

BEFORE THE OIL CONSERVATION COMMISSION OF THE  
STATE OF NEW MEXICO

IN THE MATTER OF A HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO FOR THE  
PURPOSE OF CONSIDERING:

CASE NO. 148  
ORDER NO. 774

IN THE MATTER OF THE APPLICATION OF  
PHILLIPS PETROLEUM COMPANY FOR AN  
ORDER OF APPROVAL OF PROPOSED BEARD  
UNIT AGREEMENT COVERING UNIT AREA  
COMPRISING 11,678.91 ACRES SITUATED  
IN TOWNSHIPS 24 AND 25<sup>30</sup> RANGE 34 EAST  
AND TOWNSHIP 25 SOUTH, RANGE 35 EAST,  
IN LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at ten o'clock a.m., July 7, 1948, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as "Commission."

NOW, on this the 7th day of July, 1948, the Commission having before it for consideration the testimony adduced at the hearing of said case and being fully advised in the premises:

FINDS that the proposed plan for the development and operation of the unit area will, in the judgment of the Commission, have the effect of preventing waste of oil and gas and that such plan is fair to the royalty owners in the unit area;

IT IS THEREFORE ORDERED:

That the order herein shall be known as the:

"BEARD UNIT AGREEMENT ORDER"

SECTION 1. (a) That the plan for development and operation of the Unit Area shall be known as the "Beard Unit Agreement."

(b) That said Beard Unit Agreement is and shall be in the form attached to and filed with the application in this case.

SECTION 2. That the plan for development and operation of the Unit Area as set forth in said Beard Unit Agreement is hereby approved and adopted by the Commission with respect to such Unit Area; provided, however, that the Commission, upon hearing and after notice, may subsequently modify such plan to the extent necessary to prevent waste as prohibited by the oil and gas conservation laws of the State of New Mexico; and provided further that notwithstanding any of the provisions contained in said Unit Agreement, this approval of said agreement shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now or may hereafter be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Beard Unit Agreement or relative to the production of oil and gas therefrom.

SECTION 3 (a) That the Beard Unit Area shall be:

New Mexico Principal Meridian, N. M.

Township 24 South, Range 34 East:  
Sec. 36 - S $\frac{1}{2}$ ;

Township 25 South, Range 34 East:  
Secs. 1, 2, 11, 12, 13, 14,  
23 & 24 - all;  
Sec. 25 - N $\frac{1}{2}$ ;

Township 25 South, Range 35 East:  
Sec. 5 - S $\frac{1}{2}$ ;  
Secs. 6, 7, 8, 17, 18, 19 &  
20 - all;  
Sec. 21 - W $\frac{1}{2}$ ;  
Sec. 28 - NW $\frac{1}{4}$ ;  
Sec. 29 - N $\frac{1}{2}$ ;  
Sec. 30 - N $\frac{1}{2}$ ;

Lea County, New Mexico, contain-  
ing 11,678.91 acres, more or less.

(b) The Unit Area may be expanded or contracted as provided in said Beard Unit Agreement.

SECTION 4. That the unit operator shall file with the Commission an executed original of said Beard Unit Agreement, or executed counterparts or ratifications thereof, within thirty (30) days after the effective date thereof.

SECTION 5. That any person owning an interest in the unitized substances in and under said Unit Area who does not commit such interest to said Beard Unit Agreement prior to the effective date thereof may subsequently become a party thereto in the manner prescribed in said Beard Unit Agreement.

SECTION 6. That said Beard Unit Agreement shall become effective upon approval thereof by the Commissioner of Public Lands of the State of New Mexico and the Secretary of the Interior of the United States and shall terminate as prescribed therein; and that this order shall terminate ipso facto upon termination of said Beard Unit Agreement. The then Unit Operator shall immediately notify the Commission in writing of such termination.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

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CHAIRMAN

*John E. Miles*  
MEMBER

*R. L. Goussier*  
SECRETARY

*this in condition*

January 13, 1952

Phillips Petroleum Company  
Martinsville, Virginia

Dear Sirs:

Reference is made to your letter of January 10, 1952, and the enclosed.

We have your letter dated January 10, 1952, and wish to advise you that we are unable to guarantee the amount of production from the well, but we will do our best to produce the maximum amount of oil possible.

You are advised that your application to lease to this operator's well is approved, and hereby approved subject to the approval being had as a condition that the operator shall be held liable for the cost of the well.

