

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

~~~~~  
TRANSCRIPTION OF HEARING

CASE NO. 301

August 21, 1951  
(DATE)

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

In re:

Application of Williams and Reed  
for an unorthodox location for  
their State No. 6 well to be  
located 1595' from the east line  
and 1180' from the south line in  
NWSWSE 17-18S-28E, Artesia Pool,  
Eddy County, New Mexico.

Case No. 301

TRANSCRIPT OF HEARING

August 21, 1951

MR. SHEPARD: The meeting will come to order. The next case in 301.

(Mr. Graham reads the Notice of Publication.)

MR. ARCHER: I am D. D. Archer from Artesia, New Mexico, representing Williams and Reed in that application.

MR. SHEPARD: If the Commission please, I would like to call the Commission's attention to this. While it was sent to the publisher in plenty of time, the required notice has not been given. If we continue with the case I think it should be with the understanding that it can be reopened or the order will be subject to objections of any party appearing at a later date.

MR. ARCHER: If the Commission please, the notice was sent to Artesia. It wasn't the fault of the papers or the Commission up here. It was the mail, if anything, because it was received at Artesia too late to get into the papers there and taken to Carlsbad immediately. Now the parties interested in this from the map as shown here, two of the parties have signed the entry of appearance and waiver of any objections. The third party -- just before leaving Artesia I received an answer from, response to objections from some attorneys in Arkansas for W. H. Richie. They have had notice of this application for some time now and they filed the application for the transmittal letter which was in my office which I would like permission to file with the understanding I might withdraw and furnish a copy of it. They show in the letter that they have no intention of contesting

other than filing the application. I would like to introduce as documentary evidence a letter dated August, 1950 from Patterson and Patterson, relative to the 40 acres owned by Mr. Richie, showing that from the -- especially next to the last paragraph on page 2 of the letter, " Mr. Richie is getting up in years and would like to dispose of his interest in this lease. Some years ago he had been connected with this company but that the option expired. I am wondering if your client would be interested in purchasing Mr. Richie's lease providing the purchase price was agreeable to both parties.

In this last paragraph on page 1, he states that he is advised by Mr. Richie -- "Mr. Richie tells me that his lease which he has not yet brought for me to see provides that he holds it perpetually as long as he pays an ~~annual~~ rental even though he does not undertake it himself. It is a new angle on leasor to the writer. There is no intention on his part to try any products attempts or drilling." I would like to introduce that letter with permission to withdraw it and furnish a copy to the Commission.

I have entry of general appearance and waiver of any objections, consent to the approval of the application by V. S. Welch and Ruth L. Williams, the other leaseholders that would be effected by this application. If you will note from the map that it was before the Commission here that Mr. Richie's land would be less effected if any effecting at all because it was the corner, the southwest corner of his 40 acres would be the only effect or part that would be effected.

On this well as located here which is being drilled, it was one that was determined that it was not properly located, the well was 54.5 feet east of where it should be and 89.7 feet north of where it should actually be under the correct location.

MR. WHITE: When was that first discovered?

A MR. ARCHER: Just right before we made our application. They were down some three or four or five hundred feet at the time. If I am not mistaken. From the amount, the distance or depth there, Williams and Reed on this lease, they have three wells and from those wells there has been a 122,495 barrels of oil produced. They are old wells, they have tried to recondition to get their oil from the 40 acres and it is an attempt now to get whatever oil they can from under 40 acres lease is the reason this other location was being located and drilled. At the time they determined that it was off location, they came into our office and we stated that it would have to be <sup>an</sup> unorthodox application for a unorthodox location be filed. The only parties from the USGS and from the state records that we could determine the ownership of these leases adjoining are W. H. Richie, RFD Route 1, Hartman, Arkansas, and B. S. Welch of Artesia, New Mexico and Ruth L. Williams, 6620 Marcon Avenue, Huntington Park, California. From the last two interested parties we have the waivers and consent that has been filed here this morning. The 500 foot casing has been set. The shallow well that they were drilling -- the 500 foot casing has already been set. The ~~correspondence~~ <sup>has</sup> been had back and forth from our office to Patterson and Patterson, the Arkansas attorneys, for the holder of the lease, Mr. Richie,

has been from the time we filed this application. So they have had actual knowledge of it and ~~are~~ in appearance here by their pleadings so truthfully I don't know that it would even have to be necessary, the Commission could find that all parties concerned in the matter ~~were~~ duly notified and had knowledge or was present and notwithstanding the fact that maybe the notice might be a day short as it is in this instance, they would not be determined in the lease by the notice.

