

COPIES SENT TO:

Duval Sulphur & Potash Co.
Carlsbad, New Mexico
Attn.: Mr. G. C. Weaver

International Mineral & Chemical Corp.
Carlsbad, New Mexico
Attn.: Mr. R. H. Lane

Kerr-McGee Industries
Kerr-McGee Building
Oklahoma City, Oklahoma
Attn.: Mr. J. C. Finley

Kerr-McGee Industries
207 West Richardson
Artesia, New Mexico
Attn.: Mr. Charles W. Hicks

National Potash Company
Hobbs, New Mexico
Attn.: Mr. Ray Jenkins

Potash Company of America
Carlsbad, New Mexico
Attn.: Mr. D. E. Protz

Southwest Potash Company
Carlsbad, New Mexico
Attn.: Mr. Stewart, Gen. Mgr.

United States Potash Company
Carlsbad, New Mexico
Attn.: Mr. J. P. Smith

Mr. R. J. Jones
P. O. Box 609
Abilene, Texas

Mr. O. H. Randel
P. O. Box 88
Carlsbad, New Mexico

Richardson & Bass
701 North Canal Street
Carlsbad, New Mexico
Attn.: Mr. Floyd Acklin

Roach & Shepard
707 Catalina Drive
Artesia, New Mexico

Simms & Reese Oil Company
Bujac Building
Carlsbad, New Mexico

Mr. Neil H. Wills
P. O. Box 529
Carlsbad, New Mexico

Mr. Harvey E. Yates
303 Booker Building
Artesia, New Mexico

Mr. Martin Yates, III
312 Carper Building
Artesia, New Mexico

Oil Conservation Commission
P. O. Box 2045
Hobbs, New Mexico
Attn.: Mr. S. J. Stanley, Engineer

U. S. Geological Survey
P. O. Box 187
Artesia, New Mexico
Attn.: Mr. John A. Frost

Mineral Supervisor
U. S. Geological Survey
P. O. Box 829
Carlsbad, New Mexico

Regional Supervisor
U. S. Geological Survey
P. O. Box 6721
Roswell, New Mexico



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

P. O. Box 187
Artesia, New Mexico

January 19, 1955

Simms & Reese Oil Company
Bujac Building
Carlsbad, New Mexico

Re: Oil and Gas Lease
Las Cruces 028978(b)

Gentlemen:

Reference is made to an informal meeting with members of the New Mexico Oil Conservation Commission in Hobbs, New Mexico, sometime ago regarding compliance with the provisions of Order R-111 governing the drilling and casing of wells in "The Potash-Oil Areas".

This office has been informally advised that the Commission has not received any word or plans following the meeting in Hobbs, and since it appears that sufficient time has elapsed in which to formulate an agreement among interested parties for consideration of the Commission you will be allowed thirty days in which to either comply with Order R-111 or prepare and submit to the Commission a request for an exception to the requirements set forth in the Order.

We are withholding approval of Sundry Reports covering work done to date on your wells No. 1 and 2 pending final action of the Commission, or until compliance has been made with Order R-111.

Very truly yours,

(Orig. Sgd.) JOHN A. FROST
John A. Frost
District Engineer

JAF:mm

Copy to: New Mexico Oil Conservation Commission ✓
Artesia, New Mexico

U. S. Geological Survey
Carlsbad, New Mexico

GEORGE L. REESE, JR.
DON G. MCCORMICK
THOMAS E. LUSK
EUGENE C. PAINE

REESE, MCCORMICK, LUSK AND PAINE

ATTORNEYS AT LAW
BUNN BUILDING
CARLSBAD, NEW MEXICO

TELEPHONES
5-3144
5-3145

27 September 1954

Mr. William Macey
State Geologist
Santa Fe, New Mexico

Dear Mr. Macey:

Some months ago Simms and Reese Oil Company, a partnership of which the writer is one of the partners, reentered a plugged and abandoned well known as the Continental-McClay No. 1, located in the NE $\frac{1}{4}$ of the SE $\frac{1}{4}$ of Section 33, Township 13 South, Range 30 East, N.M.P.M., and we finally succeeded in cleaning out the old hole to a depth of approximately 3,000 feet. We took a radiometric well log, set and cemented four inch casing with 100 sacks, perforated the section in the Queen sand, locally known as the red sand, from 2844 to 2863 feet in depth and after sandfrac by Dowell, Inc., we have completed what appears to be a good well. Completion date was on or about September 1, and the well is making the current allowable without any difficulty.

