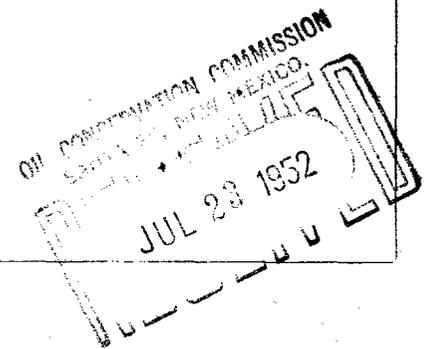


BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS
CASE NO. 382

July 15, 1952
Regular Hearing



ADA DEARNLEY & ASSOCIATES
COURT REPORTERS
ROOM 12, CROMWELL BLDG.
PHONES 7-9645 AND 5-9546
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

JULY 15, 1952

In the Matter of:

Southern Production Company's application
for approval of the Cloudcroft Unit agree-
ment involving an area of 67,507.50 acres,
more or less, in Otero County, New Mexico.

Case No. 382.

(Notice of Publication read by Mr. Graham.)

MR. HUNKER: I am George H. Hunker, Jr., representing
Southern Production Company. I am from Roswell, New Mexico.

MR. B. B. LARSH,

having been first, duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. HUNKER:

Q State your full name for the record, please.

A B. B. Larsh.

Q By whom are you employed, Mr. Larsh?

A Southern Production Company.

Q In what capacity?

A District Geologist for west Texas and New Mexico.

Q How long have you been with Southern Production Co.?

A Approximately three years.

Q Before that time with what company were you associated?

A Sinclair Oil and Gas Company.

Q Were you employed by the Danziger Oil Company too?

A Yes, sir.

Q Prior to that time?

A Yes, sir.

(Marked Exhibit "B" for
identification.)

Q I hand you herewith what we have marked Exhibit "B" which is attached to the application filed by Southern Production Company to its application before the Commission for the approval of the Cloudcroft Unit Area and ask you to tell the Commission what that map shows.

A That map is a, - - shows a surface geology of this Cloudcroft Area as made by Mr. Harvard Giddens.

Q Have you examined the report prepared by Mr. Harvard Giddens?

A Yes, sir.

Q Was it attached to Southern's application for approval of this unit area?

A That is my understanding, yes, sir.

Q Do you agree with that report?

A I believe it is correct.

Q Have you been in the area covered by this particular map?

A Yes, sir.

Q Is there a large surface structure present in that area?

A I think it is recognized, widely recognized, that there

is.

Q Would you explain to the Commission why this report was prepared by Mr. Giddens and why the map was prepared by Mr. Giddens and approved by Mr. Walter Gill, the chief geologist for Danziger Oil and Refining Company?

A My understanding that Mr. Giddens did his work, the surface geology for the Texas Company.

Q I see. Is Texas Company one of the working interest owners of leases in this area?

A Yes, sir.

Q To what extent were they parties in the drilling of the test well?

A I believe it is approximately one quarter. Mr. Cody can check that.

Q To what extent does Southern Production Co. propose to drill its official test well?

A I believe it is estimated approximately 6,250 feet.

Q What zone or horizon will that test?

A That should test all sedimentary beds down to the Cambrian area.

Q That is the Ellenburger formation?

A It would test - -

Q (Interrupting) It would include that?

A Yes.

Q If the Commission should approve this agreement, Mr. Larsh, do you think that in your opinion the entire geological

feature is included within the boundaries of the unit area?

A I think it does. Roughly Mr. Giddens states in his report approximately 750 feet of closure and on this map that would include down to this contour here (indicating) which roughly follows the outline of the block.

Q Are you a graduate geologist, Mr. Larsh?

A Yes, sir.

Q You have been doing geological work for the companies for whom you have been employed for the last how many years?

A Approximately 25 years.

Q From what school did you graduate?

A Missouri School of Mines.

