

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

IN RE:

In the matter of the application of Continental
Oil Company for approval of the Anderson Ranch Unit
Agreement embracing 1840 acres, more or less,
of lands in Lea County, New Mexico, as follows:

CASE 360

T. 16 S, R. 32 E, NMPM
Sec. 1, SW/4;
Sec. 2, S/2; Sec. 11, all;
Sec. 12, W/2; Sec. 13, W/2 NW/4;
Sec. 14, N/2

TRANSCRIPT OF HEARING

REGISTER

BEFORE: Honorable R. R. Spurrier, Secretary-Director and Member

Charlton Kerr
Continental Oil Co.
Roswell, N. M.

S. L. Carter
Continental Oil Co.
Roswell, N. M.

George H. Hunker, Jr.
Hervey, Dow & Hinkle
Roswell, N. M.

T. J. Mathers
Continental Oil Co.
Fort Worth, Texas

Register - continued

M. E. Thrash
Continental Oil Co.
Roswell, N. M.

G. R. Pate
Continental Oil Co.
Fort Worth, Texas

T. M. Cady
Continental Oil Co.
Fort Worth, Texas

Jason Kellahin
Corporation Commission
Santa Fe, N. M.

L. A. Hanson
Oil Conservation Commission
Artesia, N. M.

Foster Morrell
Roswell, N. M.

L. C. White
Oil Conservation Commission
Santa Fe, N. M.

George A. Graham
Oil Conservation Commission
Santa Fe, N. M.

W. B. Macey
Oil Conservation Commission
Santa Fe, N. M.

Clarence Hinkle
Roswell, N. M.

TRANSCRIPT OF HEARING

April 16, 1952

MR. SPURRIER; The meeting will come to order, please. The minutes of the Commission will show that the Commission met and designated me to sit for the purpose of taking the record only. Mr. Graham, will you read the advertisement?

(Mr. Graham reads the notice of publication)

MR. HINKLE: Members of the Commission, this matter is before the Commission upon the application of the Continental Oil Company, a corporation with offices in Fort Worth, for approval of the Anderson Ranch Unit Agreement, embracing 1,840 acres in Lea County, situated in sections 1, 2, 11, 12, 13 and 14, Township 16 South, Range 32 East. All of the lands involved in the proposed unit are owned by the State of New Mexico and are embraced in oil and gas leases which are owned by eight different lease owners. There was filed with the application for approval of the unit a copy of the proposed unit agreement, which is in a form, or substantially so - that is heretofore approved both by the Commission and by the Commissioner of Public Lands. The form follows closely the unit agreement which was approved as the Four Lakes Unit Agreement in which the Magnolia Petroleum Company was the unit operator. There is also attached to the application as Exhibit "A" a plat showing the results of a seismographic survey made by the Continental

Oil Company at a great deal of expense and which shows that the proposed area covers a geological and geophysical feature, or substantially all of it, so that it would give the unit operator effective control of the entire field or area in the event oil or gas should be discovered in paying quantities. The application provides in effect - states in effect - that a well would be commenced on or before June 1, 1952 and drilled to a depth of 11,000 feet. Since the application was prepared and filed, the unit agreement has been changed to provide that the test well be commenced in 30 days after approval of unit and drilled to a depth of 14,000 feet instead of 11,000 feet, so in that respect we would like to have the record show that paragraph 3 of the application is amended to the effect that the well would be commenced within 30 days after approval of the unit and the test well drilled to a depth of 14,000 feet. The Continental Oil Company has two witnesses which we would like to put on in support of their application, namely, Charlton Kerr, division geophysicist, and Stuart Carter, division geologist, for the Continental Oil Company, and I ask that they be sworn at this time.

(The witnesses were duly sworn)

MR. HINKLE: State your name, please.

MR. KERR: Charlton Kerr.

Q. That is spelled - C h a r l t o n ?

A. That's right. K e r r.

Q. Where do you live, Mr. Kerr?

A. Roswell, New Mexico.

Q. And by whom are you employed?

A. By the Continental Oil Company.

Q. How long have you been employed by the Continental Oil Co. ?

A. 14 years.

Q. And in what capacity?

A. At present as division geophysicist.

Q. And what does your division consist of - that is - what area does it cover?

A. It covers the southeastern and southwestern portions of the state of New Mexico.

Q. Are you a graduate engineer?

A. Yes sir.

Q. What school?

A. The University of Idaho.

Q. What degree?

A. Civil Engineering.

Q. And you have been in geophysical work practically all the time since you graduated?

A. That's right except for a period of service in the army.

Q. Did you make a geophysical survey of the area which is proposed to be included in the Anderson Ranch Unit Agreement?

A. I did.

Q. When was that survey made?

A. The survey was made during 1950 and 1951.

Q. There has been filed with the application a plat marked Exhibit "A" which purports to reflect the results of the seismograph survey which you have testified was made under your direction. Does that plat directly reflect the results of the survey which was made?

A. Yes sir.

Q. In your opinion, does the proposed area cover all, or substantially all, of the geophysical feature or geological feature that you have discovered or which you have shown by the plat you have prepared?

