

CASE NO.

6203

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

May 15, 1978

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Walter Krug
Wallen Production Company
Box 1960
Midland, Texas 79701

Re: CASE NO. 6203
ORDER NO. R-5751

Applicant:

Walter Krug dba Wallen Production Co.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6203
Order No. R-5731

APPLICATION OF WALTER W. KRUG
DBA WALLEN PRODUCTION CO. FOR
SPECIAL CASING-CEMENTING RULES
IN THE POTASH-OIL AREA, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of May, 1978, the Division Director, having considered 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Walter W. Krug dba Wallen Production Company, seeks an exception to the Potash-Oil Area casing and cementing rules as set forth in Commission Order No. R-111-A by the extension of the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253 to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

(3) That potash development does not presently exist and is not presently known to be contemplated within the area described in Finding No. 2 above.

(4) That approval of the proposed extension of said special casing and cementing program, if amended to require

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Case No. 5203
Order No. R-5731

that the cavings casing string be set at a minimum depth of 225 feet beneath the surface, will afford the applicant and others the opportunity to produce their just and equitable share of the oil and gas in the subject area, will prevent unnecessary economic loss, prevent waste, protect correlative rights, assure maximum conservation of oil, gas, and potash resources, and permit the economic recovery of oil, gas, and potash minerals within the Potash-Oil Area as defined by Order No. R-111-A.

IT IS THEREFORE ORDERED:

(1) That the special cable tool casing and cementing rules and regulations promulgated for the North Lynch-Yates-Seven Rivers Pool by Commission Order No. R-4253 are hereby extended to encompass Sections 20, 21, 27, 28, 33, and 34, Township 20 South, Range 34 East, Lea County, New Mexico, provided however, that the cavings casing string in any well drilled in said area shall be set at a minimum depth of 225 feet beneath the surface and cement circulated to the surface.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Division Director

dr/

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO
APRIL 19, 1978

EXAMINER HEARING

-----)
)
IN THE MATTER OF:)
)

Application of Walter W. Krug,)
d/b/a Wallen Production Co.,)
for special casing-cementing)
rules in the Potash-Oil Area,)
Lea County, New Mexico.)
-----)

Case 6203

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Building
Santa Fe, New Mexico

LANPHERE REPORTING SERVICE

P. O. BOX 449
56 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

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* * * * *

E X H I B I T S

Identified

(APPLICANT'S Exhibits:)

1. Casing Program	5
2. Casing Program	5

(Exhibits 1 and 2 admitted.)

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MR. STAMETS: Call Case 6203.

MS. TIESCHENDORF: Application of Walter W. Krug d/b/a Wallen Production Company, for special casing-cementing rules in the Potash-Oil Area, Lea County, New Mexico.

MR. STAMETS: Ask for appearances in this case.

MR. KRUG: Walter Krug.

MR. STAMETS: You're appearing for yourself, Mr. Krug?

MR. KRUG: Yes, sir. I've been qualified previously.

MR. STAMETS: Would you please swear the witness.

(WHEREUPON, the witness was duly sworn.)

MR. STAMETS: Please have a seat, Mr. Krug.

MR. KRUG: If you will notice on one it shows the present casing program on the left hand side of both of the colored charts. The right hand one, the casing program as used by a gentleman by the name of Engwall. The reason I put that there is because that's closer to the wells in question than what the casing program that I'm requesting on the right hand side of the other colored

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program.

The difference between the two is the cementing of the four and a half inch pipe in the hole.

MR. STAMETS: For purposes of clarity, Mr. Krug, I'm going to label the casing program, right hand side which says "Used on Fee" as your Exhibit No. 1 and the Engwall as Exhibit 2.

MR. KRUG: All right. The casing program as I had previously crested which is that on the Fee, I prefer that one simply because I can keep the hydrostatic head off the reef and the lease Yates sand which we have here.

