

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
WILLIAM F. CARR  
BRADFORD C. BERGE  
J. SCOTT HALL  
PETER N. IVES  
JOHN H. BEMIS  
MARTE D. LIGHTSTONE

RECEIVED  
MAR 3 1988  
OIL CONSERVATION DIVISION

GUADALUPE PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

March 2, 1988

HAND DELIVERED

Bill Lemay, Chairman  
New Mexico Oil Conservation Commission  
P.O. Box 2088  
New Mexico State Land Office Bldg.  
Santa Fe, New Mexico 87504-2088

Re: Case No. 9316

Dear Mr. Lemay:

Enclosed are the comments of Texaco, Inc. submitted in conjunction with the hearing held on the above matter on February 12, 1988. We ask that these comments be made a part of the record on this case.

Very truly yours,



J. Scott Hall

JSH/dmq  
encl.

cc w/encl: Tom Kellahin, Esq.  
James Bruce, Esq.  
Charles High, Esq.



March 3, 1988

State Land Office  
Box 1148  
State Land Office Bldg.  
Santa Fe, New Mexico 87501  
Attn: Vic Lyons

Re: Proposed Order R-111-P

Gentlemen:


In reference to the R-111-P proposal as proposed in the February 18, 1988 hearing Anadarko would like to make the following comments and proposed changes:

- 1) Anadarko realizes that most of the blue area, as it appears on the BLM's 1984 potash map for Lea and Eddy counties in New Mexico, has been put off limits to oil & gas exploration and development by the BLM. Anadarko is of the opinion, there are portions of the blue area which will not be reached from existing mines for 100 to 200 years. It would therefore be more logical for these remote blue areas to be opened to oil & gas drilling now, rather than locking out the oil & gas companies, due to present unrealistic prohibitive regulations. These remote areas could be explored and if found productive be developed and depleted decades if not centuries before current mines reached these areas.
- 2) With reference to page 9, paragraph (h) of section (5) - The installation of a rupture disc on the surface pressure control system is of no safety value and would on the contrary create an additional hazard. The current BOP and choke hookups are designed to carry potentially hazardous well fluids and gases away from the rig and its personnel. A rupture disc rupturing around a drill site could

cause panic, fires, explosions, and poisonings that would result in injuries, deaths and loss of equipment.

- 3) In regard to page 15, sentences 2 & 3 - Anadarko agrees with the NMOCC that they are a government regulatory body which is not bound by agreements. The Commission should continue to exercise its authority and all matters before it should remain subject to hearing.

Very truly yours,



George R.S. Buehler  
Staff Production Engineer

GRSB:gks

# INTERNATIONAL

## MINERALS & CHEMICAL CORPORATION



GENERAL OFFICES • 20 NORTH WACKER DRIVE • CHICAGO 6

P. O. BOX 71  
CARLSBAD, NEW MEXICO  
February 1, 1956

Mr. W. B. Macey  
Secretary-Director  
Oil Conservation Commission  
Santa Fe, New Mexico

Dear Mr. Macey:

We are enclosing a copy of a report from our Geologist, Mr. Mitterer, with reference to several wells for oil and gas exploration which have been drilled lately on our Lea County potash leases. Mr. Mitterer raises the question as to the interpretation which should be put on the rule in R-111-A as to the distance such oil and gas exploration holes should be kept from the boundary of the potash area. Since I was not a member of the committee which studied this question, I am not aware of all the implications which went with the ruling. However, it appears to me that the question Mr. Mitterer raises in the second and third paragraphs on page 2 of his report should be gone into with some thoroughness because, obviously, there is a chance for a great deal of conflict between the potash and oil people the way the matter now stands.

We would very greatly appreciate your advice in this matter.

Very truly yours,

E. C. Skinner  
Manager

ECS:lp  
encl.



INTERNATIONAL MINERALS & CHEMICAL CORPORATION  
POTASH DIVISION CARLSBAD, NEW MEXICO

January 20, 1956

To: E. C. Skinner

From: Adolph V. Mitterer

Subject: Lea County Oil Wells on International Potash Leases

Dear Sir:

Within the past few weeks we have received information on the drilling of a shallow oil well in section 32, T19S R33E, which is a part of our state potash lease M-2945 in Lea County, New Mexico. I have pursued the matter further and now have the following new information.

In summary:

1. Edward E. Kinney has drilled a new test in section 32. The well was started at the end of November and was plugged and abandoned December 21. (see map)
2. Sinclair is now drilling a test in section 29.
3. Both of these tests were located and drilled after the effective date of the oil and gas commission's new R-111-A and the Kinney test is located within a one-mile radius from the potash-oil area boundary. Neither of the tests violates the rule's provisions with regard to locations and notices.
4. Three other tests have been drilled previously; one of these reported potash mineralization.

In the Spring of 1954, International entered into an agreement with Ed E. Kinney of Artesia, whereby we participated in the cost of drilling his Ed E. Kinney, Magnolia-State No. 1 test in section 32. In return for our participation we were permitted to recover a core from the potash horizon. The core from this test is identified as International's core test 193. No commercial mineralization was discovered.

Kinney completed the well as a discovery test on July 9, 1954 and since that time he has enjoyed a modest production from the well.

The location of this test as shown on our records is incorrect. The actual location as shown on the plat of survey filed with the Oil and Gas Commission is 660 feet from the North line and 1980 feet from the East line of section 32. Our records have been changed to show the correct location.

1-20-56

Kinney's new test, Ed E. Kinney-Magnolia-State No. 2, was drilled on his state oil lease B-11290, 1650 from North line and 990 from <sup>West</sup> East line of section 32. The notice of intent-to-drill was dated November 28, 1955. The test was started November 30, and was bottomed at 3259 feet before December 21, by the Pennsylvania Drilling Company. The test was plugged and abandoned December 21.

This test is located 1,000 feet outside the boundary of the potash oil area as defined in R-111-A. Kinney did not notify us of this test, nor was he required to do so under the provisions of paragraph VII of R-111-A. He also did not plug the test as provided in paragraph VI so as to provide a solid cement plug through the salt section.

Even though the rule did not require Kinney to notify us of the location and to take extra care in plugging because his well was outside the limits of the potash oil area, I believe that it was the intention of the Potash Representatives who participated in writing the ruling that the one-mile "red us-of-interest" idea should apply also to the one-mile marginal strip outside the boundary as well as to the potash-oil area itself.

I suggest that we ask the commission for its interpretation of this situation.

With regard to the wells in section 29: The new test now being drilled is the Sinclair-Federal-Carder No. 1, located 660 from North line and 660 from West line of section 29. The notice of intent to drill was dated Dec. 1, 1955.

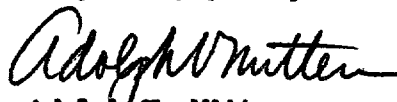
W. H. Black-Federal-E-1, is located 980 from North line and 1980 from East line. It was started in November, 1953, and bottomed at 3330 in January. Three potash horizons were reported in this well: 1855-1955; 2020-2060; 2465-2540. This well was plugged and abandoned January 7, 1954.

American Republics Corp. -Federal No. 1- is located 23- from South line and 1980 from East line. It was drilled, bottomed, plugged, and abandoned in November and December 1954. Total depth was 3280.

Section 29 formerly was covered by one of the Archibald permits which expired in 1953. There is no permit now issued on the land.

In view of the reported potash in the in the Black well, it might be worth while for us to seek prospecting permits on some of these lands which border our lease area.

Very truly yours,

  
Adolph V. Mitterer  
Geologist

AVM:dp  
Enc.



# SEIT

21

3207

W. H. Black  
Federal E-1  
(Plugged & Abd. 1-17-54)  
(Potash Mineralization)

2918

29

28

American Republics  
Corp. Federal No. 1  
⓪ (Plugged & Abd. 12-54)

Ed. E. Kinney - Magnolia  
State No. 2  
(Plugged & Abs)  $\emptyset$   
12/21/55

193  
Blank  
Ed E Kinney-Magnolia  
State No.  
(International No 193)  
(Discovery Completed 7-9-54)

Potash-Oil Area

Boundary

121  
6700  
01

117  
●  
4219

118  
●  
2118

208  
●  
3603

207

171  
615

174  
8515  
TF

72  
500  
13

US73

IMCC Lease Area

## Sylvinite Ore Reserve

OIL WELLS NEAR  
INTERNATIONAL'S  
LEA COUNTY LEASES

1 inch = 3000 ft.      January, 1956

Case 278

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

February 3, 1956

Mr. E. C. Skinner  
International Minerals & Chemical Corp.  
P.O. Box 71  
Carlsbad, New Mexico

Dear Mr. Skinner:

Reference is made to your letter of February 1st and to your geologist, Mr. Mitterer's report pertaining to the potash-oil area and the regulations contained in our Order R-111-A.

At the time of the committee meetings pertaining to these proposed rules, the question of the one-mile zone around the outer boundaries of the known potash reserves was discussed. It was at that time generally agreed upon that the rules should apply only to the potash-oil area, that area being the area of known commercial potash bearing ore. We did not keep any transcript or minutes of the meetings; however, I do recall that at the time the point was mentioned the oil industry representatives pointed out that the additional one-mile area would include an additional forty to fifty thousand acres. If you or any of the other potash companies feel that this matter is of extreme importance, we can probably call the committee together again and attempt to work out something in the way of a change in the rules.

In the meantime, I will discuss the problem with our inspectors in Southeast New Mexico and also with Mr. Anderson of the U. S. Geological Survey, and we will make every effort to make absolutely sure that any well drilled within this one-mile zone is properly plugged, although I doubt very seriously, in the absence of any specific rules, that we can require a solid column of cement through the salt section.

Very truly yours,

W. B. Macey  
Secretary - Director

WBM:brp

C  
O  
P  
Y





UNITED STATES  
DEPARTMENT OF THE INTERIOR  
OFFICE OF THE SECRETARY  
WASHINGTON

MAR 20 1951

My dear Mr. Shepard:

I have been advised that you have scheduled a hearing in Santa Fe for 10 a. m., March 29 to consider the problem of leasing and exploring for oil the area in southeast New Mexico within which the potash mines are located. At this hearing, which is a continuation of the one held on February 27, you hope all interested parties in oil and potash will present testimony pertinent to the problem so that you may make a ruling and dispose of the matter.

Opening of the presently withdrawn area to oil and gas leasing or the extension of the withdrawn area to lands under potash lease to the Southwest Potash Corporation involves an important question of future state and Federal policy and appears to be directly related to our national economy.

I have instructed the Director, U. S. Geological Survey, to have in attendance at the hearing both the mining supervisor and the oil and gas supervisor for New Mexico as observers and to furnish such technical advice as may be necessary in presenting the operating conditions incident to dual development of acreage by mining and drilling on Federal lands in the potash area.

The Secretary at this early date does not have any technical information or recommendation from his staff for review and urges that you withhold issuing a formal decision until he has studied the problem. The potash companies jointly have recommended that a government, state, and industry committee be established to formulate policy and protective measures to the end that the interests of both the oil and gas and the potash industries will be recognized and protected. I believe such a committee or advisory board has merit and will assist both of us in developing a satisfactory solution on future policy. Its adoption will delay, of course, a final decision, but the problem is of such national interest as to warrant detailed study.

The Department will be pleased to receive any comments or suggestions you may care to make to protect the interests of both the potash and the petroleum interests. You can be assured of our

cooperation in reaching a satisfactory solution affecting both the state and Federal acreage.

