

BEFORE THE
OIL CONSERVATION COMMISSION

CASE 563: In the matter of the application of ^Continental Oil Company for approval of the Bell Lake Unit Agreement for development and operation of the following described area in Lea County, New Mexico, comprising a total of 37,177.86 acres of land, more or less, fully described in the Notice of Publication.

TRANSCRIPT OF HEARING

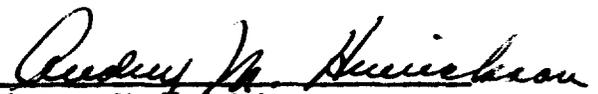
August 20, 1953

BEFORE: Honorable Ed. L. Mechem, Governor
Honorable E. S. Walker, Land Commissioner
Honorable R. R. Spurrier, Director, OCC

STATE OF NEW MEXICO)
) ss.
COUNTY OF LOS ALAMOS)

I hereby certify that the within transcript of proceedings before the Oil Conservation Commission is a true record of the same to the best of my knowledge, skill and ability.

TRANSCRIBED at Los Alamos, New Mexico this 1st day of September, 1953.


Audrey M. Henrickson
Notary Public

My commission expires September 22, 1955.

NEW MEXICO OIL CONSERVATION COMMISSION

Regular Hearing

9:00 a.m., August 20, 1953

MR. HINKLE: If the Commission please, my name is Clarence Hinkle and I'm representing Continental Oil Company. We have two witnesses in connection with this case - G. W. Marshall, Jr. and Mr. J. E. Finley.

GEORGE W. MARSHALL, JR.

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q. What is your name, please?

A. George W. Marshall, Jr.

Q. Are you employed by the Continental Oil Company?

A. I am.

Q. In what capacity?

A. Division geologist, Roswell Division.

Q. Have you previously testified before the Commission?

A. I have.

Q. Have your qualifications been admitted?

A. Yes.

Q. Are you familiar with the application that has been filed by Continental Oil Company for the approval of the Bell Lake Unit Agreement?

A. I am.

Q. What is the acreage that this unit covers?

A. It covers approximately 37,177.86 acres.

Q. Where is this area located?

A. In southeast New Mexico. The proposed unit is located in the - - approximately 18 miles southwest of Eunice, New Mexico, 22 - 24 South, Range 33 - 34 East.

Q. Has this area been named by the U. S. Geological Survey as suitable for petroleum information?

A. Yes, sir.

Q. There is attached to the application as Exhibit A, the letter of Mr. Thomas _____ member of the U. S. Geological committee. Did you write the geological report?

A. Yes, sir.

Q. Is that the same report that is attached to the application given to the Commission?

A. It is.

Q. There is attached to the report which is attached to the application a part which shows the general location of this area.

Do you have a copy before you to show to the Commission?

A. Yes.

Q. I believe you stated that it was in the Delaware Basin?

A. Yes.

Q. Now there is also attached to the geological report which is attached to the application a plat designated as Exhibit A, do you have a copy of that plat?

A. Yes.

Q. Will you show it to the Commission?

A. Yes.

Q. What does that plat show?

A. That shows the acreage involved.

Q. How many acres of federal land are included in the proposed unit?

A. 27,041.24 acres.

Q. What percentage of the total acreage is that?

A. 72.73 per cent.

Q. How many acres of state land are included?

A. 7,423.59 acres.

Q. What percentage of the total figure?

A. 19.97 per cent.

Q. What amount is fee land or privately owned land that is included in this unit area?

A. 2,712.93.

Q. What percentage is that?

A. 7.30 per cent.

Q. Mr. Marshall, are you familiar with the proposed unit agreement which has been filed with the application?

A. Yes, sir.

Q. Who is designated as the operator in connection with the work?

A. Continental Oil Company.

Q. Does the unit agreement provide for the drilling of test

wells in the area?

A. It does.

Q. To what depth?

A. The proposed depth is 12,000 feet.

Q. And when would the well be drilled?

A. It should be drilled within six months of the approval.

Q. Mr. Marshall, being familiar with the proposed form of unit agreement is the agreement in the interests of conservation, prevention of waste?

A. Yes.

Q. Do you know whether or not the proposed unit area covers all - or substantially all the geological features involved?

A. I would say that it covered substantially all of them.

MR. SPURRIER: Does anyone have a question of the witness?

MR. WHITE: What is the program of development of this unit agreement?

MR. MARSHALL: I would say one well every six months.

MR. WHITE: You say that this unit agreement is in the interests of conservation and prevention of waste. Give your basis for that conclusion?

MR. MARSHALL: Well, we think we are unitizing the area whereas diversified ownership of acreage does not allow full development in a diligent manner.

MR. RHODES: Have you spotted a location for your well?

MR. MARSHALL: It will be in the vicinity of Section 31,

Township 23 South, Range 34 East.

MR. SPURRIER: Are there any further questions of the witness?

MR. GRAHAM: Is this the usual form of unit agreement?

MR. HINKLE: The form of unit agreement which is involved is a form which follows substantially the same form used by the Commission. It contains the automatic cancellation clause so that after a certain length of time, the lands that are not actually developed will be automatically eliminated from the unit so that there is no chance of tying up any part of the acreage that is not actually participating.

MR. SPURRIER: Does the outline of this proposed unit cover the structure or what is the reason for the shape?

VOICE INDISTINGUISHABLE.

MR. SPURRIER: The answer is yes.

Does anyone have a further question? If not, the witness may be excused.

J. E. FINLEY,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q. What is your name?

A. J. E. Finley.

Q. Are you employed by the Continental Oil Company?

A. I am.

Q. In what capacity?

A. I am the geophysicist at Roswell.

Q. Are you familiar with the application made by the Continental Oil Company in the Bell Lake Unit Area?

A. I am.

Q. There is attached to that application a report made by Mr. Marshall who has just testified and there is also attached to his report as Exhibit 1 a plat. Do you have a copy of that?

A. Yes, I do.

Q. Would you show it to the Commission?

A. This is the plat that is attached to the application referred to. (This part could not be transcribed due to interference of children's voices coming from foyer.)

Q. In your opinion, does the outline as shown on the plat which you have before you cover all or substantially all of the geophysical features?

A. I believe it covers substantially all of these features.

MR. SPURRIER: Does anyone have a question of the witness?

If there are no further questions, the witness may be excused.

Are there any further comments in the case? If not, we will take it under advisement and move on to the next case - which is 564.