

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico
September 17, 1953

In the Matter of:

The application of Stanolind Oil and Gas Company for approval of a proposed unit agreement for the development and operation of the Buffalo Unit Area, embracing 6,127.07 acres of land, more or less, in Lea County, New Mexico, as described:

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Case 576

Twp. 18 South, Range 33 East, NMPM
Sec. 33: All
Sec. 34: All
Sec. 35: All

Twp. 19 South, Range 33 East, NMPM
Sec. 1: W/2
Secs. 2 thru 4 Inclusive: All
Sec. 9: N/2
Secs. 10 and 11: All
Sec. 12: W/2

TRANSCRIPT OF HEARING

MR. SPURRIER: Next Case is Case 576

(Notice of Publication read by Mr. Graham)

MR. SETH: Oliver Seth, from Seth and Montgomery, representing Stanolind Oil and Gas Company. We have two witnesses.

(Witnesses Sworn)

TOM HILL INGRAM

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH

Q. State your name, please?

A. Tom Hill Ingram

Q. By whom are you employed Mr. Ingram? And in what capacity?

A. I am employed by Stanolind Oil and Gas Company as District Geologist for the Roswell District.

Q. Have you testified before on matters before this Commission?

A. I have.

Q. Would you state to the Commission, please, briefly the geology of that proposed Unit Area? There is a preliminary statement for the Commission, I wish to state that this unit area includes approximately 6127 acres of land. All of the land is either federal or state land. Now, as to this proposed unit area, will you proceed?

A. The proposed Buffalo Unit is located along the northern margin of the Delaware basin, about six miles south of the Maljamar field in west central Lea County, New Mexico. An anomolous area about three miles long and four miles wide has been depicted from our reflection seismic data showing approximately 400' of closure on top of the Mississippian. The accuracy of this anticline trends generally northwest to southeast and the most credible portion of it has been included within the unit outline.

In order to test the potentially productive zone within the Devonian we anticipate that a test should be drilled to a depth not to exceed not quite 15,000 feet. Based on markers encountered in the Buffalo No. 12, the Richardson-Bass No. 1 Cobb to the southwest and the Amerada #2 Record to the east, the following is a list of formations and the approximate thicknesses of each that we anticipate. First commencing with the surface we expect about 1400' of aludyum and dry acid, then we will enter the Permian which we will have 10,200'. We will then enter the Guadalupe series, the upper

portion which shells out deposits, the lower portion will be the basin type sediment of lower Delaware mountain groups, mainly the Cherry Canyon and the Wolfcamp and then we will have approximately 2200' Pennsylvanian and 700' of Mississippian.

Q. Do you believe that the unit boundaries as they are now drawn fairly include all of the area that is probably productive?

A. Based on our present knowledge of the area, now they do.

Q. And there is not any excessive acreage within the unit area outside of what you believe to be?

A. No, sir.

Q. Now, in your opinion, if commercial production is encountered will operation under this unit plan permit the best reservoir practices.

A. I believe they will, it will be based strictly on structural data.

Q. And it will make the best utilization of reservoir energy?

A. That's right.

Q. Do you believe that the operation under the unit agreement will lead to the greatest ultimate recovery of oil and gas?

A. I believe so, yes, sir.

Q. Do you have any other comments on the unit area that you would like to make?

A. No, sir.

Q. MR. RHODES: Have you staked the location for your test well yet?

A. It has not been staked.

Q. Have you any idea where it will be?

A. I do, but I am not going to tell.

(Laughter)

COMMISSIONER WALKER: You don't propose to drill a well on state land do you?

(Laughter)

If not, why do you want the state land in the unit?

A. Based on pre-structural data that we now have, it would be necessary to take in all of it otherwise we might be leaving out a portion which might well be productive.

MR. SPURRIER: Anyone else? If not the witness may be excused.

WAYNE A. BLANKENSHIP, JR.

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q. Will you state your name for the Commission, please?

A. Wayne A. Blankenship, Jr.

Q. By whom are you employed?

A. Stanolind Oil and Gas Company as District Landman for the Roswell District.

Q. Have you testified before the Commission previously?

A. Yes, sir, I have.

Q. Will you state briefly the ownership of the land within the unit area?

A. Yes, sir, there is a total of approximately 6127.07 acres of which state land comprises 656.32 or about 10.71% of the total.

The federal acreage comprises 5470.75 or 89.29% of the total.
There is no fee land .

Q. Is there a schedule and a map attached to the proposed unit agreement?

A. Yes, sir, there is.

MR. SETH: I'd like to offer Exhibit I in evidence if the Commission please. The executed copy missed the plane and hasn't yet arrived. If the Commission will consider taking the matter under advisement when we conclude the case, we will provide the Commission with an executed copy as soon as it arrives.

Q. by MR. SETH: Mr. Blankenship what is the percentage of working interest committed to the unit agreement at this time?

A. Of the 6127.07 there are 5,958.9 acres committed, 320 acres of which have been committed orally, the balance has been committed through execution of the executed instrument. This is approximately 97.25% total acreage in the unit.

Q. Will you state to the Commission briefly the form of Unit Agreement which is submitted for their approval and comparing it to previous unit agreement.

A. This Unit Agreement follows very closely previous unit agreements which have been submitted by Stanolind and approved by the Commissioner and the Commission. It provides that six months after the effective date of the Unit Agreement Stanolind must commence a test well to be drilled to a depth of 15,000 feet or the Devonian formation at a lesser depth for unitized substances discovered in paying quantities at a lesser depth, all to the satisfaction of the Oil and Gas Supervisor as to wells in Federal lands and to the Commission as to wells on

state lands as to whether the wells should be plugged and abandoned at a lesser depth. There is a provision that there must be no more than 6 months between the completion of a dry hole and the commencement of a second test well until unitized substances are discovered in paying quantities unless the Director of the Geological Survey and the Commissioner should grant an extension of time.

Q. If nothing is done at the expiration of the six months, the Commission can terminate the Unit Agreement, is that correct?

A. That is correct. The Unit Agreement also provides that six months after a well is completed as a producer that the Unit Operator must submit a Plan of Development to the Supervisor, the Commission and for their approval and could be extended if the circumstances warrant it.

Q. Does the Unit Agreement provide that the area might be reduced in size by the Commissioner and the Supervisor?

A. It can either be expanded or contracted.

Q. Does the Unit Agreement provide for the severance of leases by unit boundaries?

A. Yes, sir, it does.

Q. May these few additional working interests be committed at a later date, if they desire?

A. Yes, sir there is only one working interest owner from whom we have not heard and they are the Gulf Oil Corporation.

Q. Anything further by way of comment on the Agreement you would like to make?

A No, sir, I don't believe so.

MR. SPURRIER: Any further questions of the witness? If not

the witness may be excused.

MR. SETH: I might state for the record that application for approval has been made to the Commission.

MR. SPURRIER: Anyone else to be heard in this case? If not, we will take the case under advisement and move on to the next case. We will skip the nomenclature cases and take up Case 579.

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C E R T I F I C A T E

I, Virginia M. Chavez, hereby certify that the above and foregoing transcript of proceedings in Case 576 taken before the Oil Conservation Commission on September 17, 1953, at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

Dated in Santa Fe, New Mexico this 19th day of October, 1953.

Virginia M. Chavez
Notary Public

My Commission Expires:

August 8, 1956.