Sincerely yours,

(sgd) Sam E. Day

Assistant Secretary of the Interior

Hon. Guy Shepard  
Commissioner of Public Lands  
State Land Office  
Santa Fe, New Mexico

278

STATE OF NEW MEXICO  
OFFICE OF STATE GEOLOGIST  
SANTA FE, NEW MEXICO

July 19, 1951

C  
O  
P  
Y

Mr. Foster Morrell  
United States Geological Survey  
Box 997  
Roswell, New Mexico

Dear Mr. Morrell:

This will acknowledge your letter of July 13, 1951, in which you say you desire three copies of the Oil Conservation Commission's proposed rules for the potash area. This is to advise that these proposed rules will be forwarded to your office for your suggestions, comment and correction and will not be adopted as official rules and regulations of the Commission until your comments and suggestions have been considered.

I feel, as you do, that a state of close cooperation between the Oil Commission and the USGS will result in a uniform set of rules for both federal and state lands, which will be helpful to all operators and will facilitate development of the area.

Very truly yours,

R. R. Spurrier  
Secretary - Director

RRS:ar

Roswell, New Mexico  
September 4, 1951

Mr. Guy Shepard  
Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

Dear Mr. Shepard:

Your Oil-Potash Committee which is studying ways and means for concurrent production of oil and potash from the basin area of Lea and Eddy County, met on August 13, 1951. At this meeting there was full agreement by committee members on drilling and casing rules and regulations; however, the members could not agree as to acreage restrictions. It was the thought of your oil members that another meeting be held to further discuss acreage limitations. We have been furnished, however, with a report mailed to you by the potash members in which they outline their views of the entire problem. In order to complete your committee's work the oil members respectfully submit this letter which outlines their views:

1. We submit a proposed casing and drilling program (attached) which is to cover and protect the potash area during the drilling of exploratory test wells.
2. If and when discoveries of oil and/or gas are made then the Oil Conservation Commission should call an open hearing within 45 days to set up drilling, casing and spacing rules and regulations in the area or areas immediately around the discovery. These rules and regulations may or may not follow the proposed rules covering exploratory wells but they should be tailored to fit the case of field development and full protection of potash deposits.
3. We recommend that no drilling be allowed over the open or active mine workings and for  $\frac{1}{2}$  mile around such workings, with all areas set out to nearest 40 acre subdivisions as per U.S.G.S. surveys. We suggest that you obtain from the potash companies an outline of their active mine workings and then project the area as suggested above. For new mines that are in the shaft sinking stage then an area  $\frac{1}{2}$  miles in radius from the shafts. These restricted areas should be reviewed annually and enlarged or subtracted according to the advance of potash mining.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

RECEIVED  
SEP 6 1951

4. These restricted drilling areas however are to be held open to leasing for oil and gas as well as potash and are to be available to join unit plan agreements in order to protect the interests of the State.

5. All lands in the potash area are to be open for leasing as to oil and gas as well as to potash. No restricted areas are to be set up and if at present there are such restricted areas then they should be abolished and the lands made available to potash and oil leasing and development.

6. We request that you confer with the United States Government representatives in order that the regulations when set up will be the same for operations on either state and federal lands. This will avoid needless duplication from both the oil and potash operational standpoint on regulations.

It is the opinion of your oil members that oil and potash development may take place concurrently in the potash basin area of Eddy and Lea Counties. We call to your attention that proper conservation of natural resources means development of these resources as needed and to prevent needless waste. Certainly both oil and potash are needed at this time to aid our National defense effort and they both should be developed and produced to the maximum consistent with proper conservation safeguards.

Should you need further information the oil members and I feel sure the potash members of your committee would be pleased to meet with you and to try to supply you with the desired material.

Respectfully submitted

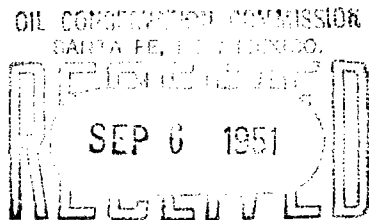
EMERY CARPER

JOHN M. KELLY

  
John M. Kelly

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

SEP 6 1951



**I. DRILLING AND CASING PROGRAM:**

- (1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:
  - (a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.
  - (b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.
- (2) Surface Casing String:
  - (a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.
  - (b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.
  - (c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:
    - (i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.
    - (ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.
  - (d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.
- (3) Salt Protection String:
  - (a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.
  - (b) The salt protection string shall be cemented as follows:
    - (i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string must be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or (\*)
    - (ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.
  - (c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.
  - (d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.
  - (e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(\*) may be cut and pulled if the production string is cemented to the surface as provided in sub-section (5), (a), (i).

- (f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.
  - (g) Casing tests shall be made both before and after drilling the plug and below the casing seat, as follows:
    - (i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.
    - (ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.
  - (h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section (3) (b) (i) and (ii) above.
- (4) Intermediate String:
- (a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.
  - (b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.
- (5) Production String:
- (a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:
    - (i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that  
If the salt protection string was cemented to the surface, the production string may be cemented with a volume adequate to protect the pay zone and the casing above such zone.
    - (ii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.
  - (b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.

## II. DRILLING FLUID FOR SALT SECTION:

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically to prevent enlarged drill holes.

## III. PLUGGING AND ABANDONMENT OF WELLS:

All wells heretofore and hereafter drilled within the potash area shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.



*Potash report*

RECEIVED  
STATE LAND OFFICE

AUG 27 1 27 PM '51

Carlsbad, New Mexico  
August 24, 1951

SANTA FE, N. M.

*Mr. Spurrier*

Mr. Guy Shepard,  
Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

Dear Mr. Shepard:

On August 13, 1951 your committee, appointed to make a study of concurrent exploration for potash and oil and gas on lands underlaid by potash deposits or thought to be susceptible of future potash development, met in Artesia, New Mexico. It was hoped that this meeting would be the final one necessary for the committee members to make a joint recommendation to you covering future rules and regulations to govern leasing and drilling for oil or gas in this area.

A meeting had previously been held in Santa Fe, before the Oil Conservation Commission, on July 10, 1951, where recommendations had been made by both the potash and the oil and gas interests. It was, naturally, the desire of your committee to arrive at some agreement, based on information presented at the July 10th and previous meetings; however, in the meeting of your committee in Artesia on August 13th there was a divergence of opinion with reference to the matter of restricting certain acreage and the only point on which accord was reached was on the proposed drilling and casing regulations, both for deep and shallow drilling. It is, therefore, the desire of the potash representatives on your committee to express concurrence in the drilling and casing program (which was prepared by the oil members of the committee, together with representatives of the United States Geological Survey), a copy of which is attached hereto, but to also advise you of the opinion of the potash industry with reference to the need for restricting development completely in portions of the known or potential potash area in Eddy and Lea Counties, New Mexico.

In the hearing in Santa Fe on July 10th a map of the known and potential potash area was submitted. This map, showing an outline of the probable potash area, was prepared from information compiled by the United States Geological Survey. The outline on the map delineated the district which the United States Geological Survey representative advised was the zone of known or probable potash minerals. The United States Geological Survey has access to the core drilling records of anyone ex-

Mr. Guy Shepard  
page 2.  
August 24, 1951

ploring in the district and the map represents a correlation of all information received from all exploratory drilling since the inception of operations in the Carlsbad potash district.

In the hearing on July 10th the recommendation of the potash industry was that the mineralized district shown on the map be broken down as follows:

AREA "A" - Areas which are underlain by proven commercial potash deposits.

AREA "B" - Areas under which commercial potash deposits are indicated but not delineated.

Representatives of the potash industry, at the hearing, recommended that:

Future leases may issue upon the lands within "Area A" but such leases shall contain the proviso that no drilling may be conducted thereon; however, the acreage embraced in such leases may be committed to unit agreements.

It is realized that valid existing lease rights of the oil lessees must be considered in Area A but every possible protection to potash reserves in that area should be afforded. The district comprising Area A was arrived at by having each company show on the map the lands comprising its ore body. A very fair appraisal was made by each company and any lands which were not felt to contain proven commercial potash ore, even though such lands were held under lease, were eliminated from the A Area.

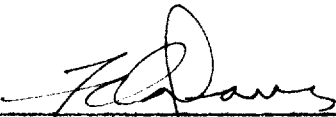
In the course of various discussions, both in committee meetings, and in public hearings in Santa Fe, the representatives of the oil industry advised that it was not their desire to drill in an "active mine area." The definition of what comprises a proven deposit has been about the only point of difference in the presentation by representatives of both industries. Naturally, what is an active mine working today is no indication of where the mining operation will be in progress two or three years hence. Consequently, it is necessary to protect against encroachment on the proven ore bodies of the potash companies, which will be the source of potash in future years. It is felt that this has been accomplished by designating

Mr. Guy Shepard  
page 3.  
August 24, 1951

the A Area and it is believed by the potash representatives of your committee that any rules or regulations promulgated by either the State Land Office or the Oil Conservation Commission should give every protection to the ore bodies of the potash operators without regard to the present mine area.

The acreage comprised in Area A is extremely small in relation to what is considered the potential oil producing district of southeastern New Mexico. In light of the fact that the Carlsbad district represents the only point in the United States where potash is mined and in view of the fact that approximately 90% of all potash produced in the United States now comes from the Carlsbad district, it is extremely important to the State and the Nation, as well as to the potash operators, that every protection be provided and that no action be taken which might in any way endanger these deposits. It is, therefore, the opinion of the potash members of your committee that any action taken by you should incorporate provisions that future oil leases may not issue upon the lands within Area A unless issued under conditions which bar any drilling thereon. This would permit the Area A acreage to be committed to unit agreements while at the same time protecting against any possible damage to the potash deposits.

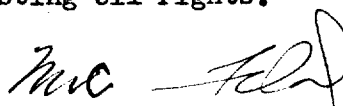
Respectfully submitted,

  
F. C. Davis

  
T. M. Cramer

P.S.

As was stated several times for the record, by the potash representatives, it is our belief that procedure should be set up whereby a periodic review (perhaps each five or ten years) will be made of the acreage embodied in Area "A". If it is determined that any lands of the potash operators are barren of potash such lands can be transferred to the "B" Area; conversely, if any acreage in the "B" area is found to contain commercial potash ores such acreage can be transferred to the "A" Area, subject to the then valid existing oil rights.



LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

## I. DRILLING AND CASING PROGRAM:

- (1) For the purpose of the regulations and the drilling of oil and gas exploratory test wells, shallow and deep zones are defined as follows:

(a) The shallow zone shall include all formations above the base of the Delaware sand or above a depth of 5000 feet, whichever is the lesser.

(b) The deep zone shall include all formations below the base of the Delaware sand or below a depth of 5000 feet, whichever is the lesser.

- (2) Surface Casing String:

(a) A surface casing string of new, second-hand or reconditioned pipe shall be set in the "Red Bed" section of the basal Rustler formation immediately above the salt section, or in the anhydrite at the top of the salt section, as determined necessary by the regulatory representative approving the drilling operations, and shall be cemented with not less than one hundred and fifty percent (150%) of calculated volume necessary to circulate cement to the ground surface.

(b) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(c) Casing and water shut-off tests shall be made both before and after drilling the plug and below the casing seat, as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of six hundred (600) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measure shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(d) The above requirements for the surface casing string shall be applicable to both the shallow and deep zones.

- (3) Salt Protection String:

(a) A salt protection string of new, second-hand or reconditioned pipe shall be set not less than one hundred (100) feet nor more than two hundred (200) feet below the base of the salt section.