Very truly yours,

J. H. ...  
Director of Operations

cc: All appropriate conditions  
Article 19, Leasehold  
B. B. Geological Survey  
Martinsville, Virginia

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OIL COMPANY  
FEB 14 1952

Copy 148

October 9, 1950

Phillips Petroleum Company  
 Bartlesville, Oklahoma

Attention: Mr. C. C. Stark, Vice President

Re: DEARED UNIT AGREEMENT, LISA COUNTY, NEW MEXICO  
 Federally designated as Roman I SEC. No. 625

Gentlemen:

After having examined the Application of Phillips Petroleum Company for an extension of time within which to comply with the drilling requirements of the Deared Unit Agreement, Lisa County, New Mexico and the information contained in such application, I have concluded that the best interests of the State of New Mexico would be served by such requested extension.

I, therefore, approve said Application for the Extension of said Deared Unit Agreement for a period of one (1) year from and after September 29, 1950 until and including September 29, 1951 provided, however, that the foregoing approval is conditioned upon similar action being taken in the premises by the proper officials of the United States Department of the Interior.

Very truly yours,



GUY SHEPARD  
Commissioner

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July 11, 1949

Phillips Petroleum Company  
Bartlesville, Oklahoma

Attention: Mr. B. C. Bassell

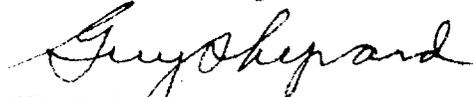
Re: BEARD UNIT AGREEMENT, LEA COUNTY, NEW MEXICO  
Federally designated as Roman I REG. No. 625.

Gentlemen:

After having examined the Application of Phillips Petroleum Company for an extension of time within which to comply with the drilling requirements of the Beard Unit Agreement, Lea County, New Mexico and the information contained in such application, I have concluded that the best interests of the State of New Mexico would be served by such requested extension.

I, therefore, approve said Application for the extension of said Beard Unit Agreement for a period of one (1) year from and after September 29, 1949 until and including September 29, 1950 provided, however, that the foregoing approval is conditioned upon similar action being taken in the premises by the proper officials of the United States Department of the Interior.

Very truly yours,



GUY SHEPARD,  
COMMISSIONER OF PUBLIC LANDS

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# PHILLIPS PETROLEUM COMPANY

BARTLESVILLE, OKLAHOMA

24 May 1949

Re: G. F. 3025

Director  
United States Geological Survey  
Washington, D. C.

Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

Gentlemen:

Reference is made to the Unit Agreement dated July 8, 1948, covering the Beard Unit Area, Lea County, New Mexico, which was approved by the Acting Director of the U. S. G. S. on November 4, 1948, and designated as I. SEC. No. 625. Paragraph numbered 8 of said Unit Agreement requires commencement of a second test well on such unit by September 29, 1949, if the Unit Agreement is to be maintained in force and effect. Phillips Petroleum Company, as Unit Operator, hereby respectfully requests an extension of said time limit set forth in said paragraph numbered 8 to September 29, 1950.

Phillips Petroleum Company has now drilled the first well on said unit, the McCormick No. 1, located in the approximate center of the Southwest Quarter of the Southwest Quarter (SW $\frac{1}{4}$  SW $\frac{1}{4}$ ) of Section 18, Township 25 South, Range 35 East, to a depth of 7,023 feet. This well encountered the top of the Delaware Sand zone at 5,484 feet. No evidence of accumulation of oil and gas was observed in the upper part of this sand, which produces elsewhere in the Delaware Basin. A drill stem test of the interval from 5,483 feet to 5,518 feet, open one hour, had a blow of air throughout and when the pipe was pulled, 644 feet of drilling mud and 306 feet of salt water were recovered. The only show noted in the well was a slight gas odor in interbedded fine sand and shale in a core recovered from 6,685 feet to 6,699 feet. However, a drill stem test of the interval from 6,667 feet to 6,730 feet, open one hour and fifteen minutes, recovered only 936 feet of slightly gas cut salt water, indicating no commercial accumulation of gas. At the total depth this well has penetrated approximately 1,539 feet below the top of the Delaware Sand zone, through a series of interbedded sand stones, and shales, with no indication of commercial accumulation of oil or gas.

This well was located on a gravity maximum which we felt might be indicative of local structure. The absence of shows in the Delaware Sand is discouraging and because of very sparse regional control it is impossible to state whether or not local structure is present as far as the beds penetrated are concerned.

