

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 3, 1956

IN THE MATTER OF:)
CASE NO. 1047)

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 3, 1956

IN THE MATTER OF:

The application of Amerada Petroleum Corporation for an order granting approval of a Unit Agreement for the development and operation of the North Knowles Unit Area embracing All of Section 1 and Lots 1, 2, 7, 8, 9, 10, 15, 16 and the SE/4 of Section 2, All in Township 16 South, Range 38 East, Lea County, New Mexico.

Applicant, in the Above-styled cause, seeks an order granting approval of its proposed Unit Agreement to which applicant, et al, are parties thereto; said Unit Agreement consisting of 1520 acres of land, more or less, embracing All of Section 1 and Lots 1, 2, 7, 8, 9, 10, 15, 16 and the SE/4 of Section 2, Township 16 South, Range 38 East, Lea County, New Mexico.

CASE NO. 1047

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

EXAMINER MANKIN: The hearing will come to order. First case we have today is Case No. 1047, the application of Amerada Petroleum Corporation for an order approving the unit agreement for the North Knowles Unit.

MR. HINKLE: Mr. Examiner, Clarence Hinkle, Roswell, New Mexico, appearing on behalf of Amerada Petroleum Corporation. We have two witnesses, Mr. Carl Barnhart and Mr. John McCormick, whom I would like to have sworn.

CARL BARNHART

called as a witness, having first been duly sworn, testified as follows:

BY MR. WINKLE:

Q. State your name please.

A. Carl Barnhart.

Q. Are you employed by the Amerada Petroleum Corporation, Mr. Barnhart?

A. I am.

Q. In what capacity?

A. Senior Geologist, supervising the work of the Permian Basin.

Q. And you are located where?

A. Tulsa, Oklahoma.

Q. Are you familiar with the corporations in New Mexico?

A. Yes.

Q. And are you familiar with the proposed area in which the North Knowles Unit is located?

A. I am.

Q. Case No. 1067 is the application of the Amerada for approval of the North Knowles Unit Area. What land does that embrace?

A. That is in Township 16 South, Range 38 East, all of Section 1, and in Section 2, all of lots 1, 2, 7, 8, 9, 10, 15, 16 and the SE/4.

Q. Mr. Barnhart, have you previously testified before the Commission?

A. I have.

Q. Are his qualifications acceptable?

MR. MANKIN: They are.

Q. Mr. Barnhart, I hand you Amerada's Exhibit No. 1 and ask you to state to the Commission what that shows.

A. This is an aerial map showing the geographic location of the proposed unit in relation to the nearest Devonian producing fields.

Q. What is the closest producing field to the proposed unit Area?

A. The proposed unit is some five miles south and five to the east of the Henton Field, some five miles north of the Knowles Field and approximately four miles west of the Jones Ranch Field in Gaines-Yokum County, Texas. All three fields being primarily Devonian producing fields.

Q. Mr. Barnhart, I hand you Amerada's Exhibit No. 2 and ask you to state what that is.

A. This is a map showing the aerial extent of the proposed unit along with the acreage and division of acreage.

Q. That shows the proposed boundaries of the acreage. How many acres does that contain?

A. Approximately 1520 acres.

Q. Is it all state land?

A. It is all state land.

Q. Does that plat show the ownership of the state leases?

A. It does.

Q. Were both of those plats Exhibit 1 and Exhibit 2 prepared either by you or under your direction?

A. That is right.

Q. Has the Amerada made the Geophysical survey of this area?

A. They have.

Q. I hand you Amerada's Exhibit No. 3 and ask you to state to the Commission what that is.

A. This is a map covering a proposed unit and showing an exact copy of our contoured or the contours of our interpretation of the geophysics of the area.

Q. Does the proposed unit area cover all or substantially all of the geophysical high shown attributable to that plat?

A. On our interpretation as shown by this plat the unit will cover substantially all of the structure.

Q. Does Amerada propose to drill a test well within the unit area?

A. Yes.

Q. What is the status of the well?

A. The well is now drilling below surface pipe? I believe the last information I had they are drilling approximately 2,700 feet.

Q. What is the location of that well.

A. It would be in the center of lot 10, Section 1, 16 South, 38 East.

Q. What is the objective of the well as to producing formations?

A. The well will be drilled to and test fully in the Devonian.

Q. At about what depth do you expect to encounter the Devonian?

A. Approximately 12,500 feet.

MR. HINKLE: I believe that's all we have of this witness.

MR. MANKIN: Might I ask what the exact location of the well is, Mr. Barnhart, do you have that?

MR. BARNHART: It is in the center of lot 10.

MR. MANKIN: Those are long sections, do you have that?

MR. BARNHART: Well, let's see. I don't have the exact footage on that. It will be shown on the Exhibits. Here is the exact location. Let's see that will be approximately 1980 feet from the east line and approximately 3700 feet from the north line of Section 1.

