

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 28, 1962

Mr. Dale R. Worth, Manager  
Rocky Mountain Mid-Continent Area  
Westates Petroleum Company  
855 Petroleum Club Building  
Denver, Colorado

Dear Mr. Worth:

Reference is made to your letter of May 17, 1962, regarding Commission disposition of Case No. 2508, and to my letter of May 22nd, wherein I promised to reply as soon as I had the opportunity to study in detail the various points which you covered in your letter.

We can understand your disappointment at not being permitted to put the pool separation evidence into the record at the April 3rd hearing. However, the application was filed and the case had been advertised limiting the scope of the hearing to the assignment of special allowables to four wells and not for the purpose of considering the revision of the vertical limits of the Tubb-Drinkard Pool. As a matter of fact, several companies which probably would oppose any such revision had been advised by the Commission that such a revision was not within the scope of the legal notice of the case and would not be considered. As to consideration of the alleged separation as a basis for an extension of the double allowable provision of Order No. R-1776, we can see no correlation between the two. Order No. R-1776 permitted the extra allowable to be assigned to each of two 40-acre Westates tracts for a period of 18 months solely for the purpose

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of helping to compensate for the added expense of completing an extra well on the tract. We feel that Mr. Kastler, representing Gulf Oil Corporation, very appropriately described the Commission's original intention when he stated at the March 28th hearing, "We do not believe that it was the intent of the original 18 months special order to guarantee the payout on four wells, but rather to help relieve the financial burden incurred for two additional wells." It was not shown at the hearing that the added cost of one extra dual completion in the Tubb-Drinkard Pool on each of the tracts had not paid out.

We agree with you that conservation of hydrocarbons is the prime factor in the consideration of a case of this type. However the Commission also has the obligation to protect correlative rights insofar as is practicable without causing waste. We believe that all correlative rights, including yours as well as those of other operators in the pool can best be protected from violation by limiting the production from each 40-acre tract to a single allowable. We further believe that waste will not be caused from such a limitation. Although the geology of the area is extremely complicated with the gross reservoir thickness containing various permeable beds separated from each other at points, the Commission was convinced from the record of Case 2064 that there was sufficient interconnection and communication among the majority of these beds to constitute a single common source of supply, which of course would presuppose the idea that adequate drainage will result from a single well on each 40-acre tract. The Commission also considered, of course, those marginal isolated beds which might never be perforated and might never be produced if dual completions with complete separation in the absence of consolidation of the Tubb and Drinkard formations were required.

It is not our desire to see any of the extra wells on any of the tracts shut-in or abandoned. Rather we encourage the continued operation of both wells on each of the tracts,

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sharing a single 40-acre allowable just as all of the other tracts in the pool have.

Please let me know if any further discussion of this matter is desired so that you may fully understand the position of the Commission in this case.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

OIL CONSERVATION COMMISSION

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SANTA FE, NEW MEXICO

May 22, 1962

Mr. Dale R. Worth, Manager  
Rocky Mountain Mid-Continent Area  
Westates Petroleum Company  
855 Petroleum Club Building  
Denver, Colorado

Dear Mr. Worth:

When I returned to my office on May 18th from conducting a hearing and attending a symposium in Hobbs, I found your letter concerning Case 2508.

As soon as I have had time to make a study in detail of the points you brought out in your letter, I will give you a reply.

Very truly yours,

A. L. PORTER, Jr.  
Secretary-Director

ALP/ir

cc: Mr. Joe Ramey  
Oil Conservation Commission  
Box 2045  
Hobbs, New Mexico