Due to the absence of data in this area, it is impossible to estimate what Pennsylvanian and older reservoirs may be expected to occur in this immediate area, or at what depths they might be penetrated. Therefore, we are reluctant to make the large investment required to deepen this well, unless we can obtain more definite evidence of local structure in the deeper formations.

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STATE LANDS  
MAY 21 1949

As explained in previous correspondence, our attempts at seismic exploration in this area were unsatisfactory due to failure to obtain usable records. It is possible that new technique in shooting and new equipment now under development may, within the next year, permit reasonable precision in seismic mapping in areas such as this.

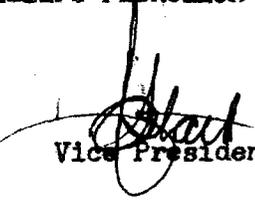
It is our hope that additional data relating to the deeper formations to be expected in this area, and their structural attitude, may be obtained prior to the expiration of the requested extension.

Your early action upon our request will be appreciated.

Very truly yours,

PHILLIPS PETROLEUM COMPANY

By

  
Vice President

THM:GB

OCT 21 1948

Box # 791  
Midland, Texas  
October 22, 1948

RE: Beard Unit Area  
Lea County, N. M.  
Case # 1143  
Order # 774

*file*

Hon. John E. Miles  
Commissioner of Public Lands  
State of New Mexico  
Santa Fe, New Mexico

Dear Sir:

On October 19, 1948, pursuant to Order of the State of New Mexico Oil Conservation Commission of July 7, 1948, we submitted for your approval ten original copies of the Unit Agreement on the above area and want to thank you for the courtesies and consideration extended and for so promptly certifying the same.

We can do nothing further at this time in regard to the three refusals had, namely, on Tract "N" the unleased N/2, Section 14, 25S, 34E (320 acres), Tract "T", insofar as it covers an undivided 1/2 royalty interest in NW/4 of Section 21, 25S, 35E (80 net acres), and Tract "H", insofar as it covers an undivided 15/16 royalty interest in NE/4 and S/2 NW/4, Section 17, and S/2 NE/4, Section 18, 25S, 35E (300 net acres) whose firm refusals are substantiated by attached photo copies. We will have unitized, with the State of New Mexico and the United States Government, oil and gas rights covering 94.006% of the entire area, broken down as follows:

	<u>Ownership</u>	<u>Unitized</u>	<u>Per Cent</u>
U. S. A.	8,759.39 Acres	8,759.39 Acres	75.002%
New Mexico	959.52 "	959.52 "	8.216%
Patented Land	<u>1,960.00</u> "	<u>1,260.00</u> "	<u>10.782%</u>
Entire Area	11,678.91 "	10,978.91 "	94.006%

and are desirous of proceeding with our proposed well leaving those interests out for the time being or until conditions justify pursuing further. The other owners of oil and gas rights who have joined will offer no objection as they are primarily concerned in seeing a test well properly drilled. No particular operating problem is suggested nor will there be one for quite some time; moreover, the determination of the first participating area is obvious.

We further respectfully call your attention to the fact that Phillips Petroleum Company, Unit Operator, own all of the oil and gas leases in the Unit Area, excluding only the unleased 320 acres on the west edge

Hon. John E. Miles

October 22, 1948

(Tract "N") and the entire working interests are, therefore, committed 100%. There are no other non-operating partners, thus making 97.260% of the leased acreage unitized.

The Working interest and 1/16 royalty interest is committed in the 320 acres of Tract "M". The working interest and 1/2 royalty interest is committed in the 160 acres of Tract "T".

The Agreement in ten original copies was filed at 10:50 A. M. 10-21-48 with Mr. Foster Morrell, Supervisor, Oil and Gas Operations, United States Geological Survey, Post Office Building, Roswell, New Mexico, after having been processed by that office and was promptly forwarded to Washington, D. C., with appropriate urgent recommendations for execution. We are advised it will require approximately three weeks' time for this Agreement to be concluded in Washington, and upon its return we will furnish your office two fully and completely executed copies.

In the interim, however, we are handing you herewith two identical copies of the Agreement unexecuted to which are attached Exhibits "A" and "B", and list of last known addresses of parties signatory.

The proposed location for the test well is center of SW/4 SW/4, Sec. 18, 25S, 35E.

Very truly yours,

R. F. Rood

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cc: L. R. Spurrier ✓  
Geol. for St. of  
New Mexico  
Santa Fe, N. M.