our information.

Q Is the particular area on which this well is located under lease for potash, or do you know?

A It is our understanding that the North half of Section 28 is not leased for potash, and this is the acreage under the proposed well.

Q And have you examined the plat on file with the Commission showing the potash acreage?

A Yes, sir.

Q And does it show not to be leased?

A Yes, sir.

Q What is the closest potash mining to this well location?

A I believe the closest mine entry is approximately 12 to 14 miles west of this location.

Q There is no mining in the immediate vicinity of this well, is this correct?

A That is my understanding.

Q Referring to Exhibit 2, would you describe that exhibit, please?

A Exhibit 2 is a diagrammatic sketch showing on the left side of the diagram the casing program which would conform to Order R-111-A, and a sketch on the right portion of this exhibit shows the casing program as proposed by the applicant for the Singleton Number 1 Well.

Q Would you discuss in a little detail, please, Mr. Gray, the requirements of the casing program under the provision of Order R-111-A?

A All right. I might state first, that we do show about 65 feet of 13 3/8" conductor casing at the surface. This isn't actually required by R-111-A but because of the conditions in drilling it's desirable from a contractor's standpoint. So we show this string on both programs.

The 10 3/4" casing shown on the diagram at a depth of 800 feet also is not required by Order R-111-A, but is desirable to shut off the water which is encountered in the Santa Rosa Formation.

This will be a "K" string and it is proposed to pull this string; this applies to both programs. This well will be drilled by cable tools rather than rotary.

The 8 5/8" casing would be set into the top of the

Rustler Anhydrite, the difference being the operator would be required to cement the 8 and 5 back to the surface.

Under our proposed program, this string would be mudded in the top of the Anhydrite, and in the event--well, under any event, whether they get a dry hole or a producing well, this string would be pulled.

Then under R-111-A, a salt protection string would be required and we show this a 7" casing on the left portion of the diagram which would be cemented at approximately 3150 feet as a minimum requirement.

Under Order R-111-A, the operator has an option of either cementing this string back to the surface or he can use a small amount of cement to pack it, and then most of the string can be pulled later.

In the diagram we have indicated that this will be the option exercised by the applicant. The 7" would be cut off and pulled. Then under both programs, in the event that a well is obtained, 5 1/2" production string would be cemented just above the Seven Rivers Formation or in the Yates, the difference being that if a dry hole is encountered rather than a producing well, under R-111-A the operator would not be required to run 5 1/2 casing. However, under the proposed program, the 5 1/2 casing would be run and would be tacked with a small amount of cement, 25 sacks. This string

would be cemented prior to drilling into the Seven Rivers Formation. In the event that a producing well is obtained the 5 1/2 would be perforated above the top of the cement behind the casing and sufficient cement would be used to cement this string back to the surface.

In the event of a dry hole, the 5 1/2 casing would be parted above the cement and would be pulled from the hole.

Q Now, with the type of completion that you are proposing, would it be possible for you to plug the well and abandon it in conformity with provision R-111-A?

A Yes, that would be possible under either program.

Q Do you consider it necessary that a well in this particular area be completed as provided by Order R-111-A?

A No, we are of the opinion that the program as proposed by the applicant is sufficient to offer protection to the salt section, and we consider that this program will be adequate.

Q You would adequately protect any potash zone encountered?

A That's right.

Q There's no prospective mining in this immediate area?

A Apparently not, especially in view of the fact that the North half of Section 28 is not leased for potash.

Q What is the principal reason for proposing this type

of completion, Mr. Gray?

A This well is of the character that it's not a real prolific prospect from the operator's standpoint and it's essential that he try to save as much money as possible in drilling the well.

Q Have you prepared the exhibit showing the difference in the cost of the two types of completions?

A Yes, I have. Exhibit 3 shows a tabulation which is a comparison of certain items listed under Order R-111-A as compared with the proposed program. These items are not the complete items of cost in drilling the well but are merely the items that would differ under each program. The first data shows cost figures for these conditions assuming that a dry hole would be drilled, and the net total cost for these items which differ, amount to \$11,116.00 under the Order R-111-A program as compared to \$5,593.00 under the proposed program. So that shows that the additional cost of conforming with R-111-A over the proposed program would be \$5523.00, assuming that a dry hole would be drilled.

The lower portion of Exhibit Number 3 shows comparisons, assuming that a producing well would be obtained. The net total cost for these items, which conform to Order R-111-A, would amount to \$11,116.00 as compared with \$2,220.00 under the proposed program. So the additional cost of these

differing items over the proposed program would amount to \$8,896.00 if R-111-A were followed.

Q Now, you've testified that in your opinion it's unnecessary to follow the provisions of R-111-A in this area?

A Yes, sir.

Q That being true, the additional cost would constitute waste, would it not?

A Yes, it would.

Q Were these exhibits prepared by you?

A Yes.

MR. KELLAHIN: At this time I would like to offer Applicant's Exhibits 1 through 3.