If I used the program as shown by Engwall which you have previously approved, I have the hole column of cement as my hydrostatic head which amounts to several thousand pounds when you add friction that you have to overcome to it.

Whereas on the right, the Fee, I can use water and cut my hydrostatic head nearly in half and under certain set of circumstances where I would be cementing a reef off I would balance my load to where I can add just enough water to release the cement and push it out of the casing on the other side, cutting the hydrostatic

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head to approximately four hundred pounds per square inch.

In brief, that's the reason for this case.

MR. STAMETS: Where on these exhibits would the reef section be encountered?

MR. KRUG: At the bottom.

MR. STAMETS: That would be below what you have identified as the base of the salt?

MR. KRUG: Yes.

MR. STAMETS: All right. Let's take a look at these two exhibits now. On the left hand side in each case is what's required under our current order R-111-A?

MR. KRUG: That's correct. That's normal rotary casing.

MR. STAMETS: Primarily what we would be concerned with would be the protection of the salt section which would be by the 8 5/8 casing that you have identified and then--

MR. KRUG: Yes, sir. That's above the salt.

Q MR. STAMETS: --and the 7 inch which would go through the salt?

MR. KRUG: Correct.

MR. STAMETS: Now, how does your proposal

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differ from what is required in the R-111-A?

MR. KRUG: All right. My proposal is that when I get well below the salt into anhydrite I set 7 inch casing and cement it all the way to the surface.

MR. STAMETS: Now what you've done though is simply mudded in the 8 5/8 rather than cementing that in?

MR. KRUG: That's correct. That is what we commonly call the cave string.

MR. STAMETS: Do you have any particular water problems in this area that would require that this 8 and 5 be cemented rather than mudded?

MR. KRUG: No. There is no water problem. Once in a great while we have--we underestimate where the water stops and in that case we have to drill wet to our 8 5/8 setting depth and put it in that way which would be your Santa Rosa water which is listed here. But that's cemented off with the 7 inch string because we bring that all the way to the surface, up inside the 13 and 3/8 as listed.

MR. STAMETS: So each one of the other strings is simply mudded into the hole until you reach a setting point on 7 inch?

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MR. KRUG: Yes. Difference between the Engwall and mine, as I pointed out, he additined--he muds the 7 inch in to 3300 feet and then sets a casing string and that puts the--because he has to bring the cement all the way to the surface by your ruling. That puts quite a load on the loose sand and on the buggy reef.

MR. STAMETS: You have used this system on other wells in this general vicinity?

MR. KRUG: Yes.

MR. STAMETS: And have you been quite successful?

MR. KRUG: Yes, sir, very successful.

MR. STAMETS: Had any difficulty bringing the cement up to the surface on the 7 inch?

MR. KRUG: You bet.

MR. STAMETS: You have?

MR. KRUG: About 50 percent of the time. I have to do what is commonly known as a top job.

MR. STAMETS: Where does the top of the cement usually come to?

MR. KRUG: The lowest that I've ever had to run it happened to be on the last well, that was 1100 feet. I had to put one inch coe along side and bring

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the cement all the way up to the surface.

MR. STAMETS: But you have managed to get it above the top of the salt in each case?

MR. KRUG: Absolutely. We had a lower zone that took that cement, which is another reason, this is exactly why I'm here. The hydrostatic head on the 4 1/2 would be even more than that on the 7 inch because you increase in height.

MR. STAMETS: Any other questions of the witness?

MR. KRUG: It's not anymore complicated than that.

MR. STAMETS: He may be excused. Anything further in this case? The case will be taken under advisement.

MR. KRUG: Thank you.

(WHEREUPON, hearing was concluded.)

* * * * *

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, CSR-RPR with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this fourth day of May, 1978.

