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ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 6, 1963.

EXAMINER HEARING

IN THE MATTER OF:)
)
)

Application of Ralph Lowe for approval)
of a unit agreement, Eddy County, New Mexico.)
Applicant, in the above-styled cause, seeks) Case 2748
approval of the Indian Hills Unit Area, com-)
prising 4,480 acres of Federal and State)
lands in Township 21 South, Range 24 East,)
Eddy County, New Mexico.)

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We will take next, Case 2748.

MR. DURRETT: Application of Ralph Lowe for approval of
a unit agreement, Eddy County, New Mexico.

MR. BRATTON: Howard Bratton, appearing on behalf of
the applicant. We have one witness.

(Witness sworn.)

H U G H N. F R E N Z E L

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

DIRECT EXAMINATION

BY MR. BRATTON:

Q Will you state your name, by whom you are employed,



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and in what capacity?

A I am a geologist, employed by Ralph Lowe, in Midland, Texas.

Q Your name is --

A Hugh Frenzel.

Q Have you testified previously before this Commission?

A No, sir.

Q Will you state briefly your professional and educational background?

A I have a Master's and Bachelor's Degree in Geology from the University of Wisconsin. I have worked as a professional geologist in the Southeastern New Mexico-West Texas area for about 16 years; and I'm a member of the AAPG.

Q Are you familiar with the proposed Indian Hills unit agreement under consideration here in the area involved?

A Yes, sir.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. NUTTER: Yes, sir. I would like to know how to spell the last name.

A F-r-e-n-z-e-l.

(Applicant's Exhibit No. 1 was marked for identification.)

Q (By Mr. Bratton) Mr. Frenzel, turning to what has been marked as Exhibit Number 1, is that the proposed unit agreement



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for the Indian Hills Unit?

A Yes, sir.

Q Is that unit agreement in the standard form that has been approved heretofore by the United States Geological Survey and the Commissioner of Public Lands?

A I understand that it is a standard form of unit agreement.

Q The area involved is shown on Exhibit I to that unit?

A That is correct.

Q Under the proposed unit agreement, is Ralph Lowe the operator of the unit?

A Yes, sir, Ralph Lowe would be the operator.

Q And it calls for a test well to what?

A To the Devonian formation.

Q Turning to the unit area shown on Exhibit I, there's involved a total of 4,480 acres, is that correct?

A That is correct.

Q And those are composed of State and Federal lands as shown there?

A Yes, sir.

Q What percentage of commitment do you have to the unit agreement, Mr. Frenzel?

A Approximately 98 percent.

Q There are two 40-acre tracts not committed, is that correct?

A That is correct.



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Q That is the Moberly Tract, 40-acre tract in the south-east of the northwest of Section 17?

A Yes.

Q And the Ashmar Tract in the southeast of the southeast of Section 29?

A Yes, sir.

Q Other than that you have complete commitment to the unit?

A Yes, sir.

Q So you feel you have adequate control of the unit area?

A Yes, sir.

Q Has the unit been tentatively approved by the United States Geological Survey and by the Commissioner of Public Lands?

A Yes, sir, that is my understanding.

(Applicant's Exhibit No. 2 was marked for identification.)

Q Let's turn then to Exhibit Number 2, Mr. Frenzel. Is that a map showing the location of the unit, with respect to Carlsbad and the general area?

A Yes, sir. It shows the unit outlined, about 15 miles west of Carlsbad, in Township 21 South, Range 24 East.

Q And the unit outlined is hash-marked, is that correct?

A Yes, sir.

(Applicant's Exhibit No. 3 was marked for identification.)

Q Let's turn to Exhibit Number 3, Mr. Frenzel. Will you explain briefly to the Commission what Exhibit Number 3 is?

A Exhibit Number 3 is a geophysical map contoured on the



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Devonian horizon. The seismic work was done by the Marathon Oil Company and the interpretation was made by Mr. B. H. Hinton, geophysicist for Ralph Lowe. It shows a closure in the area of the unit which is outlined on this map in hash-marks, and the unit was formed to fit the structure as we have it mapped here.

Q That reflects that the unit outlined, and the closure of the structure almost exactly corresponds, is that correct?

A Yes, sir, very closely.

(Applicant's Exhibit No. 4 was marked for identification.)

Q Turn to your Exhibit Number 4, if you would, please, Mr. Frenzel. Is that a written brief detail of the geology of the area and the base upon which the test well is proposed?

A It is a brief geological report on the proposed Indian Hills Unit, setting out the geology of the area and the reason for forming the unit and drilling the well.

Q It shows that you expect to encounter the Devonian at approximately what?

A We have estimated it at 10,100 from geophysics.

Q The report otherwise gives a brief report of the structure and the geophysics based on your analysis of Exhibit Number 3?

A Yes, sir.

Q In your opinion, Mr. Frenzel, would the granting of this application be in the interest of conservation, prevention of waste and the protection of correlative rights?



A Yes, sir.

Q Were Exhibits 1 through 4 prepared in the office of Ralph Lowe, and by you or under your supervision?

A Yes, sir.

MR. BRATTON: If the Commission please, we would also like to introduce as Exhibits 5 and 6, letters from the United States Geological Survey, and from the Commissioner of Public Lands, giving tentative approval to this unit agreement?

(Applicant's Exhibits Nos. 5 & 6 were marked for identification.)

MR. BRATTON: We would offer in evidence Applicant's Exhibit 1 through 6, inclusive.

MR. NUTTER: Applicant's Exhibits 1 through 6 will be admitted in evidence.

(Applicant's Exhibits 1 through 6 were admitted in evidence.)

MR. BRATTON: We have no further questions at this time.

MR. NUTTER: Does anyone have any questions of Mr. Frenzel?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Frenzel, I note that the United States Geological Survey suggested some changes in a couple or three paragraphs of the unit agreement, were those changes made as suggested by the United States Geological Survey?

A I cannot answer that.

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MR. BRATTON: I can answer that. Yes.

MR. NUTTER: So, the United States Geological Survey has approved the unit as it has been submitted here today, tentatively?

MR. BRATTON: Yes, when it goes back in for the final approval the changes will be in there.

MR. NUTTER: And the Commissioner of Public Lands has also given tentative approval to the unit?

MR. BRATTON: Yes, sir.

Q (By Mr. Nutter) Mr. Frenzel, is the non-commitment of the two 40-acre tracts final non-commitment, or is there a possibility those tracts are going to come in at a later date?

A I believe that's final non-commitment.

Q Is the lack of commitment of those two 40's going to seriously impair the operation of the proposed structure if production is obtained there?

A I would think not, there's only 80 acres involved in two 40-acre tracts.

Q I note that the high closure on the structure is a minus 6,300 feet. What is the space elevation at that area?

A It's about 3,700 feet if I remember correctly.

Q So your Devonian then would be topped at about 10,000, is that it?

A Yes, sir.

Q Is the Devonian expected to be oil productive, or gas

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productive, if productive?

A Well, I would anticipate gas and oil.

Q Is there a possibility of the Pennsylvanian in this area?

A -- Yes, that would be considered a good objective in our opinion.

Q How far is the area from here, which is the subject of these other two cases of Ralph Lowe's on this docket, being the spacing cases for the other gas area in the Pennsylvanian?

A This unit is about four miles east of the Indian Basin gas wells just mentioned.

MR. NUTTER: Are there any other questions of Mr. Frenzel? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further?

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2748? We will take the case under advisement.

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