

APR 15 1962
WESTATES PETROLEUM COMPANY

855 PETROLEUM CLUB BUILDING • TABOR 5-2854 • DENVER, COLORADO
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May 17, 1962

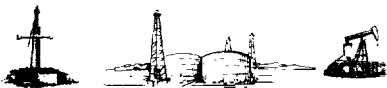
Mr. A. L. Porter, Jr.
Secretary - Director
Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

We received the denial of Westates Petroleum Company's application, Case #2508, Order #R-2209 wherein we asked for continued allowables on our four (4) wells on the 80 acres in Sec. 25-T25S-R37E, Lea County, New Mexico. These four (4) wells produce two (2) from the Tubbs reservoir and two (2) from the Drinkard reservoir.

We were disappointed in the hearing and the order since it was denied on the failure of the applicant to show satisfactory evidence why the wells should continue to produce in their present status, mainly because we were unable to present all of our evidence. We had additional evidence to present on bottom hole pressure build-up curves and well interference tests which indicated that the two reservoirs are definitely not connected in our area and are separate sources of supply. As far as we are concerned the additional evidence that we wanted to present should have been admitted whether it attacked the original order, Case #2064, or not. The original order called for additional evidence and cause to be presented within the 18-month production period and this order definitely did not state the kind of evidence or what could or could not be presented. There was some discussion and controversy over economics at the hearing which in our thinking is not the prime concern since conservation of hydrocarbons is the main factor.

Since our hearing we have reviewed the Transcript of Proceedings of the original application of Anderson-Pritchard and Amerada Petroleum, Case #2064, dated September, 1960, wherein they asked for an extension of the vertical limits of the Justis-Drinkard Pool. It appears that the original intention of the hearing and proceedings were satisfactory and the Tubbs and



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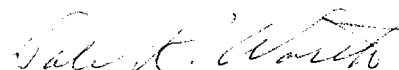
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Drinkard zones were correlated with the same zones from wells some 20 miles away where the limits have previously been set. It was also indicated in this hearing that the Commission informally had accepted up to that time and approved the drilling of several wells to both zones and that the Drinkard and Tubbs pay section were considered separate sources of supply. However, as the hearing developed the geological evidence did not conclusively define the limits or barrier between the two reservoirs because of certain local porosity developments in certain wells and areas which indicated an overlap of the two zones. This, however, appeared to be the exception rather than the rule since some of the wells which were perforated across this minor porosity zone probably contained little if any hydrocarbons and is not the main Drinkard and Tubbs reservoirs. Exceptions should have been granted these wells since conclusive evidence was not presented and this appeared to be the original intention for the hearing.

In the interest of Conservation we wanted an exception to continue to produce these wells as they are apparently low structurally and in the oil ring as compared to wells up structure in the gas cap zone. We feel that if the oil is not withdrawn from the oil ring it will move up structure to the gas cap and as the gas is withdrawn it will result in resaturation of the gas cap with this oil and thus cannot ever be recovered. We believe the maximum recovery of the hydrocarbons from the reservoir is the prime concern of the Conservation Commission as well as the oil operators and that economics is a secondary factor. Even though an operator has recovered his investment from a well with oil production he still has no reason to shut the well in and leave the hydrocarbons in the reservoir. It was not our intention to force any operators to drill uneconomical wells in the gas cap area and with an exception they would not have to but I do believe an exception should be granted to continue to produce wells that were drilled in good faith and this would not harm any offset operator and would definitely be in the interest of conservation of one of our more important natural resources.

Mr. Porter, we do not know the thoughts of the Commission on this particular problem but we would be very interested in a reply from you on what our position should be. Your interest and comments on the above subject are respectfully requested.

Very truly yours,



Dale R. Worth

Mgr. Rocky Mt. Mid-Cont. Area

DW:mb

CC: Joe Ramey - OCC, Hobbs, N.M.
W. L. Boyer, V.P., Westates, L.A.
Gene Chaffin, Supt., Westates, Jal