

BEFORE THE OIL CONSERVATION COMMISSION OF
STATE OF NEW MEXICO

In the matter of the application of J. L. Head
W. A. Miller for an order determining as abandon
the carbon dioxide well sometimes known as the J
Head & W.A. Miller carbon dioxide well, NENE,
(Sometimes described as NENW) 31-20-N-31E, Hardin
County, New Mexico, and to grant leave to plug said
well in accordance with the laws, rules and regula
tions of the Commission. This case is set for 10
August 4, 1944.

Pursuant to notice by the Commission, duly made and publish
August 4, 1944 at 10 o'clock a.m., for hearing in the above entit.
said hearing was convened on said day, at said hour, in the Coronada
the La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. RAY ROGERS, State Land Commissioner, Member
HON. JOHN KELLY, State Geologist, Secretary
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth	Stanolind Oil Company	Santa Fe, N. M.
R. E. Nelson, Jr.	Stanolind Oil Company	Tulsa, Oklahoma
W. D. Henderson	Stanolind Oil Company	Midland, Texas
George W. Selinger	Skelly Oil Company	Tulsa, Oklahoma
D. W. Spence	Sinclair Prairie Oil Co.	Midland, Texas
H. B. Hurley	Continental Oil Company	Ft. Worth, Texas
R. Van A. Mills	Continental Oil Company	Ponca City, Okla.
J. W. Head	Head & Miller	Borger, Texas
K. H. Dally	Head & Miller	Borger, Texas
A. Knickerbocker	Fred Turner, Jr.	Midland, Texas
J. M. Zachary	Neiville G. Penrose, Inc.	Ft. Worth, Texas
Hamilton McRae	Fred Turner, Jr.	Midland, Texas
Frank D. Gardner	Sinclair Prairie Oil Co.	Midland, Texas
G. L. Shoemaker	Shell Oil Co., Inc.	Midland, Texas
S. W. House	Humble Oil Company	Midland, Texas
V. C. Maley	Humble Oil & Refining Co.	Midland, Texas
Hugh L. Sawyers	N. M. Oil & Gas Ass'n.	Roswell, N. M.
Claude E. Wood	State Land Office	Santa Fe, N. M.
Jesse Hildreth	General Crude Oil Co.	Wink, Texas
Leo E. Schultz	Oil & Gas Dept.- State Land Office	Santa Fe, N. M.
Jerry Curtis	Magnolia Petroleum Company	Roswell, N. M.
S. P. Hamfin	Magnolia Petroleum Company	Midland, Texas
W. K. Davis	El Paso Nat'l Gas Company	Jal, New Mexico
R. L. Boss	Gulf Oil Company	Hobbs, N. M.
E. J. Gallagher	Gulf Oil Corporation	Hobbs, N. M.
A. E. Willig	The Texas Company	Ft. Worth, Texas
Glenn Staley	Lea County Operators	Hobbs, N. M.
Harvey Hardison	Standard of Texas	Houston, Texas
W. S. Paterson	Scouting Service	Santa Fe, N. M.
C. W. Faris	Shell Oil Company	Midland, Texas
John P. Healy	Colo-Mex	Santa Fe, N. M.
Weldon Brigance	Rowan Drilling Company	Ft. Worth, Texas
Roy O. Yarbrough	Oil Conservation Commission	Hobbs, N. M.
E. H. Foster	Phillips Petroleum Co.	Amarillo, Texas
Mrs. Nettie Ogle		Santa Fe, N.M.
Fred Turner, Jr.	Independent	Midland, Texas
D. R. McKeithan	Phillips Petroleum Company	Barbersville, Okla.

The meeting was called to order by the Chairman, and upon the request of the Secretary, the Chief Clerk read the call of the meeting as follows:

*NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 53

In the matter of the application of J. L. Head and W. A. Miller for an order determining as abandoned the carbon dioxide well sometimes known as the J. L. Head and W. A. Miller carbon dioxide well, NENE, (sometimes described as NENW) 31-20N-31E, Harding County, New Mexico, and to grant leave to plug said well in accordance with the laws, rules and regulations of the Commission. This case is set for 10 A.M., August 4, 1944.

The attorney for the applicants is K. H. Gally, esquire, Borger, Texas.

Any person having any interest in the subject of said hearing is entitled to be heard.

The foregoing notice of publication was made, pursuant to the direction of the Commission at its Executive Meeting July 6, 1944.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 7, 1944.

OIL CONSERVATION COMMISSION

/s/ John M. Kelly

By (SGD) JOHN M. KELLY
SECRETARY

(SEAL)*

P R O C E E D I N G S

By K.H. DALLY, ATTORNEY FOR PETITIONERS:

Our principal purpose is to secure a release from liability under a bond with the Maryland Casualty Company, which was filed on the 31st day of March 1937.

(After being sworn to tell the truth, the whole truth, and nothing but the truth, Dr. J. W. Head testified as follows:)

MR. DALLY: First I will introduce in evidence a Power of Attorney from W. A. Miller. Both Powers of Attorney, but a general Power of Attorney for J. W. Head.