(b) The salt protection string shall be cemented as follows:

(i) For wells drilled to the shallow zone, the string may be cemented with a nominal volume of cement for testing purposes only. If the exploratory test well is completed as a productive well, the string must be recemented with sufficient cement to fill the annular space back of the pipe from the top of the first cementing to the surface or to the bottom of the cellar, or (\*)

(ii) For wells drilled to the deep zone, the string must be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(c) If the cement fails to reach the surface or the bottom of the cellar, where required, the top of the cement shall be located by a temperature or gamma ray survey and additional cementing shall be done until the cement is brought to the point required.

(d) The fluid used to mix with the cement shall be saturated with the salts common to the zones penetrated and with three percent (3%) of calcium Chloride by weight of cement.

(e) Centralizers shall be spaced on at least every one hundred fifty (150) feet of the salt protection string below the surface casing string.

(\*) may be cut and pulled if the production string is cemented to the surface as provided in sub-section (5), (a), (f).

(f) Cement shall be allowed to stand a minimum of twelve (12) hours under pressure and a total of twenty-four (24) hours before drilling the plug or initiating tests.

(g) Casing tests shall be made both before and after drilling the plug and below the casing seat as follows:

(i) If rotary tools are used, the mud shall be displaced with water and a hydraulic pressure of one thousand (1000) pounds per square inch shall be applied. If a drop of one hundred (100) pounds per square inch or more should occur within thirty (30) minutes, corrective measures shall be applied.

(ii) If cable tools are used, the mud shall be bailed from the hole and if the hole does not remain dry for a period of one hour, corrective measures shall be applied.

(h) The above requirements for the salt protection string shall be applicable to both the shallow and deep zones except for sub-section (3) (b) (i) and (ii) above.

(4) Intermediate String:

(a) In the drilling of oil and gas exploratory test wells to the deep zone an intermediate string shall be set at sufficient depth to case-off all formations in the shallow zone and shall be cemented with sufficient cement to fill the annular space back of the pipe from the casing seat to the surface or to the bottom of the cellar.

(b) Cementing procedures and casing tests for the intermediate string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.

(5) Production String:

(a) A production string shall be set on top or through the oil or gas pay zone and shall be cemented as follows:

(i) For wells drilled to the shallow zone the production string shall be cemented to the surface if the salt protection string was cemented only with a nominal volume for testing purposes, in which case the salt protection string can be cut and pulled before the production string is cemented; provided, that

(ii) If the salt protection string was cemented to the surface, the production string may be cemented with a volume adequate to protect the pay zone and the casing above such zone.

(iii) For wells drilled to the deep zone the production string shall be cemented with a volume adequate to protect the pay zone and the casing above such zone; provided that if no intermediate string shall have been run and cemented to the surface, the production string shall be cemented to the surface.

(b) Cementing procedures and casing tests for the production string shall be the same as provided under sub-sections (3), (c), (f), and (g) for the salt protection string.

II. DRILLING FLUID FOR SALT SECTION:

The fluid used while drilling the salt section shall consist of water to which has been added sufficient salts of a character common to the zone penetrated to completely saturate the mixture. Other admixtures may be added to the fluid by the operator in overcoming any specific problem. This requirement is specifically to prevent enlarged drill holes.

III. PLUGGING AND ABANDONMENT OF WELLS:

All wells heretofore and hereafter drilled within the potash area shall be plugged in a manner that will provide a solid cement plug through the salt section and prevent liquids or gases from entering the hole above or below the salt section.

to all concerned to hear the testimony of some representative of the Bureau of Mines and the Geological Survey, and I believe it might be a matter which would have to be decided in Washington to let them testify at such a hearing as this.

CHAIRMAN: I notified Mr. Morrell of this hearing, and some others, but heard nothing from him.

Meeting adjourned.



Yours very truly,

UNITED STATES POTASH CO.

POTASH COMPANY OF AMERICA

\_\_\_\_\_  
President

\_\_\_\_\_  
Vice President

DUVAL SULPHUR & POTASH COMPANY

INTERNATIONAL MINERALS & CHEMICAL CORP.

\_\_\_\_\_  
President

SOUTHWEST POTASH CORP.

\_\_\_\_\_  
General Superintendent

MR. CAMPBELL: I would just like to say a word for the forgotten man -- Mr. Ralph Nix, whose application started all this. I realize that the matter is one of wide importance and that it will have to be worked out from an operational point of view. I also feel that nothing has been brought out at these hearings to indicate that the State of New Mexico should not lease available lands. Mr. Nix still requests that his application be granted.

MR. NEAL: To which we certainly object, because we have endeavored to bring out at this hearing that additional lands in the potash area should not be leased for oil and gas exploration and production. There are some leases in effect which nothing can be done about, but we still feel that the state has benefited very greatly by this potash and that all potash deposits now known or to be discovered should be reserved for potash development.

COMMISSIONER: Is there anything further? At this time I believe that both oil and potash can live there together but I cannot render a decision right now because there will have to be some special provisions in these leases. I am going to appoint a committee of both potash and oil representatives for this area. This committee will be appointed tomorrow. The federal government will sit in and will appoint their men. This will be done immediately as I don't have any desire to have the matter drag on indefinitely. We hope to arrive at a decision as quickly as possible. If there is nothing further, the meeting will stand adjourned.

- - - - -

*Approved & distribute  
to existing list  
& Potash Companies*

CASING AND CEMENTING  
PROGRAM FOR SHALLOW  
OIL AND GAS TEST WELLS  
IN PROSPECTIVE POTASH AREAS

*Ex C  
Case 278*

*Immediately*

The following program is a suggestive program for the cementing of pipe and the protecting of the prospective potash horizon from water, oil and gas contamination. This program shall pertain to oil and gas test or wells drilled for the purpose of securing oil and gas, down to a depth of 6000 feet. There should be rules set up for particular areas, naturally based on the amount of surface water and the amount of potash in the salt section, which will be penetrated during the drilling of the proposed oil test. The geological features on the oil structures will call for different programs from time to time. Especially in the districts where potash is present. The commercial potash districts according to geological features and subsurface information that has been secured from old oil test that have been drilled in the past. Also addition information has been secured from districts from recent wells drilled in the various districts. There has also been a considerable amount of coring done by the various companys. All of this information should supply sufficient knowledge to derive at a pipe program satisfactory for all concerned. It is therefore suggested as follows:

1. That the Oil and Gas Conversation Commission retain authorization to issue a pipe program according to the area and district. A program that is sufficient to protect the potash strates at the present and future.

2. A suggestive pipe program for the general area should be as follows:

A. Surface Casing

The surface casing should be set at the top of the salt section. The size should be determined by the operator. The number one suggestion is that the pipe be mudded to the surface by pumping mud around the shoe and behind the pipe to the surface. Allow pipe to set eight hours. Then bale hole dry and test for at least two hours. If water is completely shut off, then the operator shall continue his drilling until he has reached the anhydrite formation. Then the operator

sho ~~ther~~ number one used pipe or new pipe through the potash and salt section. The operator should then be allowed to pull the surface pipe from the hole. The operator should then be permitted to cement the pipe from the bottom of the salt section to the surface, by circulating cement behind the pipe to the surface, or in such quantities recommended by the cementing concerns and the Oil Conservation Commission. The operator should then be allowed to drill his well and set his production string as he sees fit. He should be allowed to set the size of casing and at a depth he recommends, so long as he uses number one used pipe or new pipe. The amount of cement run behind the production string should be sufficient to come up at least 500 feet above the shoe. This will be adequate cement to protect the oil and gas zones and the formations behind the production string.

B. The next pipe program is recommended as follows:

The surface pipe should be set through the surface water, and cemented by circulating cement behind the pipe to the surface, or else there should be sufficient amount of cement pumped in and around the pipe to come to the surface, under ordinary conditions. The cement should be allowed to set under pressure not less than 48 hours before drilling same and testing for water. The operator must test for water at least 2 hours. In case there is no water present, he shall then be allowed to carry on drilling operations until he reaches the casing going necessary to set the production string. At this time the potash and salt is protected from all water hazards. The only hazards existing at this time is the possibility of contaminating the potash with oil and gas. Therefore, the operator should run nothing but A-1 used pipe or new pipe, tonging each joint up as tight as possible to prevent leakage. He shall then be allowed, to pump heavy acquagel mud behind the pipe sufficient to reach and come above the salt and potash section. Then the operator should pump enough cement behind the pipe to come up at least 500 feet behind it, which would be sufficient to seal off any possible chances of oil and gas working its way up behind it. The production string shall be allowed to be set through or above the oil producing section as the operator may see fit. The reason for this is that the different known producing zones are treated differently.

Most of the wells are drilled through out Eddy County by the cable tool method. Which has the advantages of being able to identify the formations immediately upon topping them and the exact thickness. We are also able to detect immediately the different changes in the formations that takes place. We are also able to test our water zones as to the amount of water and the thickness of the zones. Therefore it is necessary to have a different type of pipe program for this type of drilling than for rotary drilling. The above recommendation are based on cable tool drilling.

These recommendation or suggestion are based on past experience and present drilling operations being carried on in one or more districts. The oil and gas producers of New Mexico are fortunate enough to have the Oil and Gas Conservation Commission to assist us in our problems. They have accumulated information sufficient to guide them in any section of Eddy County, New Mexico. They are known to work and cooperate with the United States Geological Department at all times.

The undersigned operator or operators of Eddy County, New Mexico approve whole heartedly the above and foregoing proposals and do hereby recommend these adoption by the State Land Commission as well as the United States Land Commission.

Respectfully Submitted,

<u>Jones &amp; Watkins Oil Co.</u>	<u>Patricia, M. Myers</u>
<u>By: Stanley J. Jones</u>	<u>" " "</u>
<u>Stanley J. Jones, Inc.</u>	<u>" " "</u>
<u>Miller &amp; Miller</u>	<u>" " "</u>
<u>Stanley J. Jones</u>	<u>" " "</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>

DESCRIPTION OF POTASH MINE WORKINGS, IRRESPECTIVE OF LAND STATUS  
9/28/51

Workings of PCA; ✓

T. 19 S, R. 30 E  
SE/4 section 27  
SW/4 section 26  
SE/4            33  
All             34  
NW/4           35

T. 20 S, R. 30 E  
NE/4 and W/2 section 3  
E/2 and SW/4 section 4  
E/2 section 8  
W/2 and NE/4 section 9  
NW/4 section 10  
W/2 section 17

T. 21 S, R. 29 E            US Potash ✓  
SE/4 section 1  
SE/4 section 11  
All section 12  
N/2 and SE/4 section 13  
NE/4 section 14

T. 21 S, R. 30 E  
SW/4 section 7  
NW/4 section 18

Workings of IM&CC ✓

T. 21 S, R. 29 E  
E/2 section 36

T. 21 S, R. 30 E  
All section 31

T. 22 S, R. 29 E  
E/2 and SW/4 section 1  
N/2 section 12

T. 22 S, R. 30 E  
N/2 and SW/4 section 6

Shaft of SW Potash ✓

T. 19 S, R. 30 E  
SE/4 section 9

Shaft of Duval Sulphur & Potash ✓

T. 20 S, R. 30 E  
NE/4 section 35



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY  
P. O. Box 997  
Roswell, New Mexico



July 18, 1951

Mr. R. R. Spurrier, Secretary  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

Reference is made to Case 278 concerning establishment of a casing program and other special procedural operations in the potash areas in Lea and Eddy County. Testimony on this case was heard by the Oil Conservation Commission on June 21, 1951.

During this hearing I introduced into the record information as to the geology of the area as interpreted by this office and furnished our interpretation of a definition of the shallow and deep zones.

