

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF CON-
SIDERING:

CASE No. 3029
Order No. R-2772

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION FOR PERMISSION TO DRILL
WITHIN THE POTASH-OIL AREA AS DEFINED
BY COMMISSION ORDER NO. R-111-A, AS
AMENDED, EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 A.M. on April 15, 1964, at Santa Fe, New Mexico, before a quorum of the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 25th day of September, 1964, the Commission, a quorum being present, having considered the application and the alternative application, the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant proposes to drill an oil well 660 feet from the South line and 660 feet from the East line of Section 17, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, or at an alternative location anywhere within a circle of 100 feet radius around an existing oil well, Barber No. 4-A, located 1639.2 feet from the South line and 2304.5 feet from the East line of said Section 17.

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(3) That each of the proposed locations is within the Barber-Yates Oil Pool in Eddy County, New Mexico, and within the Potash-Oil Area as defined by Commission Order No. R-111-A, as amended.

(4) That there are nine wells currently producing in the Barber-Yates Oil Pool; that these wells are producing from an approximate depth of 1500 to 1600 feet.

(5) That the applicant proposes to drill the subject well to an approximate depth of 12,600 feet, or deeper, to test the Strawn, Morrow, and Devonian formations.

(6) That Potash Company of America operates a mine in Eddy County, New Mexico, which consists of between 12,000 and 13,000 acres of potash reserves and open mine workings; that said open mine workings consist of interconnected rooms and tunnels totaling about 825 miles in length, averaging 5 feet in height and 32 feet in width.

(7) That the proposed well in either proposed location would pass through unmined potash reserves at a depth of 700 feet from the surface which average 4.13 feet in thickness and have an average grade of 24.4% K_2O .

(8) That the alternate location of the applicant's proposed well is within a 100 foot radius of the Barber Well No. 4-A which is located approximately 1500 feet from the present open mine area of said mine, the easterly boundary of which open mine workings passes through the SW/4, the NW/4 and the NE/4 of Section 17, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico.

(9) That potash mining operations are conducted by Potash Company of America by the room and pillar method, extracting about 65% of the potash deposit on primary mining and leaving about 35% in pillars supporting the overburden; that about 25% of the original potash deposit can be removed on secondary mining and that subsidence of the overburden and subsurface disturbance can be expected to result from secondary mining.

(10) That as a reasonable safety measure, Potash Company of America will not conduct potash mining operations within a radius of 100 feet of a shallow oil well or within a radius of 200 feet of a high pressure gas or oil and gas well, as to primary mining,

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or within a radius equal to the depth of the potash deposit, as to secondary mining.

(11) That the applicant has not established that the proposed well could be cased and cemented in a manner that would withstand the subsidence experienced in normal potash mining operations; that damaged casing will ultimately result in waste of oil or gas; and that no waste of oil or gas will occur from subsidence if drilling is postponed until the potash has been removed and subsidence is substantially complete.

(12) That the drilling of a well at either of the proposed locations at this time would create a hazard to human life as the applicant has not established that such well could be cased and cemented in a manner that would withstand the subsidence experienced in normal potash mining operations and prevent natural gas from escaping into the open mine workings; that if drilling is postponed until the potash has been removed and subsidence is substantially complete, the proposed well can be drilled without hazard to human life.

(13) That the drilling of an oil well at either of the proposed locations at this time would result in undue waste of potash deposits and unduly interfere with the orderly development of potash deposits in the area contrary to the provisions of Commission Order No. R-111-A; that if drilling is postponed until the potash has been removed, there will be no waste of potash.

(14) That postponing the drilling of exploratory wells in the Potash-Oil Area, as defined by Commission Order No. R-111-A, until the potash in said area has been removed and subsidence is substantially complete will, so far as it is practicable to do so, afford to the owner of each property in any pool underlying said area the opportunity to produce without waste his just and equitable share of the oil and gas in such pool.

(15) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the application of Pan American Petroleum Corporation for authority to drill a well at either of the proposed locations in the SE/4 of Section 17, Township 20 South, Range 30 East, NMPM, Eddy County, New Mexico, is hereby denied.

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(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

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