Betty J. Lanphere
Betty J. Lanphere, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6203 heard by me on 4-19-78, 1978.
Richard R. Thomas
Examiner
New Mexico Oil Conservation Commission

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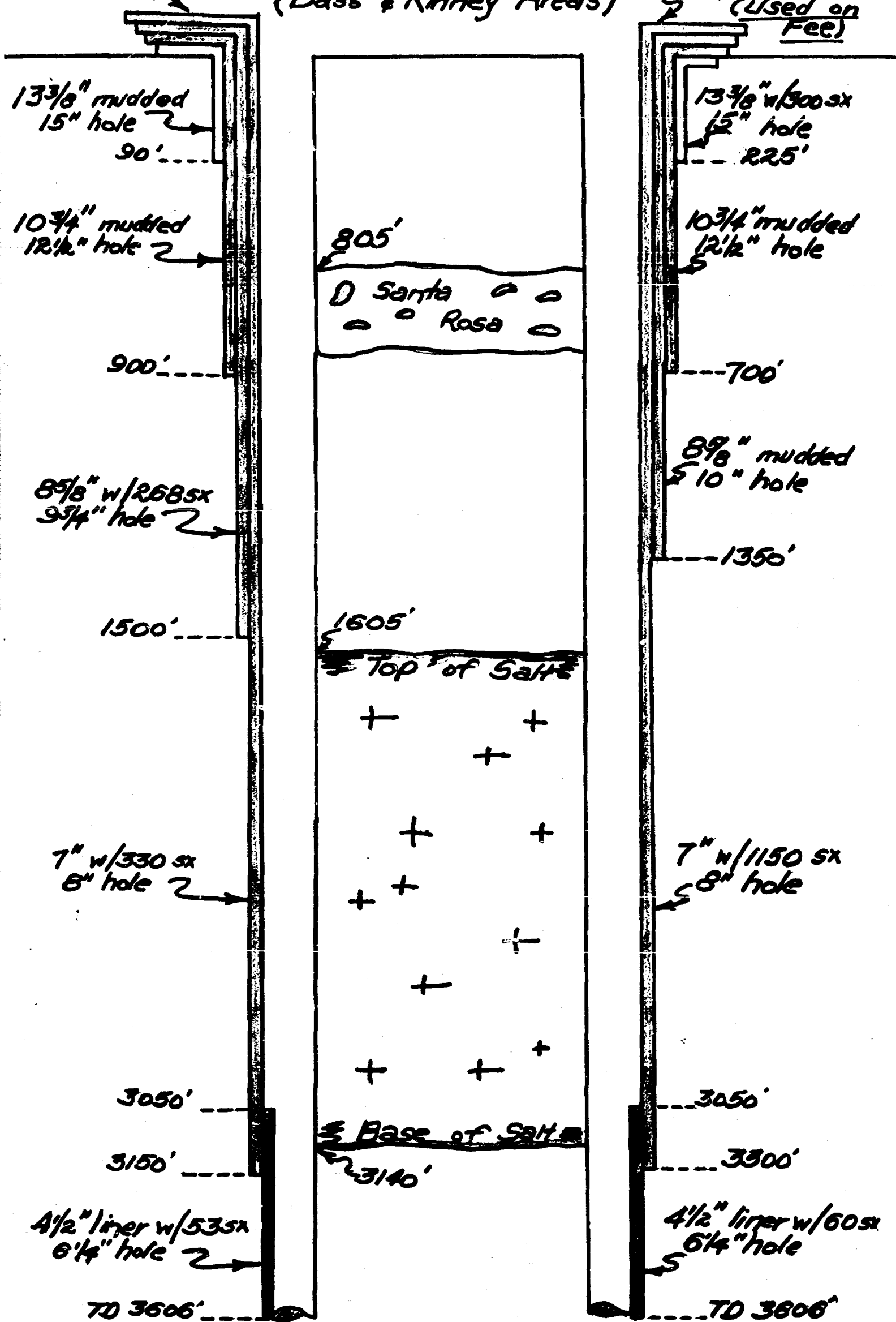
P. O. BOX 449
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SANTA FE, NEW MEXICO 87501