Attached for inclusion in the record of the hearing on Case 278 is a copy of a cross section compiled by Mr. T. F. Stipp, Regional Geologist, Geological Survey, Roswell, graphically showing our interpretation of the shallow and deep zones as presented at the hearing on June 21.

Very truly yours,

FOSTER MORRELL  
Oil and Gas Supervisor  
Southwestern Region

USGS - Duncan - Wash. D.C. - Aug. 17, 1951

(i) No wells will be drilled for oil or gas in formations above the base of the Delaware sand, or above a depth of 5,000 feet, whichever is the lesser, except upon approval of the Director of the Geological Survey, it being understood that drilling for production to these formations will be permitted only in the event that it is satisfactorily established that such drilling would not interfere with the mining and recovery of potash deposits or the interest of the United States would best be subserved thereby.

(ii) No wells will be drilled for oil and gas in formations below the base of the Delaware sand, or below a depth of 5,000 feet, whichever is the lesser, except pursuant to a unit plan approved by the Director of the Geological Survey, unless drilling is otherwise required or approved to protect the lease from drainage.

(iii) No wells will be drilled for oil and gas at a location which, in the opinion of the Oil and Gas Supervisor, of the Geological Survey, would cause undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.

(iiii) That the drilling or the abandonment of any well on said lease shall be done in accordance with such requirements as the Oil and Gas Supervisor of the Geological Survey may prescribe as necessary to prevent the infiltration of oil, gas, or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.



COMPANY	LEASE	WELL NUMBER	S T R	FOOT LOCATION	SURFACE FT. & SAX	PRODUCTION FT. & SAX
Miller Bros.	Jones & Watkins	1	5-19-29	2310/N; 2310/W	300/25	2000/50
Continental Oil Co.	State	1	8-19-29	330/N; 2310/W	305/25	P & A
Jones & Watkins	Miller State	1	9-19-29	330/S; 330/E	298/5	2000/40
Miller Bros.	State	2	10-19-29	1650/S; 990/W	300/10	1550/40
Jones & Watkins	Powell	1	10-19-29	1650/W; 330/E	Plugged with 5 sacks. Cement plug from 1050 to 1020 Cement plug from 320 to 300	
Jones & Watkins	La Exparanza	1	10-19-29	990/N; 990/W	Plugged with 15 sacks above 2250; 5 sacks base salt; 5 sacks top salt.	
Jones & Watkins	State	5	10-19-29	330/S; 330/W	<del>1605/25</del>	1605/25
Jones & Watkins	State	2	10-19-29	1650/N; 1650/E		
Jones & Watkins	Continental St.	1	10-19-29	740/W; 1205/E	1505/100	
Jones & Watkins	Continental St.	3	10-19-29	660/W; 1650/E	312/40	1527/35
Leonard Oil Co.	State	1-B	11-19-29	330/N; 330/E	Plugged & Ab.	
Malco Resler Yates	State	113	11-19-29	1980/S; 660/W	550/50	2600/100
G. Kelly Stout	St.-Dunigan	1	12-19-29	990/N; 330/E	375/25	
Leonard Oil Co.	State	2	12-19-29	330/N; 330/E	345/50	2182/50
Martin Yates, Jr. et al	State	1	13-19-29	660/S; 1980/E	401/50	P & A
G. Kelly Stout	St.-Dunigan	2	14-19-29	2310/N; 990/W	310/25	
Jones & Watkins	Dickey Sullivan	2	15-19-29	330/N; 1650/W		1475/50
Jones & Watkins	Sanwell	1	15-19-29	330/N; 1650/E	319/15	1760/50
Jones & Watkins	State	4	15-19-29	330/N; 330/W	312/30	1450/20

COMPANY	LEASE	WELL NO.	S T R	FOOT LOCATION	SURFACE FT. & SAX	PRODUCTION FT. & SAX
Jones & Watkins	State	4	16-19-29	330/N; 330/E	1483/25	2070/50
Kersey & Company	State	1	16-19-29	330/N; 2310/W	Temp. Abandoned without pipe	
Robt. E. McKee	Metcalf	1	17-19-29	1930/S; 660/E	267/20	Temp. Abd.
G. Kelly Stout	Dues	1	22-19-29	330/N; 330/E	294/25	

23

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

October 1, 1951

C Mr. F. H. Stewart  
General Superintendent  
Southwest Potash Corporation  
Carlsbad, New Mexico

Dear Sir:

O According to our records, the actual workings of your mine are embraced within the following described lands:

Shaft - SE/4 section 9, T. 19 S, R. 30 E

P As this information is needed in connection with drafting of regulations for oil and gas exploration and production in potash-producing areas, we would appreciate it if you would check the description and advise us if it is sufficient to embrace actual mining operations.

Yours very truly,

Y JK:bpw

Attorney

DESCRIPTION OF POTASH MINE WORKINGS, IRRESPECTIVE OF LAND STATUS  
9/28/51

Workings of PCA:

T. 19 S, R. 30 E

SE/4 section 27

SW/4 section 26

SE/4 33

All 34

NW/4 35

T. 20 S, R. 30 E

NE/4 and W/2 section 3

E/2 and SW/4 section 4

E/2 section 8

W/2 and NE/4 section 9

NW/4 section 10

W/2 section 17

T. 21 S, R. 29 E

US Potash

SE/4 section 1

SE/4 section 11

All section 12

N/2 and SE/4 section 13

NE/4 section 14

T. 21 S, R. 30 E

SW/4 section 7

NW/4 section 18

Workings of IM&CC

T. 21 S, R. 29 E

E/2 section 36

T. 21 S, R. 30 E

All section 31

T. 22 S, R. 29 E

E/2 and SW/4 section 1

N/2 section 12

T. 22 S, R. 30 E

N/2 and SW/4 section 6

Shaft of SW Potash

T. 19 S, R. 30 E

SE/4 section 9

Shaft of Duval Sulphur & Potash

T. 20 S, R. 30 E

NE/4 section 35

*1. 16 - J. B. H. & Co. Inc.  
7/8/51*

Case 278

**SOUTHWEST POTASH CORPORATION**

P. O. BOX 472  
CARLSBAD, NEW MEXICO

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.

**RECEIVED**  
OCT 9 1951

NEW YORK OFFICE  
61 BROADWAY  
NEW YORK 6, N. Y.

TELEPHONE BOWLING GREEN 9-1800

Carlsbad, N.M.  
October 8, 1951

Mr. Jason Kellahin, Attorney  
New Mexico Oil Conservation Commission  
P. O. Box 371  
Santa Fe, New Mexico

Dear Mr. Kellahin:

This will acknowledge your letter of October 1, 1951 from which we see that according to your records our actual mine workings are embraced within the following described lands:

Shaft - SE/4 Section 9, T. 19 S., R. 30 E

Our shafts are located on the above lands. Our mining operations will not commence until next year, but as our ore deposits are developed and mined the workings will extend over a large area, including a number of sections of both State and Federal lands. Therefore, the tract on which the shafts are located is not a valid basis on which to determine the ultimate area from which we will extract potash.

The State lands on which we have developed commercial potash ore by drilling, and which we will mine in the course of our operations, include the following tracts:

SE/4 Section 11, T. 19 S, R. 29 E

S/2 Section 12, T. 19 S, R. 29 E

ALL Section 13, T. 19 S, R. 29 E

E/2 Section 14, T. 19 S, R. 29 E

ALL Section 16, T. 19 S, R. 30 E

Any oil and gas drilling in the above tracts would prevent the orderly and economic mining of our ore body and would therefore result in a substantial loss of potash, which is a vital national resource. Such drilling might also create a hazard to our mine employees.

We strongly urge that in drafting regulations for oil and gas exploration no drilling be permitted in the above tracts. Should you desire information as to the Federal lands embraced by our ore deposit, we would be very glad to furnish this.

October 8, 1951

SHEET NO. 2 Mr. Jason Kellahin, Attorney  
Santa Fe, New Mexico

The Federal Government, as you know, is now formulating various rules and regulations to govern the prospecting for oil and gas on Federal lands in the potash area of Southeastern New Mexico. It is our belief that a uniform program by the State and the Federal Government would be beneficial to both the oil and the potash industries and we respectfully suggest that the Federal regulations be taken into consideration by the State in formulating its policies.

Should you require any further information of any kind regarding this matter, we would be very glad to furnish it.

Yours very truly,

SOUTHWEST POTASH CORPORATION



F. H. Stewart

FHS/LM

cc - Mr. Guy Shepard, Land Commissioner

cc - Mr. R. R. Spurrier, State Geologist

# UNITED STATES POTASH COMPANY

INCORPORATED

GENERAL OFFICES  
30 ROCKEFELLER PLAZA  
NEW YORK 20, N. Y.



CARLSBAD, NEW MEXICO

September 21, 1951

SEP 21 1951  
39 AM '51  
CARLSBAD, N.M.

Honorable Guy Shepard  
Commissioner of Public Lands  
Santa Fe, New Mexico

Dear Mr. Shepard:

I am enclosing the copy of the letter which was written to Mr. Dale E. Doty regarding the drilling of oil wells in the Potash Basin. The subject matter of the letter is self-explanatory. This letter states the joint position of the three potash companies now in production and two potash companies who are under construction.

Very truly yours,

Vice President

TMC:ng  
Encl.



Carlsbad, New Mexico  
September 21, 1951

Honorable Dale E. Doty  
Assistant Secretary of the Interior  
Department of the Interior  
Washington 25, D. C.

Dear Mr. Secretary:

We have received, and wish to thank you for, your letter dated September 14, 1951 on the subject of drilling for oil and gas in the potash area of Eddy and Lea Counties, New Mexico.

In accordance with the request in your final paragraph we are herewith submitting our suggestions on this matter of dual development so that they will reach you by September 26, 1951.

The potash industry represented by five companies in Eddy County agrees to the revocation of the withdrawal order of February 6, 1939 (45E1012) covering the lands currently operated by three of the potash companies, which restricts from oil and gas leasing 42,685.16 acres of Federal land in the potash area in Eddy County, New Mexico, provided that the following suggested measures are accepted.

1. There shall be no drilling through a potash ore body known to be of commercial quality. The determination as to whether a particular site is underlain by a commercial deposit of potash shall be by the Mining Branch of the United States Geological Survey.
2. In general there shall be no drilling in the area designated as Area "A" in the hearing of July 10th before the New Mexico Oil Conservation Commission, except in such places as have been clearly defined as barren and where there would obviously be no hazard to potash operations from drilling.
3. All oil and gas leases issued hereafter in the entire designated potash area shall contain a provision stating that the selection of an oil and gas drilling site is subject to the approval of the Mining Branch of the United States Geological Survey and that the Mining Branch has the authority to prohibit drilling in any area which it may designate as containing commercial potash. They shall also contain the provision that the acreage in such leases shall be subject to unitization rules approved by the Department of the Interior.

ILLEGIBLE

4. The regulations as to casing, drilling and plugging will follow the proposed regulations compiled by the oil operators and concurred in by the potash operators at the hearing in Santa Fe before the New Mexico Oil Conservation Commission July 10, 1951.

The foregoing suggestions are not intended to cover completely the subject of oil and gas drilling in the potash area, but are intended as a statement of our position as to the major measures needed for the conservation of a vital natural resource. If these suggestions are not entirely acceptable in principle, with the understanding that the language is not intended to be final, we should appreciate having you set a date for a hearing at which we might present additional information to support our stand.