The old hole which we reentered had two cement plugs, one at a little below 500 feet and the other around 800 feet and the salt section had apparently been covered with water since the well was drilled in 1936 or 1937.

We talked to Mr. Frost regarding the special regulations applicable to this area and he advised that the State Oil and Gas Conservation Commission would be the final arbitrator insofar as any exceptions could be made in the present regulations. We know that there is a large cavity in the salt section and there is no way to estimate the amount of cement which would be required to cement the 4 $\frac{1}{2}$ inch casing from top to bottom.

We submitted the electric log to Mr. C. L. Jones, Geologist, stationed in Carlsbad, with the U.S.G.S. and under date of July 29, 1954, he advised the Deputy Supervisor at Artesia as follows:

"With reference to the radiometric well log of the Continental McClay well, made by the Lane-Wells Company on July 22, 1954.

"The radiometric well log does not show any indications that the well penetrated a valuable deposit

27 September 1954

of potassium minerals. There are no indications that the lands in the vicinity of this well can be considered as being valuable for potash."

We contacted Mr. Fred Stewart, Manager of Southwest Potash Corporation, whose mine is located some two miles south of the well and Mr. Stewart stated that at one time his company held a prospecting permit covering the $S\frac{1}{2}$ of Section 33, but that after coring this area the company relinquished the acreage and that it had no interest in the application of the present regulations to oil wells drilled in that area.

We were advised that perhaps Duval Sulphur & Potash Company had some interest in the area and we contacted Mr. Page Morris, who was then local superintendent of that company and who has now been moved to Houston as one of the vice presidents, and Mr. Morris advised that his company had no interest in the area.

We were told that Mr. F. M. Andrews of Santa Fe had filed upon the area and that perhaps he now holds a potash prospecting permit covering it, but we believe that this filing was made for the ultimate benefit of Duval in the event that company should elect to take over the area.

We have made the location for a well in the $SE\frac{1}{4}$ of the $NE\frac{1}{4}$ of Section 33 and drilling will start within the next few days. We are advised that Mr. O. H. Randel of this city has made a location in the $NE\frac{1}{4}$ of the $SW\frac{1}{4}$ of Section 27, Township 18 South, Range 30 East, and that drilling will start on that well in the near future.

We are not advised as to the presence or absence of potash deposits on any part of the area except the $S\frac{1}{2}$ of Section 33, but it seems likely that the absence of a valuable deposit in the $S\frac{1}{2}$ of Section 33 would indicate that there are no valuable deposits north of that area.

I talked to Mr. Randel on the telephone this morning and he stated that he would write you a letter today, requesting a conference as soon as you are in this vicinity, and after talking to him, I decided that it might serve a good purpose to give you as complete a picture of the present situation as I could do by letter.

I do not have a copy of the present drilling regulations and am not familiar with the steps which should be taken to secure an exception of the discovery well from the regulations or with the steps which might possibly be taken to cause

27 September 1954

the deletion of any particular area from the operation of the regulations. Any information which you can give me will be appreciated and since there seems to be considerable development in prospect, it will be to the interest of the oil operators to expedite the lifting of the top to bottom cementing regulation in the event such a course of action is possible.

Yours sincerely,

SIMMS AND REESE OIL COMPANY

By


Geo. L. Reese, Jr.

CC: Mr. O. H. Randel
Box 88
Carlsbad, New Mexico

Deputy Supervisor
Artesia District
Oil and Gas Branch
United States Geological Survey
Artesia, New Mexico

GLR:mjt

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

MEMORANDUM

TO: All Operators and Individuals Interested in the
"Potash-Oil" Area of Eddy County, N. M.