MR. GRAHAM: The files show it was properly published in Santa Fe.

MR. ARCHER: ~~Tha~~ is right. Properly published in Santa Fe. Not only that, but Richie through his attorneys has filed an appearance, so that would waive any notice that might be necessary. The other two interested parties have entered their appearance and waived any objection and consented to the approval.

MR. WHITE: How many interested parties?

MR. ARCHER: Three.

MR. WHITE: Only two have given their waiver?

MR. ARCHER: Yes. Richie has objected to it here by the pleadings as filed in the case the day before yesterday. It was only received by us yesterday.

MR. GRAHAM: You wish the Commission to understand that Ribhie's land is privately owned?

MR. ARCHER: No, it is a state lease. It his contention he has a lease that is perpetual as long as he pays the lease on it. Even though he doesn't produce it in any way.

MR. GRAHAM: You do not know if that is held by production on

some other tract?

MR. ARCHER: It is not.

MR. SPURRIER: What is the date of expiration of his lease?

MR. ARCHER: I thought that was in my file but I might state that Patterson and Patterson the attorneys, in their letter referred to the fact that when we first notified them relative to this, we told them and specially after we received the letter where they thought it was a perpetual lease and all we suggested that they write Mr. Newman of the Oil Conservation Commission office in Artesia and in that letter they stated they had taken the privilege of writing Mr. Newman. I don't know exactly offhand, I thought it was in my file, the date of expiration of the Richie lease.

MR. GRAHAM: That would be off record in the land office.

MR. ARCHER: Yes.

MR. SHEPARD: We will take this under advisement.

- - - - -

STATE OF NEW MEXICO     )  
                              ;  
COUNTY OF BERNALILLO    )

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 301, before the Oil Conservation Commission at Santa Fe, taken on August 21, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 15<sup>th</sup> day of Sept 1951.

Ada Dearnley  
REPORTER

LAW OFFICES  
PATTERSON & PATTERSON  
PATTERSON BUILDING  
CLARKSVILLE, ARKANSAS

GEORGE O. PATTERSON  
EDWARD H. PATTERSON

August 2, 1951

Archer & Dillard  
Attorneys at Law  
Suite 202, Booker Building  
Artesia, New Mexico

Attention: Mr. Paul R. Dillard

Dear Sir:

Mr. W. H. Ritchey of this city has handed the writer your letters of July 23 and July 30, together with the enclosures sent him in your letter of July 23, relative to an application which you have pending as counsel for Williams & Reed Company for approval of the Conservation Commission of your state of the action of your client in locating and drilling a well within an area which apparently is prohibited by reason of its nearness to property on which Ritchey holds a lease and that of others, which application is self-explanatory.

Ritchey has requested that I advise him as to his rights under these circumstances. He states that he holds a lease on the forty acre tract set forth in the application from the State of New Mexico or some division thereof. The writer is not familiar with the laws of New Mexico in such cases; I am not familiar with the unitization laws of your state which might cover the question of drainage from the lands held under lease by Mr. Ritchey, nor am I familiar with the procedure authorizing the relief sought in the application and the possible future effect, if any, it might have upon Mr. Ritchey's property.

I have today taken the liberty of writing Mr. Justin P. Newman, Oil and Gas Inspector of your city, as set forth in the last paragraph of your letter of July 23, relative to this matter; and while it is not in any manner my position to delay an early hearing of your application, I am not in position to advise my client in his rights. It may be that the relief you seek to obtain is routine in nature and would not justify my contacting counsel there upon behalf of Mr. Ritchey.

Mr. Ritchey tells me that his lease, which he has not yet brought for me to see, provides that he holds it perpetually as long as he pays an annual rental, even though he does not undertake to develop it himself. This is a new angle on leasing to the writer, and may be peculiar to those leases issued by his sovereign lessor.



Archer & Dillard, Attorneys  
Artesia, New Mexico  
August 2, 1951

Mr. Ritchey is getting up in years and tells me that he would like to dispose of his interest in this lease, that some years ago it had been optioned to Williams & Reed Company, or someone connected with this company, but that the option expired unexercised. I am wondering if your client would at this time be interested in purchasing Mr. Ritchey's lease providing a purchase price agreeable to both parties could be reached.