The potash companies in the Carlsbad area have selected Mr. F. O. Davis, Vice President of Potash Company of America, as their spokesman in any meetings which may be held on the matter covered in this letter.

Very truly yours,

W. R. Morris

For Duval Sulphur & Potash Company

Nelson C. White

For International Minerals & Chemical Corporation

G. J. Coofs

For Potash Company of America

F. H. Stewart

For Southwest Potash Corporation

J. M. Cramer

For United States Potash Company

**ILLEGIBLE**



Case 278

# DEPARTMENT OF THE INTERIOR

## INFORMATION SERVICE

GEOLOGICAL SURVEY  
BUREAU OF LAND MANAGEMENT

For Release OCTOBER 18, 1951

### FEDERAL REGULATIONS GOVERNING DUAL DEVELOPMENT OF OIL AND GAS, AND POTASH DEPOSITS IN NEW MEXICO

Secretary of the Interior Oscar L. Chapman, today announced that an order had been issued promulgating special rules to govern the leasing and development of oil and gas, and potash deposits on certain lands in Eddy and Lea Counties, New Mexico. The order also revokes the Department's order of February 6, 1939, which prohibited oil and gas leasing of 42,685.18 acres of such lands mainly covered by potash leases in Eddy County.

The special rules apply to Federal lands within a designated area proved or prospectively valuable for both potash and oil production and embracing some 300,000 acres. Such rules are being issued for the purpose of encouraging exploratory drilling to discover additional oil reserves which are sorely needed, and at the same time provide adequate protective measures to prevent damage to the Nation's only known important potash reserves. The protective measures prescribed are general in scope and detailed requirements are left to be worked out after consultation with State officials and members of the two industries.

The Federal lands within the designated potash area, except those covered by the order of February 6, 1939, are largely if not entirely covered by oil and gas leases or applications therefor. Of the lands included in the order, 40,925.18 acres will now be subject to noncompetitive oil and gas leasing and 200 acres will be subject to competitive leasing with the remainder embraced in outstanding leases or excluded from leasing because included in an outstanding potash reserve.

Noncompetitive oil and gas lease applications filed from October 16, 1951, to and including November 16, 1951, for Federal lands within the designated potash area must conform to the special requirements set forth in the new order.

The usual procedure in filing an offer for oil and gas lands must be followed, except applicants need file only one copy of the offer to lease and lease form (form No. 4-1158). The Bureau of Land Management also emphasizes that each offer can only apply to one section of land and must include the entire amount of Federal land in each section to be eligible for the drawing. Those not conforming will be rejected. Applications received between the dates mentioned will be regarded as simultaneously filed and a drawing, if necessary, will be held at 10 a.m. on November 20, 1951, at the Land and Survey Office of the Bureau of Land Management, Santa Fe, New Mexico.

Copies of the complete order, signed by Secretary Chapman on October 16, and scheduled to appear in the Federal Register of October 18, and applications to lease (Form No. 4-1158) may be obtained from the Bureau of Land Management, Department of the Interior, Washington 25, D. C., or from its offices in Albuquerque, Santa Fe, Denver, and Salt Lake City, or from the offices of the Geological Survey, Federal Building, Roswell, and 504 $\frac{1}{2}$  North Canal, Carlsbad, New Mexico; and 239 Federal Building, Tulsa, Oklahoma.

X X X



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

P. O. Box 997  
Roswell, New Mexico

July 13, 1951

Mr. R. R. Spurrier, Secretary  
New Mexico Oil Conservation Commission  
P. O. Box 871  
Santa Fe, New Mexico

Dear Mr. Spurrier:

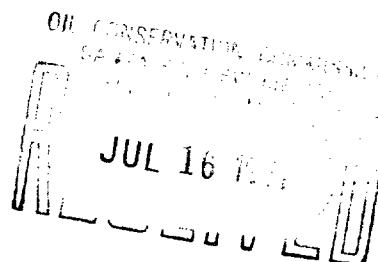
Reference is made to discussions during a conference which you and I had with Governor Edwin L. Mechem in Santa Fe on July 11 concerning proposed rules and regulations to be issued by the Oil Conservation Commission covering the drilling of wells for oil and gas within an area of known potash deposits.

This will confirm my understanding that upon completion of a preliminary draft of your proposed rules and regulations covering the drilling and plugging of exploratory test wells in the potash area, you will furnish this office with three copies for review and comments by the Geological Survey and the Department of Interior prior to promulgating said regulations. It is reasonable to expect that you should receive the comments and suggestions of the Department within two weeks of their receipt in Washington.

Our Washington office is being informed of this arrangement by copy of this letter.

Very truly yours,

FOSTER MORRELL  
Oil and Gas Supervisor  
Southwestern Region



Carlsbad, New Mexico  
June 28, 1951

Memorable Guy Shepard  
Commissioner of Public Lands  
State Land Office  
Santa Fe, New Mexico

Dear Mr. Shepard:

Oil and Potash members of your Oil-Potash Committee met on June 28, in Carlsbad. Those present were Mr. John Kelley, Mr. Lamb (for Mr. Carper), T. M. Cramer and R. Haworth (for Mr. Davis), and Mr. Allport and Mr. Morrell of the U.S.G.S. attending as advisors.

The Oil Conservation Commission held a hearing on June 21 relating to the subject of casing procedure in areas known to contain potash. This hearing was continued to July 10th for further consideration of proposed rules. It is the suggestion of the oil and potash representation on this committee that its report be deferred until the conclusions reached by the commission after this latter hearing are known, so that the committee may have the benefit of the findings.

The potash members of this committee wish to put information in your hands at this time to assist in any statement to be made on or before July 1st with respect to leases sold on May 10th in the potash area.

The following land in the tracts designated are proposed areas to be excluded from drilling operations:

May 10 sale:

Tract 03

T-208 R-30E	Sec. 36 $E\frac{1}{2}$ of the $NW\frac{1}{4}$	80 acres
T-208 R-31E	Sec. 16 $SW\frac{1}{4}$ , $W\frac{1}{2}$ of the $NW\frac{1}{4}$	240 acres
	Sec. 32 $W\frac{1}{2}$ of the $NE\frac{1}{4}$ , $SE\frac{1}{4}$ of the $NE\frac{1}{4}$ , $N\frac{1}{2}$ of the $SE\frac{1}{4}$ .	200 acres
	Sec. 36 $S\frac{1}{2}$ , $W\frac{1}{2}$ of the $NW\frac{1}{4}$ , $NE\frac{1}{4}$ .	560 acres
T-218 R-30E	Sec. 2 Lot 2	35.97 acres
	Sec. 16 $NW\frac{1}{4}$	160. acres
	Total tract 03	1275.97 acres

Tract 05

T-218 R-29E	Sec. 36 All	637.12 acres
T-228 R-29E	Sec. 2 $E\frac{1}{2}$ , $NW\frac{1}{4}$ , $N\frac{1}{2}$ of the $SW\frac{1}{4}$ , $SW\frac{1}{4}$ of the $SW\frac{1}{4}$ .	600.24 acres

(Tract 05 Cont.)

Sec. 11	$S\frac{1}{2}$ of the $NW\frac{1}{4}$ , $E\frac{1}{2}$ of the $SW\frac{1}{4}$ .	160 acres
Sec. 25	$NW\frac{1}{4}$ of the $NW\frac{1}{4}$	40 acres
Sec. 26	$NE\frac{1}{4}$ , $E\frac{1}{2}$ of the $NW\frac{1}{4}$	240 acres
Total tract 05		1,677.34 acres.

In Tract 03 the areas shown in the above tabulation contain either part of potash ore bodies now in process of mining or of development or are considered as reserves for early development.

In Tract 05 the areas in Section 36, T-21S-R29E are presently being mined and open mine workings cover a substantial part of the section.

T-22S-R-29E, Sec. 2 and 11 contain ore bodies which are extensions of the ore body being mined in Section 36 and lie close to an operating shaft.

T-22S-R-29E, Sections 25 and 26 are enclosed by important parts of larger immediate ore reserves.

In suggesting that the above area be closed to drilling, the potash members of your committee believe that the rules yet to be adopted regarding spacing of wells and drilling, casing and plugging regulation should apply to the balance of the areas within the recognized potash basin.

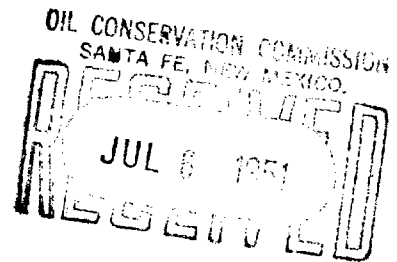
Respectfully submitted,

*J. M. Cramer*  
*R. Hawthorn*  
*John Maffely*

*R. R. Gouvis*

*Case 278*  
May 4, 1951

Honorable Guy Shepard  
Commissioner of Public Lands  
Santa Fe, New Mexico



Dear Mr. Shepard:

Your Oil-Potash Committee, following a meeting in Carlsbad on May 4, wishes to recommend that prior to the sale on May 10, 1951 of oil and gas leases for Tracts 0-2, 0-3, 0-4, 0-5 and 0-6 listed in your advertisement, the following announcement be made:

- (1) The leases will be subject to special rules and regulations to be adopted by the Commissioner and the Oil Conservation Commission, governing the drilling for oil and gas within the designated known potash area, including, among other pertinent provisions:
  - (a) No wells for oil and gas shall be drilled through mine workings or in such additional areas as designated hereafter by the Commissioner.
  - (b) Special rules will hereafter be adopted for the spacing, casing and cementing of wells drilled for oil and gas within the designated potash area.
- (2) There shall be no drilling for oil and gas on Tract 0-1. However, the acreage may be committed to any unit plan that may be approved in the future. On Tracts 0-2, 0-3, 0-4, and 0-5 the special rules and regulations will govern and certain acreage therein may be restricted as to drilling.
- (3) The special rules and regulations are being worked out by the Land Office in connection with a study under way by a special Oil-Potash Committee and the regulations which will govern in these lease areas will be made available for adoption by July 1, 1951.
- (4) The issuance of leases sold at the sale of May 10 will be delayed until the special rules and regulations are adopted by the Commissioner and the Oil and Gas Commission. A successful bidder has the right of refund of the amount of the bid if he does not desire to execute the lease after announcement



of the special rules and regulations.

It is further recommended that the Commissioner prepare this announcement in mimeographed form available for distribution to the bidders at the sale, and that such notice advise the bidders that subject to these conditions state oil and gas leases will be granted to the successful bidder following the May 10 sale.