Q In your opinion if the unit agreement should be approved do you think that the development of unitized substances in the unit area would be in the interest of conservation?

A I do.

MR. HUNKER: I have no further question. I would like to offer this Exhibit "B" in evidence, a copy of which was attached to the original application.

(Larsh Exhibit "B" , Case No. 382
marked for identification.)

MR. SPURRIER: Without objection it will be received. Is there any further question of this witness? If not, the witness may be excused.

(Witness excused.)

MR. E. D. COADY,
having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. LARSH:

Q Will you state your name and occupation?

A E. D. Coady. I am Assistant Manager, Land Department, Southern Production Co., Inc.

Q How long have you been employed by that company, Mr. Coady?

A A little over two years.

Q By whom were you employed previous to that time?

A Danziger Oil and Refining Company.

Q Will you explain to the Commission why the original application for a designation of an area suitable for development under a unit plan was originally proposed by Danziger Oil and Refining Company?

A At the time of the application the property owned by Danziger Oil and Refining Company approximately two years ago Southern Production Company bought the stock of Danziger Oil and Refining Company and merged the two companies now operating as Southern Production Company.

Q Southern Production Company is a successor to Danziger?

A That is right.

Q In the proposed unit plan what company has been designated as the operator?

A Southern Production Co., Inc.

Q Approximately how much acreage is covered by this unit area?

A 56,810.048.

Q Of what type of land?

A It is Federal, State of New Mexico and fee land.

Q I believe you made a slight error.

A That is right. Let me give you a total of 68,187.50.

Q Of which - -

A (Interrupting) You want a breakdown? Federal lands 56,810.04. State of New Mexico is 2,882.90. Fee land is 8,494.56.

Q Has this area been approved by the U. S. Geological Survey as being an area logical and suitable for purposes of unitization?

A It has.

Q Would you explain to the Commission what type of well you propose to drill and when you propose to drill it?

A We would like very much to get started right away to take advantage of the good weather. It is going to be very slow in drilling. We propose Mr. Larsh siad to make test there of what we commonly refer to as Ellenburger. It would take, we estimate five or six months to complete. We would like to get started right away.

Q Where is this particular unit area, Mr. Coady?

A Relative to locations of the town?

Q Yes.

A It is south of Cloudcroft.

Q In the mountains?

A Yes.

Q When do you propose to start your well in any event, within what period of time?

A We would like to get started right away.

Q In any event within six months?

A Within six months. It provides in the agreement with the government six months from the approval of the unit.

Q In your opinion is this unit agreement in the interest of conservation?

A Yes.

Q Is it similar in respect to other unit agreements that have heretofore been approved by this Oil Conservation Commission?

A Yes, sir.

MR. LARSH: I have no other questions.

MR. SPURRIER: Is there a question of this witness?

MR. WHITE: What percentage of the fee holders have consented to this unit agreement?

A Of fee holders?

Q Yes.

A We figure a little over 90%.

Q What arrangements have been made for the remaining to come in?

A What arrangements have been made?

Q Yes?

A We are still trying to get them to come in. I think

that is the correct percentage.

Q The location is on Federal land?

A The proposed location is on Federal lands.

MR. GRAHAM: It is indicated on the map?

A If it is not we can put it in there.

MR. HUNKER: It is not on the map. I don't believe it is in the application. I don't know that it is necessary.

MR. MACEY: That 90% figure was just the fee ownership?

A Fee.

Q What about the overall?

A The overall, it is about 98%.

MR. GRAHAM: Application has been made to the State Land Office?

MR. HUNKER: Yes, it has been made.

MR. SPURRIER: Any other questions? If not, the witness may be excused.

(Witness excused.)

Any further witnesses?

MR. HUNKER: No, sir.

MR. SPURRIER: Any comment in this case? If not, the case will be taken under advisement and we will move to Case 383.

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 382 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on July 15, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ of July, 1952.

REPORTER

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