FROM: W. B. Macey, Secretary-Director

SUBJECT: Case 862 in the Oil Conservation Commission's
Hearing Docket for March 16, 1955

We attach a copy of the legal advertisement issued in Case 862, which will be heard by this Commission at the March 16 hearing. The area involved in creation of the proposed North Benson-Queen Oil Pool is a part of the "potash-oil" area as originally described in Order R-111, which was adopted by this office and by the Commissioner of Public Lands in November 1951.

The case currently before the Commission provides for establishment of the new pool and of pool rules relating to it, all in accordance with provisions of Order R-111.

March 2, 1955

(See distribution list attached)

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Copies sent to:

Geo. L. Reese, Jr.
Simms and Reese Oil Co.
Bujac Building
CARLSBAD, N M

Duval Sulphur and Potash Co.
CARLSBAD

Southwest Potash Corp.
CARLSBAD

Oil Conservation Commission
ARTESIA

U. S. Geological Survey
CARLSBAD and ARTESIA;
Attention: Mr. John Frost

U. S. Geological Survey
RENEWELL

U. S. Potash Company
CARLSBAD

Potash Company of America
CARLSBAD

International Minerals & Chemical Corp.
CARLSBAD

Oil Conservation Commission
HOBBS

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following public hearings to be held at 9 o'clock a.m. on March 16, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following cases,
and notice to the public.

CASE 862:

In the matter of the application of the Oil Conservation Commission upon its own motion for an order creating a new pool in the designated "potash-oil" area and establishing pool rules for same.

Applicant, in the above-styled cause, seeks an order
(a) creating the North Benson-Queen Oil Pool in Eddy County, New Mexico, described as follows:

Twp. 18 South, Rge. 30 East
E/2 Section 33;
W/2 Section 34

and such other contiguous lands as may properly be included therein as supported by proper testimony and recommendations adduced at said hearing; and (b) prescribing rules and regulations pertaining to the proposed North Benson-Queen Oil Pool in accordance with the provisions of Order R-111, which pertains to the drilling and completion of oil or gas wells within the so-called "potash-oil" area.

GIVEN under the seal of the Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of February, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. MACEY
SECRETARY

S E A L

Add Case 862
TRAN. ST. 100 000
RECORDED 41 9:33

New Mexico
OIL CONSERVATION COMMISSION



GOVERNOR JOHN F. SIMMS
CHAIRMAN
LAND COMMISSIONER E. S. WALKER
MEMBER
STATE GEOLOGIST W. B. MACEY
SECRETARY & DIRECTOR

321 Carper Building
Artesia, New Mexico

April 5, 1955

TO WHOM IT MAY CONCERN

Under date of March 16, 1955, the New Mexico Oil Conservation Commission under its own motion held a hearing in Santa Fe on Case No. 862, in which it proposed to create the North Benson-Queen Pool, and to promulgate rules and regulations pertaining to the pool in accordance with the provisions of Order R-111, which pertains to the drilling and completion of oil and/or gas wells within the so-called "potash-oil" area.

The proposed pool would include the following acreage in Eddy County, New Mexico:

Twp. 18 South, Rge. 30 East
E/2 Section 33,
W/2 Section 34.

After hearing testimony in this matter the Case was then continued until the April 20, 1955, Commission hearing. Following the hearing the Director appointed a committee, with the writer as chairman, and directed me to call a meeting of all interested parties in order to obtain the views of all parties concerned in the possible revision of the present Order R-111, which is now in effect.

The committee has been instructed to make recommendations back to the Commission in regard to the subject, and you are requested to attend and express your views before the committee.

The meeting will be called for 10:00 A.M., April 11, 1955, at the offices of United States Potash Company, 101 North Halagueno, Carlsbad, New Mexico.

Yours very truly,

OIL CONSERVATION COMMISSION

L. A. Hanson
L. A. HANSON

Supervisor, Oil & Gas Inspector

LAH/lh

(See distribution list attached)

29 July 1955

Oil Conservation Commission
Santa Fe, New Mexico

In Re: Case No. 862

Gentlemen:

Prior to March 16, 1955, Simms and Reese Oil Company filed with your Commission an application requesting certain changes in your Order No. R-111 and in lieu thereof that you except Simms and Reese Oil Company McClay No. 1 well located on NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 33 and our well No. 2 McClay located on the SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 33, Township 18 South, Range 30 East, from the casing regulations contained in said order.