Your name is J. W. Head, and you reside in Borger, Texas?

DR. HEAD: Yes sir.

MR. DALLY: Dr. Head, at all times since the beginning of any drilling operations on the well described in the petition, you have acted as agent for W. A. Miller and J. W. Head?

DR. HEAD: Yes sir.

MR. DALLY: You appear here in that capacity?

DR. HEAD: Yes sir.

MR. DALLY: When was that well completed?

DR. HEAD: September 1936 - I think it was about the first of September.

MR. DALLY: Has it ever produced any carbon dioxide or oil or gas?

DR. HEAD: Hasn't produced in any quantity to the owner. Capped where it wasn't of any value to anybody.

MR. DALLY: Has there ever been a market?

DR. HEAD: No sir.

MR. DALLY: Has there been an effort made by you and other parties to obtain a market.

DR. HEAD: Not to my knowledge.

MR. DALLY: In further connection, I believe it has been involved in a law suit between the original land owner and several other parties?

DR. HEAD: Yes sir.

MR. DALLY: Your portion is much less than other interests?

DR. HEAD: Yes sir.

MR. DALLY: It would be impossible to determine exactly your interest in the well without a law suit?

DR. HEAD: Yes sir.

MR. DALLY: What is the condition of the well at this time?

DR. HEAD: In bad condition at this time.

MR. DALLY: Any leaks in the casing through which carbon dioxide gas is escaping?

DR. HEAD: Leaking around the casing, just how far down it is coming from, no one could tell. There are some bad valves on the well which control the pressure.

MR. DALLY: As stated, your principal purpose is to be relieved from the chief liability of this bond.

DR. HEAD: Yes sir.

MR. DALLY: To take the necessary steps to secure that release?

DR. HEAD: Yes sir.

BY JUDGE SETH: I represent the land owner, would like to ask a few questions.

Dr. Head did you have the outside casing of that well pulled?

DR. HEAD: I did.

JUDGE SETH: It has been leaking around that outside casing ever since?

DR. HEAD: No sir.

JUDGE SETH: The valves leak, and around the outside casing?

DR. HEAD: Leaking around the outside casing.

JUDGE SETH: When did you last see that well?

DR. HEAD: A few weeks ago.

JUDGE SETH: You can hear escaping gas one hundred yards away?

DR. HEAD: Can around the casing.

JUDGE SETH: Has been for nearly six years hasn't it?

DR. HEAD: No not that long.

JUDGE SETH: Hasn't it leaked ever since you pulled that outside casing?

DR. HEAD: No sir.

JUDGE SETH: Was it cemented at all?

DR. HEAD: Yes.

JUDGE SETH: It is coming up around the present casing?

DR. HEAD: The outside casing was pulled.

JUDGE SETH: Coming up from the place from which that was pulled?

DR. HEAD: Coming from around the casing.

JUDGE SETH: What was the estimated capacity of that well at the time?

DR. HEAD: It has been estimated 5 million to 20 million, variously estimated.

JUDGE SETH: The land owner's attitude - there is a litigation pending, tried in Mosquero about a month ago by Judge Taylor, and adjourned it to Taos to try to make arguments at Taos.

MR. KELLY: What type of litigation?

JUDGE SETH: The land owner is asking to cancel the lease for failure to develop the property. No effort has been made to sell the gas, we are seeking to cancel the lease because of breach to try to develop the property. We have no control over the well unless we are successful with the litigation.

MR. KELLY: You object to having the Commission direct the insurance company to plug this well?

JUDGE SETH: Not at all - Another Company, the Colo-Mex, is a Corporation but owns no interest in the well, it is an Association of Colorado "suckers" who put money in the well and this Corporation is formed to protect their rights. We have no objection to the well being properly plugged. In fact would like to have it done.

MR. KELLY: Any other witness or further questions? The Commission will hear anybody else interested in this case.

(After being sworn to tell the truth, the whole truth and nothing but the truth, Mr. John P. Healy made the following statements)

MR. HEALY: The object of this I believe was to relieve Dr. Head from providing a plugging bond, - there has been a misunderstanding concerning the obligations of carrying that bond. The unit holders organization, the Corporation Colo-Mex own one-half interest in the well. It was their understanding the plugging bond wasn't necessary, and they did nothing about it. I didn't know about this until recently, and I have convinced them that we should assume the bond and relieve Dr. Head, and we are very willing to do that.

MR. KELLY: Have you filed a bond with the Commission?

MR. HEALY: No, I have applied for a bond, it is not yet filed.

MR. KELLY: When were you at the well last?

MR. HEALY: Last Fall.

MR. KELLY: Do you substantiate the statement that the casing and valves leak?

MR. HEALY: Not as spoken.

MR. KELLY: What is the condition at the present time?

MR. HEALY: Present condition, except for the gas coming up between the

eight and six inch, probably leaking through the collar and production string - coming up between the six and eight inch. Mr. Landon and I drove steel cuttings in there and blocked it. We were advised the well should not be entirely closed.