(Whereupon, Applicant's Exhibits 1 through 3 offered into evidence.)

MR. NUTTER: If there are no objections the exhibits will be admitted into evidence.

(Whereupon, Applicant's Exhibits 1 through 3 admitted into evidence.)

MR. NUTTER: Are there any questions of Mr. Gray?

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Gray, in the event the R-111-A program would be followed, the 7" casing would be set in the Tansill, I presume?

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A Well, the requirements under R-111-A are that this protective string be set at least 100 feet below the base and not more than 600 feet.

Q Is the base of the salt the top of the Tansill?

A That's correct. I might point out that the horizontal red lines represent formation tops on our diagram and we show the salt formation here. The first red line shows the top of the Rustler Anhydrite and the next red line would indicate the top of the salt. And then slightly below 3,000 feet the red line indicates the base of the salt or the top of the Tansill, and then the top of the Yates is indicated by the fourth red line below 3150. And the objective pay formation is the Seven Rivers indicated by the horizontal red line at 3600 feet.

Q If you were following the R-111-A program and you had that 7" string in there before drilling into the pay, and then you ran your 5 1/2, how far would you run your 5 1/2 down into the productive interval?

A Just a short distance into the pay formation.

Q Your schematic would not be correct because you would have your 5 1/2 set up in the Tansill, wouldn't you?

A No.

Q I stand corrected. It's to be set below the base of the Tansill?

A This would be the Yates formation.

Q In either program then, you would have an open hole completion?

A Yes, sir.

Q I see. And to cement the 5 1/2 after tacking it, in the event you got a well you would perforate it and squeeze the cement in and circulate it?

A Yes, sir.

Q If commercial production is not obtained the well will be plugged and abandoned as set forth in Rule R-111-A, and would this hold true for a well in which commercial production is obtained but is later on plugged?

A Yes, sir.

Q You agreed to this initial drilling subsequently?

A Yes, sir.

REDIRECT EXAMINATION

BY MR. KELLAHIN:

Q Are there any other wells in the vicinity of this well that have been completed in a manner different than required by R-111-A?

A Yes, according to the information we have been able to collect on several wells in this area. We would like to point out that, for instance, the Hudson and Hudson Hoover Federal Number 1 Well, which is located in Unit "I" of Section 28, Township 20 South, Range 34 East, we find that the 8 5/8 casing was mudded into the Rustler Anhydrite. The

entrance was not cemented and the well was a dry hole, and this string was removed from the hole. And then the Carper Singleton Number 1 well was a dry hole in Unit "G" of this same section. According to the records there was no salt protection string run in that well. Also, in the Sivley Silver Number 1 Well, which is a producing well located in Unit "J" of this same Section, the records indicate that there was no salt protection string run here, too. Apparently there have been several wells drilled in this area which do not conform to Order R-111-A.

MR. KELLAHIN: That's all I have, Mr. Nutter.

RE CROSS-EXAMINATION

BY MR. NUTTER:

Q Were those wells drilled after the promulgation of Order R-111-A?

A Yes, sir.

Q Were they drilled without exception or with exception?

A I really don't have that information; I'm not certain.

MR. NUTTER: Are there any further questions of Mr. Gray?

He may be excused. Anything further in Case 3363, Mr. Kellahin?

MR. KELLAHIN: Yes. As you know this case was set for special hearing at the request of the applicant for the reason that an order on this case is needed as soon as possible.

Applicant has a rig they're holding at the present time waiting to drill this well in the event the application is

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approved, and under their commitments they're supposed to be drilling not later than January 24th, if any application is needed.

MR. NUTTER: Is there anything further in Case 3363? The Commission will take the case under advisement and the hearing is adjourned.

(Whereupon, the Hearing was adjourned at 9:25 o'clock A.M.)

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I N D E X

WITNESS	PAGE
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E X H I B I T S

<u>NUMBER</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's. 1	10	10
Applt's. 2	10	10
Applt's. 3	10	10

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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 14th day of January, 1966.

Bobby J. Davis  
NOTARY PUBLIC

My Commission Expires:

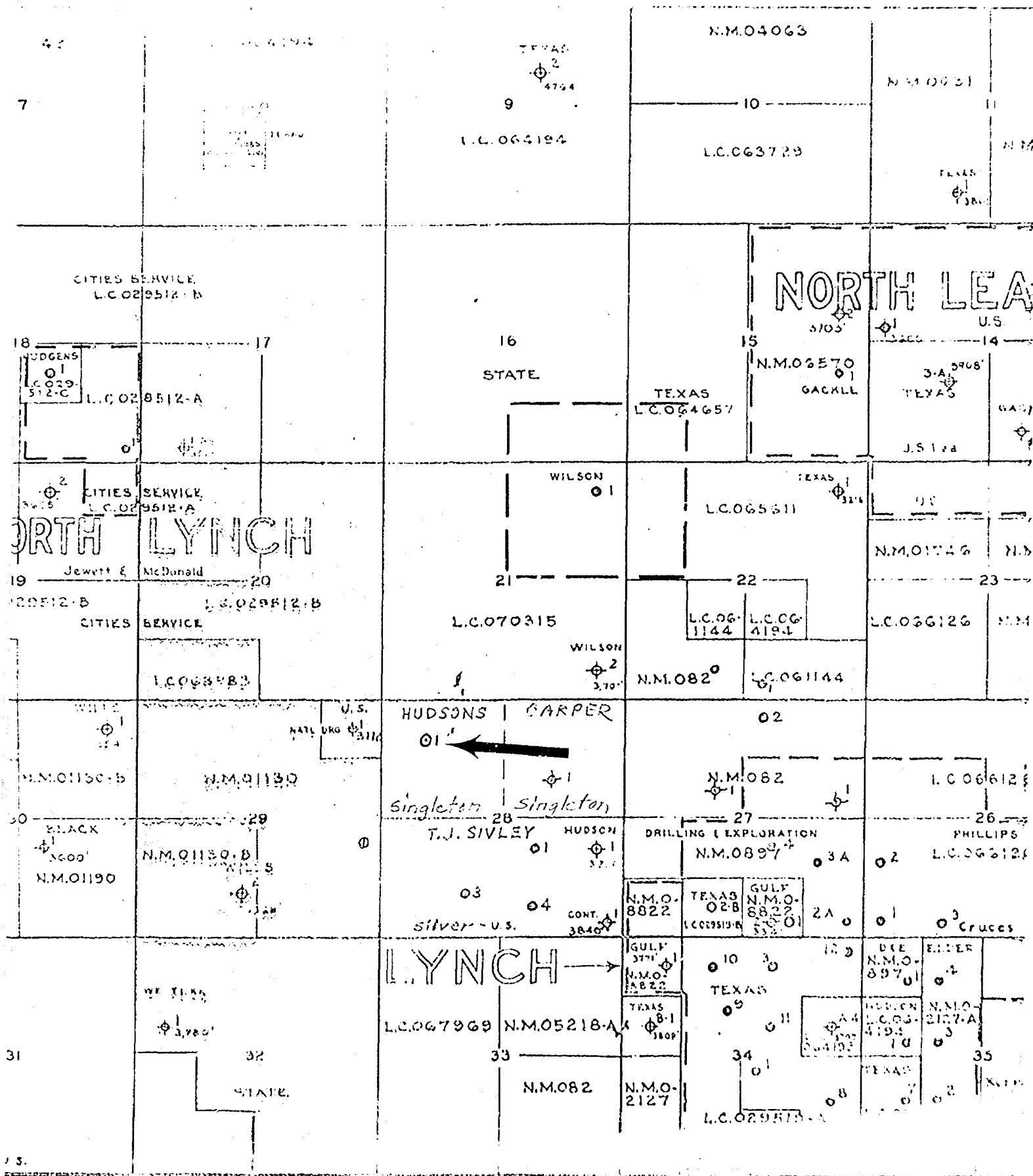
March 13, 1969

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3363 heard by us on 1-14-66.

[Signature] Examiner  
New Mexico Oil Conservation Commission

PCA Potash Leases shown by Yellow

Jan. 5, 1965



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R 31 E

Exhibit "1"

WILLIAM A. & EDWARD R. HUDSON - SINGLETON #1

DIFFERENCES IN COST -

UNDER ORDER R-111-A		PROPOSED PROGRAM	
ASSUME DRY HOLE			
1600' - 8-5/8" 24# J-55 Casing	\$ 4,880	1600' - 8-5/8" 24# J-55 Casing	\$4,880
300 sx. cement	600	Pull 8-5/8"	200
Cementing equipment & service	643	Salvage value of 8-5/8"	3,660 (Cr.)
24 hours Rig Time - W.O.C.	300	3600' - 5½" 14# J-55 Casing	6,600
3200' - 7" 20# J-55 Casing	8,100	25 sx. cement	50
25 sx. cement	50	Cementing equip. & service	643
24 hrs. rig time - W.O.C.	300	24 hrs. rig time - W.O.C.	300
Cementing equipment & service	643	Shoot and pull 5½"	900
Shoot and pull 7"	900	Salvage 3150' 5½"	<u>4,320 (Cr.)</u>
Salvage Value - 2800' 7"	<u>5,300 (Cr.)</u>		
Net Total Cost	\$11,116	Net Total Cost	\$5,593
Additional Cost over Proposed Program	\$ 5,523		
ASSUME PRODUCING WELL			
8-5/8" Casing Net Costs	\$ 6,423	8-5/8" Casing Net Costs	\$1,420
7" Casing Net Costs	4,693	Additional cost for cementing 5½" casing	<u>800</u>
Net Total Cost	\$11,116	Net Total Cost	\$2,220
Additional Cost over proposed program	\$ 8,896		