Your application will not be delayed any longer than is absolutely necessary for me to try to place myself in position to more fully advise Mr. Ritchey as he is insisting that I advise him on all details of his status under the existing circumstances; and just as soon as I hear from your Conservation Commission there I will be in position to write you immediately by air mail. In the meantime I would appreciate hearing from you and oblige.

Yours very truly

  
George O. Patterson

GOP:gm

LAW OFFICES  
PATTERSON & PATTERSON  
PATTERSON BUILDING  
CLARKSVILLE, ARKANSAS

GEORGE O. PATTERSON  
EDWARD H. PATTERSON

August 18, 1951

Archer & Dillard  
Attorneys at Law  
P. O. Box 156  
Artesia, New Mexico

# 301

Re: Williams & Reed - Ritchey  
Application for Approval of  
Unorthodox Location of Well

Gentlemen:

Thank you for your letter of August 6, 1951. I have gone over its contents with Mr. Ritchey, and his present desire is to object to the granting of approval of the location of this well. He only instructed me to do this today, and for this reason I have hurriedly prepared and filed a Response and Objections with the Commission, a copy of which is enclosed.

It is my information that this hearing will be taken up probably at Santa Fe on Tuesday, August 21. Neither Mr. Ritchey or myself will be there and I assume that the matter will be heard on default of appearance.

I want to thank you for your courtesies in furnishing the information which you did to Mr. Ritchey in the first instance and also your promptness in answering my letter of inquiry following the same.

As to what steps Mr. Ritchey may take if the Commission should grant the approval, I am not prepared to say as he is contemplating a trip there himself some time in the late fall.

Yours very truly

*George O. Patterson*  
George O. Patterson

GOP:gm  
encl.

VIA AIR MAIL

ARCHER & DILLARD

ATTORNEYS AT LAW

SUITE 202 BOOKER BUILDING

ARTESIA, NEW MEXICO

July 30, 1951.

D. D. ARCHER  
PAUL R. DILLARD  
JEANNE N. LEWIS  
SECRETARY

301

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

Dear Dick:

In "The Matter of the Application of Williams & Reed for Approval of an Unorthodox Well Location" we have secured Waivers of Objections from V. S. Welch and from Ruth L. Williams.

We have not heard from the Mr. Ritchey whom we wrote one week ago today, but we have written him again today urging him to sign and return his Waiver of Objections.

When we receive it from Mr. Ritchey, we will have secured the consent of all interested parties.

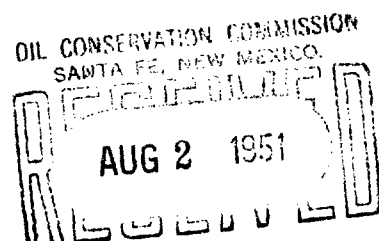
Yours truly,

ARCHER & DILLARD,

by

Paul R. Dillard

PRD/mlw



LAW OFFICES  
PATTERSON & PATTERSON  
PATTERSON BUILDING  
CLARKSVILLE, ARKANSAS

GEORGE O. PATTERSON  
EDWARD H. PATTERSON

RECEIVED  
AUG 23 1951  
Case 311  
August 18, 1951

VIA AIR MAIL

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

Gentlemen:

On behalf of Mr. W. H. Ritchey of this city, I am enclosing herewith for filing with your commission Response and Objections to Application made by Williams & Reed of Artesia, New Mexico, for the Commission's approval for the unorthodox location of an oil well designated as Williams & Reed State Well No. 6 located in NW $\frac{1}{4}$  SW $\frac{1}{4}$  SE $\frac{1}{4}$  of Section 17, Township 18 South, Range 28 N.M.P.M. in Eddy County of your state.

It is my information that this matter will likely come on for hearing on August 21, which will be next Tuesday. Neither Mr. Ritchey nor myself will be able to appear within that time and desire to have this filed. If the hearing proceeds and the application is granted, please advise the procedure necessary relating to filing appeals in such cases, and also advise the length of time within which to file requests for appeals.

A letter from Mr. Justin Newman of your Commission to the writer of August 6, 1951 stated that a book of your Rules and Regulations on drilling wells in your state was being sent me; however, I have not yet received the same. Please let this come forward and oblige.

Yours very truly

  
George O. Patterson

GOP:gm  
encl.