A. Yes.

MR. SPURRIER: If there are no questions of the witness, he may be excused.

MR. HINKLE: State your name, please?

A. Stuart L. Carter.

Q. Where do you live, Mr. Carter?

A. Roswell, New Mexico.

Q. And by whom are you employed?

A. Continental Oil Company.

Q. How long have you been employed by the Continental Oil Co.?

A. Seven years.

Q. And in what capacity?

A. As geologist and now as division geologist.

Q. Are you a graduate geologist?

A. Yes sir.

Q. And what university bestowed your degree - did you graduate from?

A. The University of Wisconsin.

Q. Have you been engaged in geological work since your graduation?

A. Yes, except for a period of time I spent in the army.

Q. And what is your capacity with the Continental Oil Company at the present time.

A. Division geologist.

Q. And what area does your division cover?

A. Approximately the southern half of New Mexico.

Q. Are you familiar with the development that has taken place and is now under way in southeastern New Mexico, and particularly in Lea County?

A. Yes sir.

Q. Are you familiar with the area that is proposed to be included within the Anderson Ranch Unit Agreement?

A. Yes.

Q. Have you made any or done any geological work or made a geological survey of this area with reference to the proposed unit?

A. Yes sir, I have written a report and attached a plat marked Exhibit 1, which shows the Anderson Ranch area with relation to the producing fields in the vicinity of the subject area.

MR. HINKLE: I hand you Exhibit 1 and ask you whether or not it is the report which you have just referred to as the plat attached.

A. It is.

Q. What does the report show with respect to this particular area?

AA. It shows that we have a good sized structure in this Anderson Ranch area which we think is related to and on trend with the Saunders and South Saunders fields, and we could expect production similar to that found in those two fields.

Q. Does the plat, which is attached to the report, show the location of the proposed unit area with reference to the nearest producing oil fields?

A. Yes, it does.

Q. And it shows it to be, you might say, in between the Maljamar general area and the Saunders pools in Lea County?

A. Yes sir.

Q. Mr. Carter, are you familiar with the application which has been filed here for the approval of the unit agreement and also with the proposed unit agreement?

A. Yes.

Q. And you have read the unit agreement and are familiar with the terms of it?

A. Yes.

Q. State whether or not, in your opinion, if this unit is approved and production should be obtained in paying quantities whether development under the terms of the unit agreement would be in the interest of the conservation of oil and gas?

A. In my opinion it would be in the interest of conservation.

Q. And is it your opinion that development operations could be carried on more economically and in the interest of conservation and the prevention of waste under the terms of the unit agreement than it could otherwise?

A. Yes sir.

Q. Are you familiar with the leases, or know in a general way about the leases that are to be committed to the unit agreement?

A. Yes.

Q. And are all the lands State lands?

A. Yes.

Q. They are all covered by State oil and gas leases?

A. Yes.

Q. State whether or not the Continental Oil Company, in the event the unit is approved, expects to commence a well, and if so when on the unit area.

A. We expect to commence a well on or before June 1 - a Devonian test to 14,000 feet.

Q. You say on or before June 1. Now, the terms of the unit agreement, as it was finally revised, I believe provided it should be commenced within 30 days from the time of the approval of the unit, which we anticipate will be before June 1.

A. Yes, that is right.

Q. Do you know whether or not the various lease owners have either verbally, or in writing, agreed with the Continental to come in and join in the unit and commit their leases to the unit?

A. I think that is a question for the Land Department.

MR. HINKLE: That is all unless there are some questions.

MR. SPURRIER: I have no question. Is there a question of the witness? If not, the witness may be excused.

MR. HINKLE: I would like to add this additional statement for the purpose of the record that it is my understanding that all of the leaseowners who have state leases in this area have agreed to the terms and conditions of the unit agreement and have agreed to commit their leases to the agreement and to the drilling of the well within the time provided by the unit. I would also like for the record to show that the form of the unit agreement has heretofore been submitted to the Commissioner of Public Lands and approved by the Commissioner and his attorney as to form. I believe so far as we are concerned that is all. If the Commission would like to have any testimony with respect to all lease owners having agreed, we can put on Mr. Pate for that purpose who has handled the negotiations and is qualified to testify on that point.

MR. SPURRIER: I don't believe that is necessary, Mr. Hinkle, if you have no other testimony we will take the case under advisement and I will recommend to the Commission that your application be approved.

MR. HINKLE: Thank you very much.

MR. SPURRIER: We stand adjourned.

C E R T I F I C A T E

I HEREBY CERTIFY that the foregoing and attached Transcript of Hearing in the Matter of Case No. 360, in the matter of the application of Continental Oil Company for approval of the Anderson Ranch Unit Agreement embracing 1,840 acres, more or less, of lands in Lea County, New Mexico, before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on April 16, 1952, is a true and correct record of the matters herein contained to the best of my knowledge, skill and ability.

DATED at Santa Fe, New Mexico, this 21st day of April, 1952.

Bill P. Hestrand
j