The USGS was withholding approval of our completion report on these two wells pending action by your Commission. Under date July 21, 1955, Mr. John A. Frost, District Engineer USGS, advised us that you have issued your Order No. R-646 in Case No. 862 establishing the North Benson-Queen Pool which provides among other things that operations in this area shall comply with the provisions of Commission Order R-111.

We did not receive any notice of Order No. R-646 nor have we received any notice of action which the Commission has taken on our petition to create an exception for the two wells above described. Mr. Frost has now requested that we cement the production strings in both wells to the surface and before complying with this request we should like to have your Commission act upon our petition.

We also noticed in the newspaper that a committee appointed by the Commission is holding a meeting here in Carlsbad today for the purpose of considering possible changes in your Order R-111 and we would like to be advised of possible action which may be taken by the Commission in this regard before we undertake to comply with Mr. Frost's request.

The above described well No. 2 makes no more than 5 barrels of oil per day and it will probably be uneconomical for us to cement the production strings to the surface. If this requirement is not lifted we will probably be forced to plug the well.

The circumstances under which well No. 1 was redrilled and completed are set forth in our petition and we believe we are entitled to the relief prayed therein. Awaiting your advice, we remain

Yours very truly,
SIMMS AND REESE OIL COMPANY

BY _____
Geo. L. Reese, Jr.

GLR:vc

GEORGE L. REESE, JR.
DON G. MCCORMICK
THOMAS E. LUSK
EUGENE C. PAINE

REESE, MCCORMICK, LUSK AND PAINE

ATTORNEYS AT LAW

BUJAC BUILDING
CARLSBAD, NEW MEXICO

17 February 1955

TELEPHONES
5-3144
5-3145

New Mexico Oil Conservation Commission
Santa Fe
New Mexico

Gentlemen:

We herewith hand you Application for the deletion of certain area from your Order No. R-111 in which we also ask in the alternative for an exception of wells known as McClay No. 1 and McClay No. 2 from the requirements of said order.

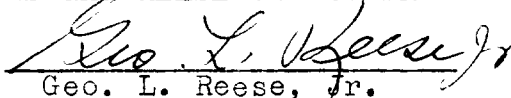
Copies of the application have this date been mailed to Duval Sulphur & Potash Company, Carlsbad, New Mexico and to Southwest Potash Corporation, Carlsbad, New Mexico. With copies of this letter, we are transmitting copy of the application to the New Mexico Oil Conservation Commission, Artesia, New Mexico; copy to U. S. Geological Survey, Carlsbad, New Mexico; and two copies to Mr. John A. Frost, District Engineer, U.S.G.S., Artesia, New Mexico.

At the informal meeting which you held several months ago in Hobbs, Duval Sulphur & Potash Company was represented and an effort was made, following said meeting, to formulate an agreement with said company. The position of that company appears to be that it will not agree to any changes in your Order No. R-111 but we doubt that that company will desire a formal hearing on the enclosed application. We believe that everyone recognizes the fact that the area described in the application has no present or prospective value for potash production and this should be the determinative fact upon which your action should be based with reference to the application.

Yours sincerely,

SIMMS and REESE OIL COMPANY

BY:


Geo. L. Reese, Jr.

GLR:kcp

Copies as listed above.

GEORGE L. REESE, JR.,
DON G. MCCORMICK
THOMAS E. LUSK
EUGENE C. PAINE

REESE, MCCORMICK, LUSK AND PAINE

ATTORNEYS AT LAW

BUJAC BUILDING

CARLSBAD, NEW MEXICO

TELEPHONES
5-3144
5-3145

29 July 1955

Case # 862

Oil Conservation Commission
Santa Fe, New Mexico

(also 78)

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29 July 1955

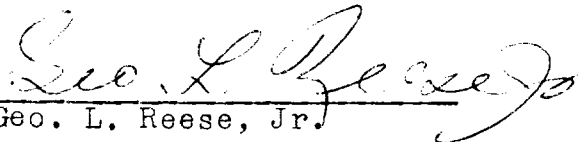
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SIMMS AND REESE OIL COMPANY

BY


Geo. L. Reese, Jr.

GLR:vc