

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

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TRANSCRIPTION OF HEARING

CASE NO. 299

August 21, 1951

(DATE)

E. E. GREESON  
COURT REPORTER  
UNITED STATES COURT HOUSE  
TELEPHONE 2-0872  
ALBUQUERQUE, NEW MEXICO

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

In re:

Application for approval of the Rincon Unit  
Agreement in Rio Arriba County, New Mexico,  
with Ralph A. Johnston as applicant. The  
whole embraces 20,642.70 acres in Township 26  
and 27 N, Ranges 6 and 7 W.

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MR. SHEPARD: Case No. 299.

(Mr. Graham reads the Notice of Publication.)

MR. SETH: J. O. Seth and Mr. Justin Reid of Seth and Montgomery representing Ralph A. Johnston.

MR. REID: I would like to call first Mr. Whelan as a witness.

MARK WHELAN,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. REID:

Q Mr. Whelan would you state your name and occupation, please?

A Mark Whelan, geophysist.

Q Mr. Whelan how long have you been a geophysist?

A 27 years.

Q Where has most of your work been done?

A Mid-continent area, Oklahoma, New Mexico and Texas.

Q Would you speak a little louder, please.

A Mid-Continent area of Oklahoma, New Mexico and Texas, the Rocky Mountains now.

Q Have you had occasion to make a survey of the structure in the lands covered by the proposed Rincon Unit area unit agreement?

A I have.

Q What kind of survey was that?

A I used the **magnitometer**.

MR. REID: Could I have this marked as Exhibit A?

(Marked Exhibit A for identification.)

Q I hand you Applicant's exhibit A and ask you to identify it please.

A It is the Rincon Unit survey.

Q That is your report?

A It is my report of the Rincon Unit survey.

Q And the information contained in the report and the plat attached to that is accurate?

A That is right.

Q Mr. Whelan, would you please state for the Commission the results of that survey?

A It was set up on the assumption of a flanking trap on what we expect to get along a rather prominent nose, magnet nose, in the basin. With the contemplation of gaining stratographic trap rather than structural trap. It was so presented to the United States Geological Survey in the original presentation and I believe is, we feel like we have some definition at the present time in the wells drilled on we will say, the Doswell side of this same feature.

Q Mr. Whelan, in your opinion does the land covered by the Rincon, proposed Rincon unit agreement constitute a tract which should be properly developed as a unit?

A It does.

Q In your opinion would the development of the land as a unit serve to conserve any existing oil or gas and to better utilize the reservoir energy in the structure?

A It will.

Q And in your opinion would the state receive from the development of this acreage as a unit its fair share of the oil and gas in place in the acreage?

A It will.

MR. REID: I would like to introduce this report in evidence

MR. SHEPARD: It will be received.

MR. REID: I have no further questions of the witness.

MR. SHEPARD: You may be excused.

(Witness excused.)

MR. REID: I would like to call Mr. Johnston.

DAN W. JOHNSTON,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. REID:

Q State your name and occupation.

A Dan W. Johnston, Landman, representative Ralph A. Johnston.

Q Mr. Johnston, you are authorized to speak for the applicant, Ralph A. Johnston?

A I am.

Q Are you familiar with the proposed Rincon unit agreement and the ownership of the oil and gas interests in the lands to be effected by that agreement?

A I am.

(Marked Exhibit B for identification.)

Q Mr. Johnston, I hand you Applicant's Exhibit B and ask you to identify it.

A It is a corrected schedule showing the percentage and kind of ownership of all oil and gas interests as of August 15, 1951, and is correct.

Q It covers the acreage in the Rincon unit agreement?

A That is correct.

Q The information stated in this exhibit is correct of your own knowledge?

A Yes.

Q What is the date of the correction, this corrected statement?

A As of August 15, 1951.

MR. REID: I would like to introduce the exhibit in evidence.

MR. SHEPARD: It will be received.

(Marked Exhibit C for identification.)

Q I hand you Applicant's Exhibit C and ask you to identify that please.

A This is a complete take-off, showing graphically by colors the lease held acreage in the Rincon unit, the portion committed and the portion not committed and set out in percentages, also as to figures. It is correct.

MR. REID: I would like to introduce this exhibit in evidence.

MR. SHEPARD: It will be received.

Q Would you state, Mr. Johnston, the percentage of the area committed to the agreement at this time?

A Yes. As shown on Exhibit C, the committed lease hold acreage amounts to 85.66 per cent; not committed, 14.34 per cent. Making a total of 100 per cent within the boundaries of the unit.

(Marked Exhibit D for identification.)

Q Mr. Johnston, I hand you the Applicant's Exhibit D and ask you to identify that.

A This again is a map of the unit Rincon, showing the over-riding royalty interests shown by colors as to the committed acreage fully assigned, committed partially signed, the declined but possibly joining later, no over-riding royalties, solicitations unanswered. That is registered letter, no reply within 30 days we assume they are not interested enough to apply and it is a true copy.

Q The information contained in this exhibit is correct of your knowledge?

A It is.

MR. REID: I would like to offer the exhibit in evidence.

MR. SHEPARD: It will be received.

MR. REID: The percentages are stated on there.

Q Mr. Johnston, as to the acreage not committed to the agreement provided as to future participation --

A They may come in as a portion of the unit at any time they so desire, of course.

Q Mr. Johnston, has the proposed agreement been submitted to the United States Geological Survey?

A A preliminary report has and has been approved, yes, sir.

(Marked Exhibit E for identification.)

Q I hand you Applicant's Exhibit E and ask you to state what that is?

A A photostatic copy from the United States Department of

the Interior, Geological Survey, approving the preliminary application subject to certain changes which they state in here have been made and corrected according to their advice.

MR. REID: We offer this exhibit in evidence.

MR. SHEPARD: It will be received.

Q The changes proposed by the United States Geological Survey have been included in the copy of the agreement filed with the Commission?

A It has, that is correct. It has been a problem of wording more than anyone thing and it has been approved, changed and approved.

MR. REID: We have no further questions of the witness.

MR. SHEPARD: Any questions?

BY MR. WHITE:

Q On your exhibit C here, you break it down to lease hold acreage as committed and not committed, but in this one, comparing it with Exhibit D, where you show in Exhibit C as being committed those that you show partially signed, declined but may join later and solicitations unanswered on Exhibit D.

A Those are over-riding royalty interests. Also, bear in mind, of course, that those people who have over-riding royalty interests are subject to wishes of the person holding the lease, of course, are automatically included. That makes the difference there as to the royalty ownership. That is the lease hold, this is the over-riding royalty interests.

MR. SETH: There is a well being drilled on there down about 6,000 feet. We would like that acted on promptly. We

wouldn't like to hit a dry hole before the unit was approved.

MR. REID: In that connection I do have the Commission's order here if you care to have it.

MR. SHEPARD: If there are no further questions and no objections, these gentlemen will be excused.

(Witness excused.)

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STATE OF NEW MEXICO )  
                          :  
COUNTY OF BERNALILLO )

I HEREBY CERTIFY that the foregoing and attached transcript of proceedings in Case No. 299, before the Oil Conservation Commission at Santa Fe, taken on August 21, 1951, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico this 2<sup>nd</sup> day of October, 1951.

Ada Dearnley  
REPORTER

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO.  
RECEIVED  
OCT 22 1951