CASING PROGRAM

(Bass & Kinney Areas)

PRESENT

PROPOSED
(Used on
Fee)



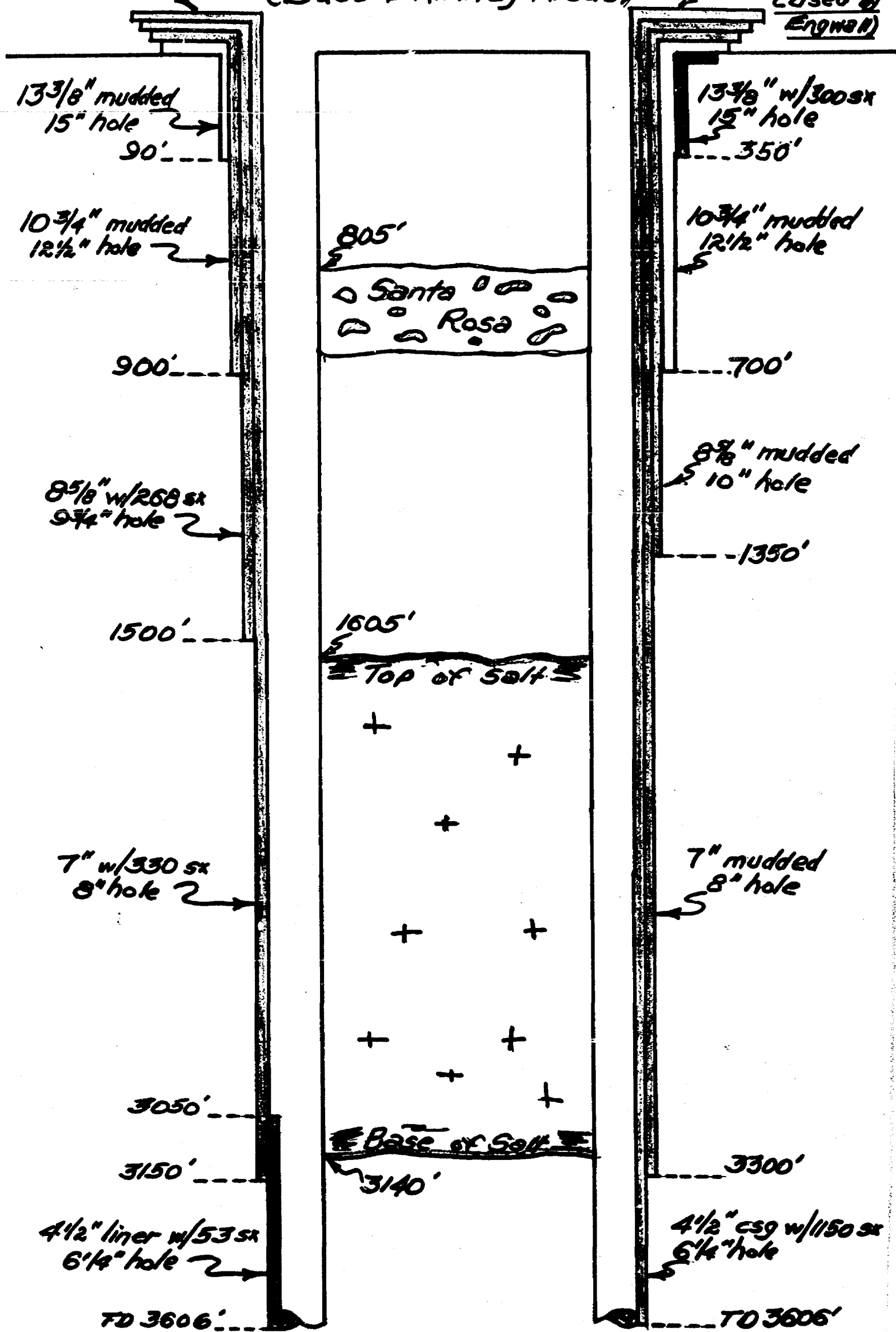
CASING PROGRAM

(Bass & Kinney Areas)