<u>John Davis</u>	<u>John W. Kelly</u>
<u>J. M. Curren</u>	<u>John Kelly Long</u>
<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>

LARGE FORMAT  
EXHIBIT HAS  
BEEN REMOVED  
AND IS LOCATED  
IN THE NEXT FILE

<u>Hole No.</u>	<u>Ore Horizon</u>	<u>Height</u>	<u>Grade</u>
F-52	10th	4'	15.4% K <sub>2</sub> O as Sylvite
FC-59	10th	4'	13.9% K <sub>2</sub> O (total)
FC-65	3rd	5.5'	19% Vanthoffite (3Na <sub>2</sub> SO <sub>4</sub> ·MgSO <sub>4</sub> )
FC-66	10th	4.25'	15.2% K <sub>2</sub> O as Sylvite
	4th	3'7"	8.11% K <sub>2</sub> O as Langbeinite
FC-72	10th	4'0"	14.91% K <sub>2</sub> O (total)
	3rd	4'0"	12.54% K <sub>2</sub> O as Langbeinite
FC-73	10th	4'1"	14.64% K <sub>2</sub> O as Sylvite
	4th	4'0"	8.73% K <sub>2</sub> O as Langbeinite
	3rd	7'2"	13.16% K <sub>2</sub> O as Langbeinite
FC-78	10th	4'0"	15.16% K <sub>2</sub> O as Sylvite
	7th	4'0"	15.5% K <sub>2</sub> O as Sylvite
FC-79	10th	4'3"	16.8% K <sub>2</sub> O as Sylvite
	5th	5'8"	25.8% K <sub>2</sub> O as Sylvite

*John O. ...*

Exhibit 2

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*James ...* EXHIBIT No. 2  
CASE 27

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

June 5, 1959

Mr. Melvin Neal  
Neal & Neal  
P. O. Box 278  
Hobbs, New Mexico

Dear Mr. Neal:

On behalf of your client, National Potash Company,  
we enclose a copy of Order No. R-111-B, issued June  
5, 1959, by the Oil Conservation Commission in Case  
No. 278.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

1r/

Enclosure

*Copy sent to Mr. Drake*

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

June 5, 1959

Mr. George L. Reese, Jr.  
Bujac Building  
Carlsbad, New Mexico

Dear Mr. Reese:

On behalf of your client, Farm Chemical Resources Development Corporation, we enclose a copy of Order No. R-111-B issued June 5, 1959, by the Oil Conservation Commission in Case 278.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/1r

Enclosure

C  
O  
P  
Y

Hole No.	Date Completed	Total Depth	Ore Beds								
			12th	10th	8th	7th	5th	4th	3rd	2nd	1st
F-43	1-18-54	1667'6"	X	M	M	M	X	X	X	M	X
F-52	9-13-54	1623'5"	X	C	M	X	M	M	M	M	X
FC-59	6-8-55	1757'9"	X	C	X	X					
63	10-9-55	1484'0"	X	M	M	M	X	M			
65	9-14-55	1669'0"	X	M	M	X	M	M	M*	M	X
66	10-24-55	1549'2"	X	C	M	M	M	M*	M	M	X
67	8-23-56	1848'6"	M	M	X	X	X	M	M	M	X
68	9-24-56	1644'0"	X	M	M	X	M	M	M	M	X
69	9-8-56	1562'6"	X	M	M	X	M	M	M	M	X
71	11-27-56	1910'0"	M	M	M	X	X	M	X	X	X
72	11-3-56	1972'6"	M	C	M	M	X	M	C	X	
73	12-17-56	2021'6"	M	C	M	M	X	C	C	M	X
76	8-20-57	1550'0"	X	M	M	M	X	M	M*	X	X
77	9-12-57	1270'0"	X	M	M	X	X	X	X	X	X
78	8-31-57	1240'0"	X	C	M	C	M	X	M*	M	
79	9-30-57	1173'6"	X	C	X	M	C	M	M	M	X

x Penetrated - Barren

C Penetrated and Commercial

M Penetrated and Mineralized

\* Vanthoffite 66" 19% ( $3\text{Na}_2\text{SO}_4 \cdot \text{MgSO}_4$ )

\* May be commercial mixed sulphates.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

*Furn* EXHIBIT No. 1  
CASE 278

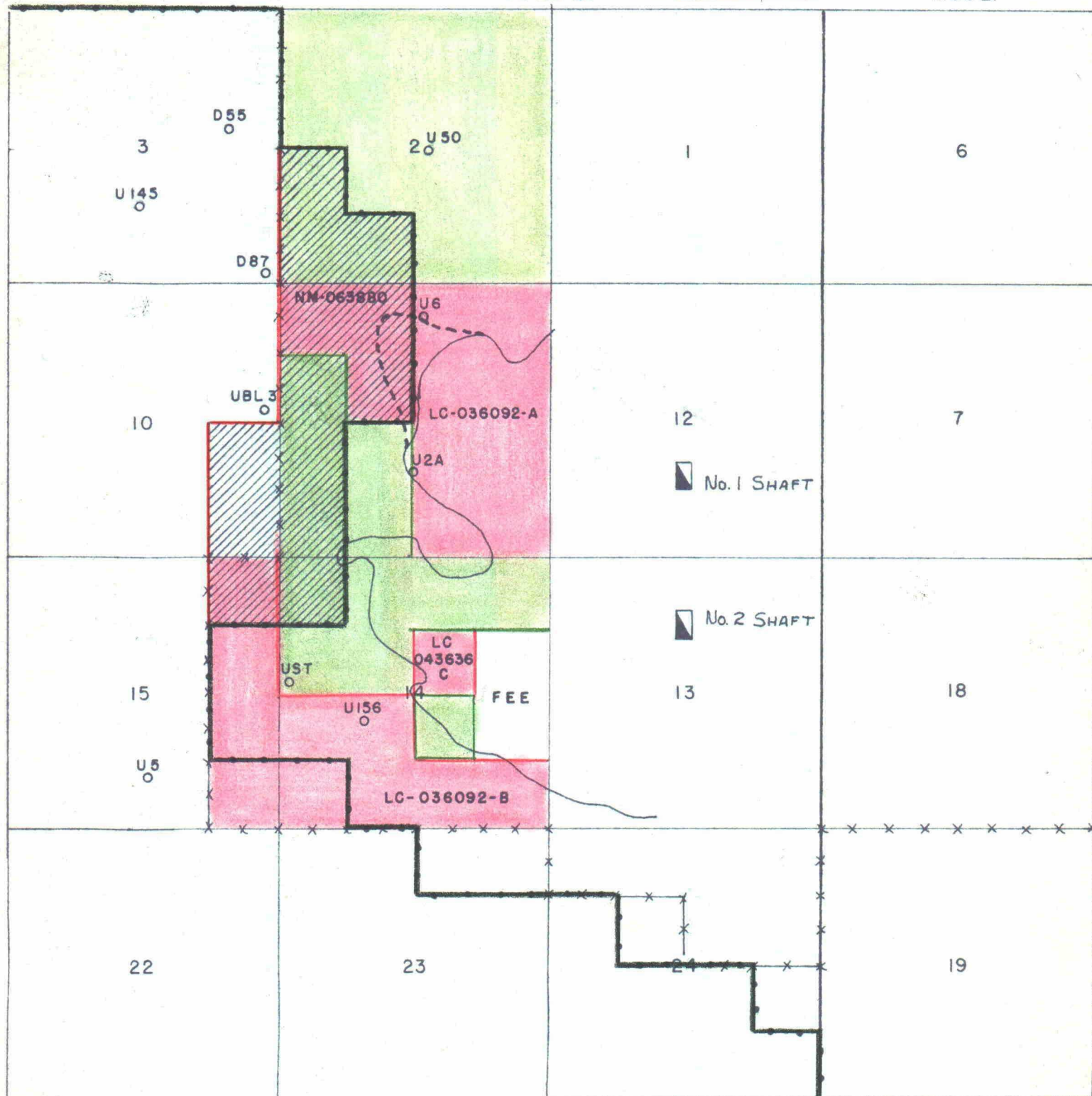
Exhibit 1

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

App. EXHIBIT No. 2  
LAST 278

R. 29 E.

R. 30 E.



T.  
21  
S.



PROPOSED EXTENSION TO POTASH-OIL AREA (R-III-A)



POTASH-OIL LINE (R-III-A)



U.S. POTASH LEASE LINE (U.S.B. & C.)



APPROX. PRESENT LIMIT OF OPEN MINE WORKINGS



PROPOSED MINE EXTENSION



M-651 STATE LEASE



FEDERAL LEASE



U87 CORE TEST

AREA WEST OF USI MINE

Well No.	Date Completed	Ore Status		
		Bed 2	Bed 2A	Bed 4
U-50	9-20-49	M	M	B
U-6	2-6-41	M	M	B
U-B1.3	2-13-30	M	B	B
U-2A	5-14-37	Lost Core		C
USt.(sec 14)	5-14-29	C	M	B
U-156	4-6-57	C	B	B
U-5	7-24-40	B	B	B

C = Commercial ore (USGS min. 4' @ 14% K<sub>2</sub>O)

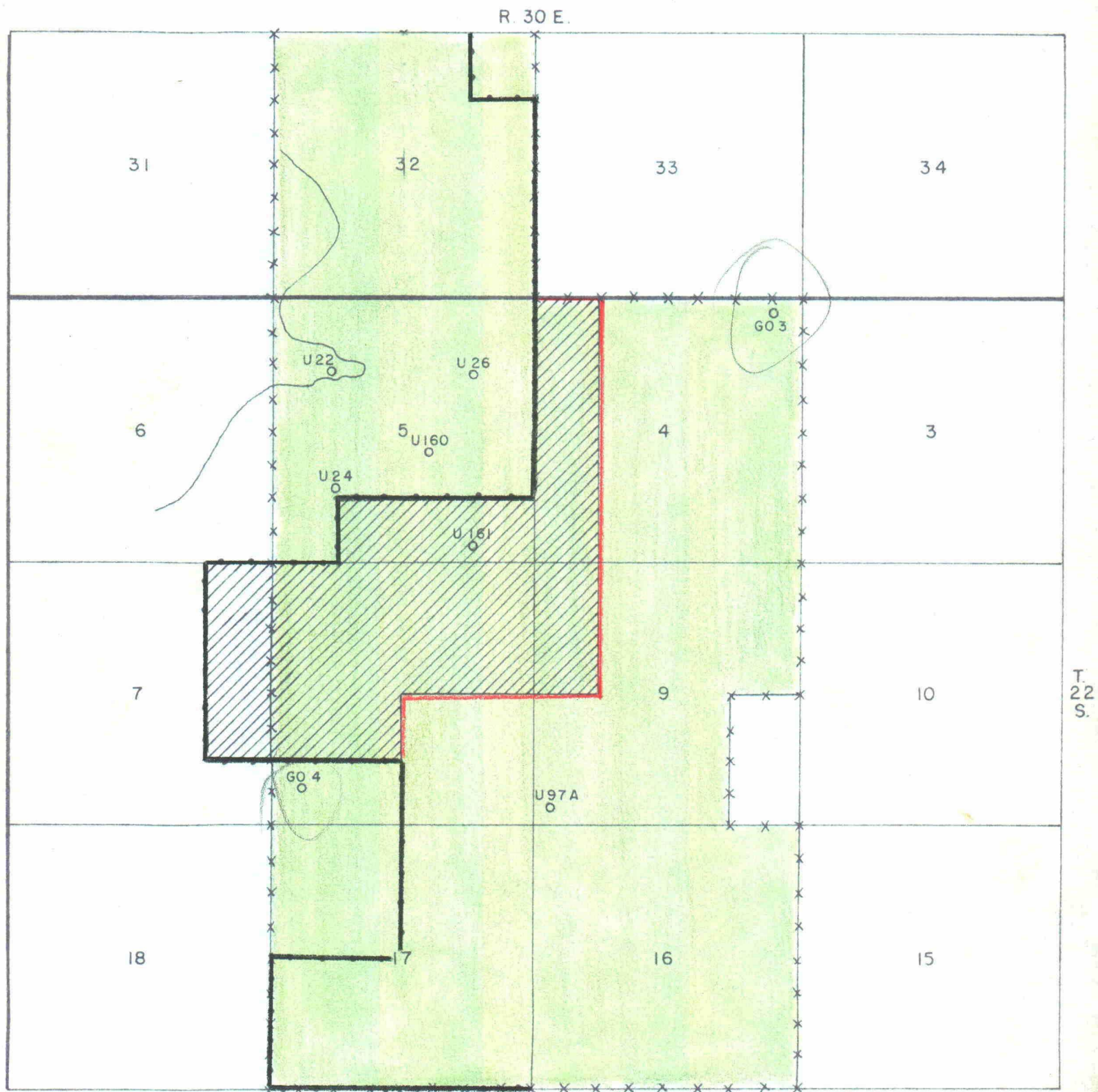
M = Mineralized (Bed definition, sub-commercial)

B = Barren

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

EXHIBIT No. 3  
Case 278





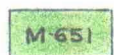
PROPOSED EXTENSION TO (R-III-A)



PRESENT (R-III-A) BOUNDARY



U.S. POTASH LEASE LINE (U.S.B. & C.)