MR. KELLY: Why?

MR. HEALY: Many drillers advised leaving the valve open slightly.

MR. KELLY: Do you realize any gas escaping in the air is a violation of the statute?

MR. HEALY: I wasn't acting particularly on that. We blocked the well and shut off the valves tight.

MR. KELLY: In other words, you claim this well is not leaking and cannot be heard for two hundred yards?

MR. HEALY: Slight leak - I think I could take a hammer and chisel and drive those cuttings a little tighter - a very slight leak.

MR. KELLY: What is the pressure?

MR. HEALY: Five Hundred Pounds - volume 3,940,000.

The well is in perfect condition with the exception that would perhaps have to pull the six inch string to stop the slight leak, perhaps if it was cemented it would block the leak.

MR. KELLY: What's the so called string to be pulled?

MR. HEALY: Two joints of big surface casing.

MR. KELLY: As I understood, it has been leaking between the eight inch and the outside.

MR. HEALY: Leaking between the six and eight inch.

MR. KELLY: Not on the outside of the eight?

MR. HEALY: No sir, and very slight at that.

MR. KELLY: Are you a member of the Colo-Mex Corporation?

MR. HEALY: No sir, I am not, the Colo-Mex owns one-half and I own one-fourth interest in another half along with three other men.

MR. KELLY: What is your interest, Dr. Head?

DR. HEAD: I don't know - I would have to make some calculation - I would have to see just what my interest would represent - not a great deal however.

MR. KELLY: In order to relieve the charge, you claim you own one-fourth interest?

MR. HEALY: I own one-eighth - four own one-half, and Colo-Mex owns the other half.

MR. KELLY: You individuals willing to put up a bond?

MR. HEALY: Yes sir.

MR. KELLY: You have applied for a bond?

MR. HEALY: We are applying for a bond altogether. The Attorney for the Colo-Mex unit holders had had a good deal of correspondence with your office. I cannot get it into their heads the law requires that bond - The act was passed sometime after 1929 and he has always been referring back of 1929. As soon as he has that settled it clears the whole situation.

MR. KELLY: Any further statements?

MR. HEALY: I would just like to have it understood the condition that well is in. Three strings of casing, six, eight and ten inch, two or three joints pulled off the ten inch.

MR. KELLY: The ten inch does not come to the surface anymore?

MR. HEALY: No. Two strings of casing, the six and eight come to the surface, the next two or three joints are pulled. The eight and six are properly cemented.

MR. DALLY: You are here representing those claiming one-half ownership in that well?

MR. HEALY: All concerned.

MR. KELLY: Have you an affidavit authorizing you to represent them?

MR. HEALY: I have a letter.

MR. DALLY: You are prepared to immediately proceed to secure a bond?

MR. HEALY: I will personally guarantee to do that.

MR. KELLY: The application is to plug the well, it is the condition of the well, not who owns it.

DR. HEAD: The well has been abandoned five years.

JUDGE SETH: An effort was made to prove that this leak for five and one-half years was a great improvement to the reservoir.

MR. HEALY: The pressure on the well registers the same pressure without the leak - not enough to change the pressure.

MR. DALLY: In connection with the lawsuit that was tried in Mosquero - W. L. Miller and J. L. Head did not appear in that case?

JUDGE SETH: They did not.

MR. LIVINGSTON: Please clarify the statement as to the dealings that I have with the Colo-Mex regarding the bond.

MR. KELLY: He wishes you to state the bond has been requested several times.

MR. HEALY: When he (Mr. Livingston) explained it to me, I told him I would explain it to the other parties.

MR. KELLY: I would like to call the Oil Commission's Oil and Gas inspector to the stand.

(Mr. Roy Yarbrough, Oil and Gas Inspector for the Oil Conservation Commission)

MR. KELLY: Have you ever inspected the well in question?

MR. YARBROUGH: No I never have.

MR. KELLY: You don't know the shape of the well?

MR. YARBROUGH: I have never been to the well.

MR. KELLY: Before the Commission will act in the case, we would like to have you visit the well and examine it.

JUDGE SETH: They introduced in evidence a certified copy of inspection of this well several years ago, at the trial at Mosquero.

MR. KELLY: The Commission will make an inspection of the well before a decision is made.

Dr. Head, your responsibility will be relieved if the Colo-Mex people supply the bond. Whoever is the insurance company at the time will have to plug the well. If they supply a bond your bond will be automatically cancelled.

DR. HEAD: That will relieve me of the obligation so far as plugging the well is concerned? It is up to the Commission to determine whether this well should be plugged or a new bond.

C E R T I F I C A T E

I hereby certify that the foregoing and attached seven and one-half (7½) pages of typewritten matter constitutes a true, correct and complete transcript of the shorthand notes taken by me in Case No. 50, on the 4th day of August 1944, and by me extended into typewriting.

WITNESS my hand this 24th day of August 1944.


Vastie Fowler