PRESENT

PROPOSED

(Used by
Engineer)



New Mexico Oil Conservation Commission
The State Land Office Bldg.
Santa Fe, New Mexico 87501
Attn: Mr Dan C. Nutter

Walter W. Krug DBA
Wallen Production Co
Box 1960
Midland, Texas 79702

March 21, 1978

Re: Approval for an
extension of Case
#4650 and OCC
order # R-4253.

Dear Sir:

Would you please consider this letter a request for a hearing for approval to extend your (OCC) above subject approval to encompass Section 21 and the NW/4 of Section 34, both in T 20 S, R 34 E, Lea County, New Mexico.

All the formations and pays, water and oil or gas will be within 50' (plus or minus) to what is covered in the above subject approval.

Your favorable consideration and prompt reply will be appreciated.

Very truly yours,

Walter W. Krug
Walter W. Krug

WK/hk

R 5163

(915) 683-2600

Dockets Nos. 16-78 and 17-78 are tentatively set for hearing on May 3 and 17, 1978. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 19, 1978

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for May, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for May, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6151: (Continued from March 22, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vega Petroleum Corporation, American Employers' Insurance Company, and all other interested parties to appear and show cause why the North Caprock Queen Unit No. 1 Well No. 5Y located in Unit E of Section 8, Township 13 South, Range 32 East, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6199: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marion B. Edmonds and O. A. Peters and all other interested parties to appear and show cause why the Edmonds & Peters Federal Well No. 1 located in Unit M of Section 3, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6200: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Astro-Tex Oil Corp., American Employers' Insurance Co., and all other interested parties to appear and show cause why the Cain Well No. 2 located in Unit J of Section 22, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6201: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paul Haskins and all other interested parties to appear and show cause why the Federal "17" Well No. 1 located in Unit P of Section 17, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6202: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Teledyne Fed. Gas Com Well No. 1 to be located 660 feet from the South line and 1980 feet from the East line of Section 4, Township 23 South, Range 29 East, Eddy County, New Mexico, the E/2 of said Section 4 to be dedicated to the well.

CASE 6203: Application of Walter W. Krug DBA Wallen Production Co., for special casing-cementing rules in the Potash-Oil Area, Lea County, New Mexico. Applicant, in the above-styled cause, asks that the special cable tool casing-cementing rules for wells in the North Lynch Yates-Seven Rivers Pool, as promulgated by Order No. R-4253, be extended to encompass additional lands, including all or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

CASE 6204: Application of Producing Royalties, Inc., for exemption from the Natural Gas Pricing Act, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to drill a replacement Pictured Cliffs gas well in the same proration unit as its Payne Well No. 2, that is, the NW/4 of Section 12, Township 29 North, Range 12 West, San Juan County, New Mexico, and seeks exemption from the Natural Gas Pricing Act pursuant to a finding that the new well is justified for reasons other than avoiding the application of said act.

CASE 6205: Application of Gifford, Mitchell & Wisenbaker for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Quanah Parker Well No. 2-Y to be located 2770 feet from the South line and 2310 feet from the East line of Section 28, Township 26 South, Range 36 East, West Scarborough-Yates Pool, Lea County, New Mexico, the SW/4 NE/4 of said Section to be dedicated to the well.