STATE LEASE



APPROX. PRESENT LIMIT OF OPEN MINE



CORE TEST

**AREA EAST OF INCC MINE**

Well No.	Date Completed	Ore Status		
		Bed 2	Bed 2A	Bed 4
U-22	2-18-46	B	M	C
U-24	4-29-46	B	M	B
U-26	8-22-46	B	C	M
U-97A	5-16-51	M	B	M
U-160	11-26-58	B	C	C
U-161	12-8-58	B	M	C

C = Commercial ore (USGS min. 4' @ 14% K<sub>2</sub>O)

M = Mineralized (Bed definition, sub-commercial)

B = Barren

OIL CONSERVATION COMMISSION

P. O. BOX 871  
SANTA FE, NEW MEXICO

September 4, 1959

Mr. James W. Stagner  
105½ South Canyon Street  
Carlsbad, New Mexico

Dear Mr. Stagner:

On behalf of your client, United States Borax & Chemical Corporation, we enclose two copies of Order No. R-111-D issued by the Oil Conservation Commission on September 3, 1959, in case No. 278.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ir/

Enclosures

*Cover to  
H. H. & W. W.  
4-4-59  
[Signature]*

NEAL, NEUMANN AND NEAL  
ATTORNEYS AT LAW  
601 NORTH CANAL STREET - POST OFFICE BOX 709  
CARLSBAD, NEW MEXICO

CASWELL S. NEAL  
E. K. NEUMANN  
CASWELL F. NEAL

TELEPHONES  
TUXEDO 5-2445  
TUXEDO 5-3513

12 August 1959

Oil Conservation Commission  
State of New Mexico  
Santa Fe, New Mexico

Gentlemen:

I have been authorized by International Minerals  
and Chemical Corporation of Carlsbad, New Mexico to join  
in the request of the United States Potash Company for an  
extension of the boundaries of commissioners Order R-11A  
to include within the area, excluded from oil and gas drilling,

The east half of the northeast quarter of  
Section 7, Township 22 South, Range 30 East,  
and the northeast quarter of the southeast  
quarter of Section 7, Township 22 South, Range  
30 East.

Yours very truly,

NEAL, NEUMANN and NEAL

By *Caswell S. Neal*  
Attorneys for International  
Minerals & Chemical Corporation.

CFN:bc

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*asp* EXHIBIT No. 4  
228

*This Application consolidated.  
Report follows*

NEAL & NEAL  
LAWYERS  
NEAL BUILDING  
HOBBS, NEW MEXICO

C. MELVIN NEAL  
J. W. NEAL

TELEPHONE:  
EXPRESS 3-5171  
P. O. BOX 278

April 10, 1959

*Consolidated*

Oil Conservation Commission,  
Santa Fe, New Mexico.

Gentlemen:

I enclose in triplicate Application of National Potash Company for extension of Potash-Oil Area defined in Commission Order No. R-111-A.

You will note we have applied in the Application for a hearing before the Commission, and have requested that this case be consolidated for the purpose of hearing with a similar Application filed by Farm Chemical Resources Development Company.

I will appreciate your advice as soon as possible as to when you anticipate the hearing will be set.

Please advise us of any additional information you require in connection with this application.

*34-19-32  
25-60-32*

Very truly yours,

*Received  
2-1-59*

C. M. NEAL

N/l's  
Encls.

Simon  
K-111-B

Sent to all  
Potash Companies

6-10-59



---

Order  
R-111-B  
sent to all  
Potash Companies

6-10-59  
PR

---

Section 23: NW $\frac{1}{4}$	LC 061640	Sid W. Richardson & Perry R. Bass
23: NE $\frac{1}{4}$ )		Wilshire Oil Co. of Texas - 66 2/3%
24: NW $\frac{1}{4}$ )	LC 061640(A)	Suniland Oil Corp. - 33 1/3%
27: N $\frac{1}{2}$ NE $\frac{1}{4}$ )		
34: S $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ NE $\frac{1}{4}$ )	LC 067052	Sid W. Richardson & Perry R. Bass
27: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$	NM 051517	Applications -*C. E. Stout, Jr. drew #1
		F. J. Danglade drew #2
		Lovington, New Mexico

\*Stout's address believed to be Milam Building, San Antonio, Texas



AREA EAST OF IMCC MINE

Well No.	Date Completed	Ore Status		
		Bed 2	Bed 2A	Bed 4
U-22	2-18-46	B	M	C
U-24	4-29-46	B	M	B
U-26	8-22-46	B	C	M
U-97A	5-16-51	M	B	M
U-160	11-26-58	B	C	C
U-161	12-8-58	B	M	C

C = Commercial ore (USGS min. 4' @ 14% K<sub>2</sub>O)

M = Mineralized (Bed definition, sub-commercial)

B = Barren

OIL & GAS LESSEE ON ACREAGE TO BE REQUESTED  
BY FCRDC FOR INCLUSION WITHIN R-111-A DESIGNATED AREA

T21S, R31E

Section 10: E $\frac{1}{2}$	NM 04835	Elizabeth Ann Elliott, P. O. Box 1681 Santa Fe, N. Mex.
11: N $\frac{1}{2}$	LC 070876 )	Sid W. Richardson - Perry R. Bass
11: S $\frac{1}{2}$	NM 03183(B)	404 West Illinois, Midland, Texas
12: SWSW	NM 02189	Dorothy B. Perry, 3817 Crestwood Terrace Ft. Worth 7, Texas
13: NW $\frac{1}{4}$	NM 066446	Hudson & Hudson, 1007 W. Dallas, Artesia, New Mexico
13: SW $\frac{1}{4}$	NM 04225	Eugene H. Perry, 3817 Crestwood Terrace Ft. Worth 7, Texas
14: N $\frac{1}{2}$ N $\frac{1}{2}$ )	LC 071771(A)	Sid W. Richardson - Perry R. Bass
15: N $\frac{1}{2}$ NE $\frac{1}{4}$ )		" " " " " "
14: S $\frac{1}{2}$ , S $\frac{1}{2}$ N $\frac{1}{2}$ )	NM 04383(B)	
15: S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ )	State E 7814	Gulf Oil Corporation, Wilkinson-Foster Bldg. Midland, Texas
16: W $\frac{1}{2}$ SW $\frac{1}{4}$		
17: SW $\frac{1}{4}$ NE $\frac{1}{4}$ )	State E 9339	Sunray Mid-Continent Oil Co., Wilco Bldg. Midland, Texas
N $\frac{1}{2}$ SW $\frac{1}{4}$ )		
SE $\frac{1}{4}$ SW $\frac{1}{4}$ )		
17: SW $\frac{1}{4}$ SW $\frac{1}{4}$	State	Open
17: E $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$	NM 04383	Merrill L. Connally, Rt. 1, Floresville, Tex
17: W $\frac{1}{2}$ NW $\frac{1}{4}$	LC 062793(A)	Eugene H. Perry
17: NW $\frac{1}{4}$ NE $\frac{1}{4}$	LC 067852(A)	" " "
17: E $\frac{1}{2}$ NW $\frac{1}{4}$ )		
20: SW $\frac{1}{4}$ )	LC 062793	Merrill L. Connally
18: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$	State B-732	McRae Oil & Gas Co., 611 W. Texas, Midland
18: SE $\frac{1}{4}$ SW $\frac{1}{4}$ )		Sun Oil Company, Midland Tower, Midland, Texas
19: NE $\frac{1}{4}$ )	State E-9269	
19: SE $\frac{1}{4}$ , NW $\frac{1}{4}$	LC 062727	Wayne W. Connally, P. O. Box 91 Floresville, Texas
19: SW $\frac{1}{4}$	LC 062727(B)	Eugene H. Perry
20: N $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$	State E-6293	Honolulu Oil Corporation, 204 West Illinois Midland, Texas
20: SE $\frac{1}{4}$ NW $\frac{1}{4}$	State	Open
20: N $\frac{1}{2}$ NE $\frac{1}{4}$	LC 067602	Eugene H. Perry
20: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ )		Ewell H. Muse, Jr., 415 Perry Brooks Bldg. Austin, Texas
21: SE $\frac{1}{4}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ )	NM 04382	
20: SW $\frac{1}{4}$ NE $\frac{1}{4}$	NM 022999	Leonard Oil Co., P. O. Box 708 Roswell, New Mexico
21: NW $\frac{1}{4}$ NW $\frac{1}{4}$	LC 071771	H. H. Anderson, c/o Texas Hotel, Ft. Worth, Texas
21: S $\frac{1}{2}$ SW $\frac{1}{4}$	LC 070792	Eugene H. Perry
21: SW $\frac{1}{4}$ NW $\frac{1}{4}$ , NW $\frac{1}{4}$ SW $\frac{1}{4}$	NM 03497	Suniland Oil Corp. (33-1/3%) 1522 Oil & Gas Bldg., Ft. Worth, Texas)
		Wilshire Oil Co. of Texas (66-2/3%) 310 Leggett Bldg., Midland, Texas
22: NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$	NM 04382(A)	Sid W. Richardson & Perry R. Bass
22: N $\frac{1}{2}$ SE $\frac{1}{4}$	LC 070792(A)	Sid W. Richardson & Perry R. Bass

gas operators relative to installation of gates, cattle-guards and building roads, etc.

Mr. J. B. Howell, chairman of the drafting committee, appointed sub-committees to handle the various phases of the code. Mr. Loveless will draft the introduction and legal phases. Mr. O. H. Armstrong will write the section on geophysical operation. Mr. V. W. Bates and Mr. J. B. Howell will cover pipe line and production operations, and Mr. Donald I. Bailey will write the section on surface erosion.

A second meeting of the Committee will be held on July 2 in Farmington to edit and integrate the various sections of the code. The draft will be submitted to grazing advisory boards in the area for their approval. If approved, the draft then will be submitted to the Executive Committee of the San Juan Basin Operators Committee on July 23, and if approved by them, will be circulated to various operators for their comments and recommendations.

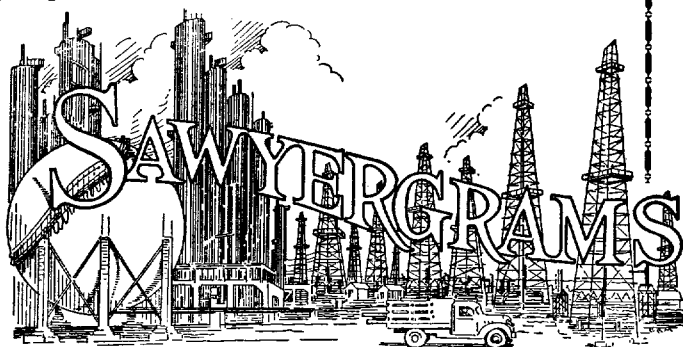
If a majority of operators agree, the code will be printed in pamphlet form and circulated to cattlegrowers and oil operators with recommendations to operators that copies be included by reference in their contracts with drilling contractors, truckers, etc.