MR. MANKIN: It would be reflected by the Form 1 which was filed and approved on this well, I presume.

MR. HINKLE: Yes, Mr. Barnhart, there has been an application filed for drilling this well and has been approved by the Conservation Commission and would be shown on their records, would it not?

MR. BARNHART: That is right.

MR. MANKIN: Do you have something further?

MR. HINKLE: Nothing further of Mr. Barnhart.

MR. MANKIN: Is there a question of the witness in this particular case? If not, the witness may be excused.

MR. HINKLE: I would like to offer in evidence Exhibits 1, 2 and 3 for Amerada.

MR. MANKIN: Is there objection to entering Exhibits 1, 2 and 3 in this case? If not, they will be so entered.

JOHN CORNWALL

called as a witness, having first been duly sworn, testified as follows:

MR. HINKLE: Please state your name.

MR. CORNWALL: John Cornwall.

Q. Are you employed by the Amerada Petroleum Corporation?

A. Yes.

Q. How long have you been employed?

A. About 26 years.

Q. In what capacity are you employed at the present time?

A. Division Landman at Midland, Texas.

Q. Does that include the New Mexico area?

A. Yes.

Q. Are you familiar with the development in Lea County?

A. Yes.

Q. Particularly with the development of the proposed unit area?

A. Yes.

Q. Are you familiar with the units which have been formed particularly on state lands in Lea County, New Mexico?

A. Yes, I believe so.

Q. Are you familiar with the application which has been filed by the Amerada Petroleum Corporation in this case for approval of the North Knowles Unit?

A. Yes, I am.

Q. Are you familiar with the proposed form of the unit agreement which has been filed with the application?

A. Yes.

Q. Do you know whether or not this is essentially the same form that is usually heretofore approved by the Commissioner of Public Lands where only state lands are involved?

A. Yes, it is.

Q. Do you know whether or not this particular form has been approved by the Commissioner of Public Lands?

A. Yes, it has.

Q. Who has been designated as the operator of this particular unit?

A. Amerada Petroleum Corporation.

Q. Does the unit provide for the drilling of a test well?

A. Yes.

Q. To what depth?

A. 12,750 or drilling in the Devonian at a lesser depth, I believe.

Q. What is the maximum depth that you require to drill on?

A. 12,750 feet.

Q. It has already been testified by Mr. Barnhart that your well has been commenced. That is, the well you refer to as the unit well.

A. Yes.

Q. Under the terms of the unit, when was that well to be commenced?

A. Before April 9, 1956.

Q. Are you familiar with the ownership of the State Leases that are involved?

A. Yes, I am.

Q. Who are the owners of these leases?

A. Amerada Petroleum Corporation, Champlin Refining Company and Standard Oil Company of Texas.

Q. And it is all state land?

A. Yes, it is.

Q. What is the shortest term lease involved in this particular case?

A. April 10, 1956.

Q. Do you know whether or not all the lease owners have joined in the Unit Agreement?

A. They have all executed it.

Q. And it is ready to be filed for final approval. Now, Mr. Cornwall, in the event this unit is approved and production is encountered, state whether or not in your opinion, development of the unit would be in the interest of economy and efficiency and to the end that the maximum recovery of unitized substances would be obtained.

A. I believe it would.

Q. In the event the unit is approved and discovery is made, state whether or not, in your opinion, the agreement would be in the interest of conservation and the prevention of waste.

A. I believe it would.

MR. HINKLE: That is all.

MR. MANKIN: Is there further question of the witness in this case?

MR. MONTGOMERY: It will be necessary for you to have rapid approval by the Commission on this application.

MR. HINKLE: I didn't understand that.

MR. MONTGOMERY: Will it be necessary for you to get rapid approval on this case before the Commission?

MR. HINKLE: We would like it as rapidly as possible, yes.

MR. MONTGOMERY: Will it affect the expiration date of this Tract ??

MR. HINKLE: Yes, I think it ought to be approved before the expiration date of the shortest term lease, otherwise it would be questionable to get it extended.

MR. MONTGOMERY: That's all.

MR. MANKIN: Did you have any unit agreement which you wish to present other than the one that was submitted with your application?

MR. HINKLE: That is a copy --- a signed copy. I have them all here but they will be presented to the Commissioner for his final signature and and executed copy filed with the Commission, upon approval.

MR. MANKIN: Is there further question of the witness in this case? Mr. Hinkle, would Amerada be agreeable to the normal provision which our orders carry indicating reports possibly every six months of the progress of the unit.

MR. HINKLE: I am sure that they would.

MR. MANKIN: Amerada would be agreeable to comply with that particular provision of the order. If there is no further question of the witness, the witness may be excused. Do you have anything further? If not, if there is nothing further, we will take the case under advisement.

STATE OF NEW MEXICO)

ss

COUNTY OF SANTA FE)

I, Dora Serna, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Hobbs, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico this 7th day of August, 1956.

Dora Serna