- CASE 6206: Application of Cleary Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well at a point 4650 feet from the South line and 1980 feet from the West line of Section 5, Township 21 South, Range 32 East, South Lake-Morrow Field, Lea County, New Mexico, Lots 11, 12, 13, and 14, and SW/4 of said Section 5 to be dedicated to the well.
- CASE 6207: Application of Belco Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Little et al Well No. 1 to be drilled 1290 feet from the South line and 1720 feet from the West line of Section 20, Township 22 South, Range 27 East, South Carlsbad-Cherry Canyon Pool, Eddy County, New Mexico, the SE/4 SW/4 of said Section 20 to be dedicated to the well.
- CASE 6208: Application of Layton Enterprises, Inc., for two non-standard oil proration units and two unorthodox locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for two non-standard oil proration units in Township 8 South, Range 38 East, Bluit-San Andres Associated Pool, Roosevelt County, New Mexico, each to be dedicated to a well to be drilled at an unorthodox location thereon. The first unit would comprise 102.55 acres being the N/2 NW/4 and Lot 1 of Section 16 with the well located 800 feet from the North line and 450 feet from the East line of the section; the second unit would comprise 101.84 acres being the S/2 NW/4 and Lot 2 of Section 16 with the well located 2120 feet from the North line and 450 feet from the East line of the section.
- CASE 6209: Application of Southern Union Exploration Co., for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs formation underlying the NW/4 of Section 18, Township 25 North, Range 13 West, San Juan County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6210: Application of Orla Petco, Inc., for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Upper Delaware formation through the perforated interval from 2560 feet to 2690 feet in its Sanders Well No. 1 located in Unit G of Section 6, Township 23 South, Range 28 East, Herradura Bend-Delaware Field, Eddy County, New Mexico.

Application of Walter W. Krug DBA
Wallen Production Co. for special
casing-cementing rules in the ~~East~~
Pahach-Oil Area, Lea County,
New Mexico.

Applicant, in the above-styled cause, asks that
~~under the extension of~~ the special cable tool
casing-cementing rules for wells in
the North Lupton Yates-Sewan Rivers Pool,
as promulgated by Order No. R-4253, be extended
to ~~also~~ encompass additional lands,
including all or portions of Sections 20, 21,
27, 28, 33 and 34, Township 20 South, Range
34 East, Lea County, New Mexico.

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6203

Order No. 5731

APPLICATION OF WALTER W. KRUG
DBA WALLEN PRODUCTION CO. FOR
SPECIAL CASING-CEMENTING RULES
IN THE POTASH-OIL AREA, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 19
19 78, at Santa Fe, New Mexico, before Examiner Richard

L. Stamets.

NOW, on this _____ day of May, 1978,
the Division Director, having considered 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Walter W. Krug dba Wallen Production
Company, seeks an exception to the ~~Potash-Oil~~ Potash Area casing and
cementing rules as set forth in Commission Order No. R-111-A by
the extension of the special cable tool casing-cementing rules for
wells in the North Lynch Yates-Seven Rivers Pool, as promulgated
by Order No. R-4253 to encompass additional lands, including all

or portions of Sections 20, 21, 27, 28, 33 and 34, Township 20 South, Range 34 East, Lea County, New Mexico.

(3) That potash development does not presently exist and is not presently known to be contemplated within the area described in Finding No. 2 above.

(4) That approval of the proposed extension of said special casing and cementing program, *if amended to require that the casing string be set at a minimum depth of 225 feet beneath the surface,* as requested will afford the applicant and others the opportunity to produce their just and equitable share of the oil and gas in the subject area, will prevent unnecessary economic loss, prevent waste, protect correlative rights, assure maximum conservation of oil, gas, and potash resources, and permit the economic recovery of oil, gas, and potash minerals within the Potash-Oil Area as defined by Order No. R-111-A.

IT IS THEREFORE ORDERED:

Cable tool
(1) That the special casing and cementing rules and regulations promulgated for the North Lynch-Yates-Seven Rivers Pool by Commission Order No. R-4253 are hereby extended to encompass Sections 20, 21, 27, 28, 33, and 34, Township 20 South, Range 34 East, Lea County, New Mexico, *provided however, that the casings*

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

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

casing string in any well drilled in said area shall be set and at a minimum depth of 225 feet beneath the surface and cement circulated to the surface.