There was some discussion relative to arriving at a standard rate of damages on various lands, Federal, fee, etc., but it was the consensus of opinion that damages might best be handled by the individual operators.

Conceivably, the code could become a model for use in other areas where lands are owned predominantly by the Federal Government and leased for both grazing and oil operations. Several operators have suggested its possible application in the Southeastern corner of New Mexico, where livestock men have extracted large sums for damages to which they were not entitled.

RR-

## Petroleum Promotes Progress



Vol. 13

No. 4

JUNE, 1951



### IN THIS ISSUE

Oil - Potash

San Juan Basin



By  
Charles C. Loveless, Jr.,  
Executive Secretary  
New Mexico Oil & Gas Association  
Roswell, New Mexico

# SAWYERGRAMS

## Oil - Potash

The potash industry apparently had not been formally notified of the hearing by the Conservation Commission in Santa Fe on June 21 relative to rules and regulations for simultaneous operation for oil and gas and potash in Eddy County. Thus, they had made no preparations. Mr. J. O. Seth, Santa Fe attorney, representing United States Potash Company, moved that Case No. 278 be continued to a later date in order that representatives of the potash industry might prepare for the hearing. The Commission agreed with Mr. Jack Campbell, attorney for Richardson & Bass, that testimony of oil industry witnesses be accepted for the record on June 21st, and the hearing continued to July 10, when additional testimony would be received from both industries.

Mr. Campbell then made a preliminary statement for the record to the effect that the various casing programs to be submitted were simply suggested methods for use in deep-well rotary drilling and for shallow cable tool holes; that all operators had not had opportunity to study the proposed program and that changes probably will be suggested at the next hearing, after other operators have reviewed them.

Mr. John Kelly, independent operator, a member of the Land Commissioner's Committee on rules and regulations, gave a brief history of the Committee's functions thus far. In summary, he testified that potash representatives on the Committee had not commented on the casing program submitted to them, nor had they given to oil industry representatives on the Committee, a suggested "restricted area" in which operations for oil and gas may not be permitted. Mr. Kelly then introduced into the record, the proposed deep-exploratory rotary well casing and cementing program.

Mr. Seth on behalf of the potash industry, asked Mr. Kelly if it is not true that the federal government should be more concerned with promulgation of rules and regulations in the potash area than the State of

New Mexico, since about 80% of the acreage is under jurisdiction of the Department of the Interior.

Mr. Ed Hill of Richardson & Bass, a member of the oil industry casing program sub-committee, then testified that the program Mr. Kelly submitted as a member of the Land Commissioner's Committee, was intended to apply to deep rotary exploratory wells. Mr. S. P. Yates submitted a program worked out by several operators in the Artesia area for shallow cable tool exploratory wells. Mr. Stanley Jones of Artesia, also submitted a program for shallow cable tool wells.

After the hearing the various oil operators agreed to hold a meeting in Santa Fe on July 9 prior to the hearing on July 10, to hear from other interested operators who may wish to recommend changes in casing programs submitted to the Conservation Commission of June 21. This meeting will be held at the La Fonda Hotel at 4 P. M., July 9. All interested operators are urged to attend.

## San Juan Basin

As previously reported in the SAWYERGRAMS, an effort is now being made to draft a voluntary code of ethics for operations in the San Juan Basin with a view of minimizing annoyance to livestock growers and damage to the surface of federal lands.

On June 11, various members of the San Juan Basin Operators Committee gathered in Farmington, and Mr. Dudley Cornell, President, appointed the following oil men as a committee to draft a tentative voluntary code of ethics:

O. H. Armstrong, Magnolia Petr. Co.  
J. L. Posey, Magnolia Petr. Co.  
P. T. McGrath, U. S. G. S.  
D. I. Bailey, Bureau of Land Management  
V. W. Bates, Southern Union Oil Co.  
R. L. Maddox, Independent  
J. B. Howell, Delhi Oil Corp.

On June 12, the foregoing committeemen, Glenn Stoney and C. C. Loveless, Jr., met in Farmington to draft the code. It was agreed that the purpose of the code will be to educate ranchers operating on Taylor Grazing Lands and a very small area of fee lands, as to the limits of their rights to surface damages, if any, and to make recommendations to oil and

	Sec.	Twp.	Rge.	Acres
<b>Tract No. 35</b>				
S $\frac{1}{2}$ NE $\frac{1}{4}$	16	29N	8W	80.00
N $\frac{1}{2}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$ ,	32	29N	8W	520.00
E $\frac{1}{2}$ SE $\frac{1}{4}$	36	29N	8W	200.00
N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ,				
N $\frac{1}{2}$ SW $\frac{1}{4}$				
Total Acreage 800.00				
Minimum Rental 25c per acre				
Filing fee \$5.00				

**Tract No. 36**  
NW $\frac{1}{4}$ SW $\frac{1}{4}$

Sec.	Twp.	Rge.	Acres
2	22S	33E	40.00
Total Acreage 40.00			
Minimum rental 25c per acre			
Filing fee \$5.00			

**FURTHER PUBLIC NOTICE** is hereby given that, pursuant to the rules and regulations of the State Land Office, the Commissioner of Public Lands of the State of New Mexico will hold a sale at PUBLIC AUCTION of oil and gas leases as described hereinbelow, at his office in the Capitol Building, Santa Fe, New Mexico, immediately at the conclusion of the sale of Tracts offered at sealed bid.

This sale will be governed by the provisions of Chapter 8-1110, New Mexico Statutes, Compilation of 1931, being an Act of the Legislature of New Mexico, approved March 10, 1931, and the rules and regulations of the State Land Office, pertaining to sale of oil and gas leases upon State Lands.

No sealed bids will be received, accepted or considered in the disposition of the hereinbelow described tracts. The Commissioner of Public Lands reserve the right to reject any and all bids.

	Sec.	Twp.	Rge.	Acres
<b>Tract 0-1</b>				
SW $\frac{1}{4}$ SW $\frac{1}{4}$	3	14S	33E	40.00
W $\frac{1}{2}$ W $\frac{1}{2}$	11	14S	33E	160.00
Total Acreage 200.00				
Minimum Rental 25c per acre				
Filing fee \$5.00				
<b>Tract 0-2</b>				
All	36	22S	30E	640.00
Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$ ,				
N $\frac{1}{2}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ ,				
NW $\frac{1}{4}$ SW $\frac{1}{4}$	2	23S	30E	520.56
All	16	23S	30E	640.00
Lots 1, 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,				
E $\frac{1}{2}$ SW $\frac{1}{4}$	19	23S	30E	280.80
NE $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ ,				
NE $\frac{1}{4}$ SW $\frac{1}{4}$	21	23S	30E	160.00
S $\frac{1}{2}$ , NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ ,				
NW $\frac{1}{4}$ NE $\frac{1}{4}$	22	23S	30E	600.00
NE $\frac{1}{4}$ NE $\frac{1}{4}$	28	23S	30E	40.00
Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$	30	23S	30E	321.36
Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$	31	23S	30E	322.72
All	32	23S	30E	640.00
All	36	23S	30E	640.00
All	2	24S	30E	640.66
Total Acreage 5,446.10				
Minimum Rental 25c per acre				
Filing fee \$5.00				

<b>Tract 0-3</b>				
NW $\frac{1}{4}$ , W $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$	2	20S	31E	315.66
SW $\frac{1}{4}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$	16	20S	31E	240.00
W $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$ ,				
N $\frac{1}{2}$ SE $\frac{1}{4}$	32	20S	31E	200.00
S $\frac{1}{2}$ , W $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$	36	20S	31E	560.00
NW $\frac{1}{4}$ , E $\frac{1}{2}$ NE $\frac{1}{4}$	16	20S	32E	240.00
All	32	20S	32E	640.00
E $\frac{1}{2}$ NW $\frac{1}{4}$	36	20S	30E	80.00
Lot 2	2	21S	30E	35.97
SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$	14	21S	30E	280.00
N $\frac{1}{2}$ , SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	16	21S	30E	560.00
NE $\frac{1}{4}$ SE $\frac{1}{4}$	20	21S	30E	40.00
E $\frac{1}{2}$	21	21S	30E	320.00
All	22	21S	30E	640.00
N $\frac{1}{2}$	23	21S	30E	320.00
NW $\frac{1}{4}$	24	21S	30E	160.00
N $\frac{1}{2}$	27	21S	30E	320.00
NE $\frac{1}{4}$ , NW $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ ,				
SW $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$	28	21S	30E	560.00
N $\frac{1}{2}$ , SE $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$	36	19S	31E	520.00
Total Acreage 6,031.63				
Minimum Rental 25c per acre				
Filing fee \$5.00				

**Tract 0-4**

Lots 1, 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$ ,				
N $\frac{1}{2}$ SW $\frac{1}{4}$	2	20S	32E	199.88
NE $\frac{1}{4}$	13	20S	32E	160.00
E $\frac{1}{2}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ ,				
SE $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$	36	20S	32E	360.00
Lots 3, 4, S $\frac{1}{2}$ NW $\frac{1}{4}$ ,				
SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	4	20S	33E	400.92
Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ ,				
S $\frac{1}{2}$ SE $\frac{1}{4}$	18	20S	33E	399.88
W $\frac{1}{2}$ NE $\frac{1}{4}$	19	20S	33E	80.00
Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ ,				
SE $\frac{1}{4}$ NE $\frac{1}{4}$ , NE $\frac{1}{4}$ SE $\frac{1}{4}$	31	20S	33E	240.26
S $\frac{1}{2}$	2	21S	31E	320.00
N $\frac{1}{2}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$	32	21S	31E	480.00
Total Acreage 2,640.86				
Minimum Rental 25c per acre				
Filing fee \$5.00				

**Tract 0-5**

SW $\frac{1}{4}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ ,				
NW $\frac{1}{4}$ NE $\frac{1}{4}$	16	21S	28E	160.00
NW $\frac{1}{4}$ NW $\frac{1}{4}$	18	21S	28E	39.67
S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,				
S $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SW $\frac{1}{4}$	32	21S	28E	240.00
All	36	21S	28E	640.00
N $\frac{1}{2}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$	32	21S	29E	400.00
All	36	21S	29E	637.12
E $\frac{1}{2}$ , NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$ ,				
SW $\frac{1}{4}$ SW $\frac{1}{4}$	2	22S	29E	600.24
S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ SW $\frac{1}{4}$	11	22S	29E	160.00
All	16	22S	29E	640.00
NW $\frac{1}{4}$ NW $\frac{1}{4}$	25	22S	29E	200.00
NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$	26	22S	29E	240.00
All	32	22S	29E	640.00
All	36	22S	29E	640.00
All	2	23S	29E	638.78

Total Acreage 5,715.81  
Minimum Rental 25c per acre  
Filing Fee \$5.00

**Tract 0-6**

Lots 3, 4, SE $\frac{1}{4}$	2	21S	29E	240.00
SE $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ ,				
SW $\frac{1}{4}$	11	21S	29E	240.00
N $\frac{1}{2}$ NW $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ ,				
NE $\frac{1}{4}$ SW $\frac{1}{4}$	13	21S	29E	160.00
NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$	14	21S	29E	280.00
SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SW $\frac{1}{4}$ SE $\frac{1}{4}$	16	21S	29E	80.00
NW $\frac{1}{4}$ NW $\frac{1}{4}$	8	21S	30E	40.00

Total Acreage 1,040.00  
Minimum Rental 25c per acre  
Filing fee \$5.00