

BEFORE THE
Oil Conservation Commission

SANTA FE, NEW MEXICO
June 20, 1956

IN THE MATTER OF:

CASE NO. 1087

TRANSCRIPT OF PROCEEDINGS

DEARNLEY-MEIER AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6691
ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO
JUNE 20, 1956

IN THE MATTER OF: :

CASE 1087: Application of Sinclair Oil and Gas Company :
for an order granting approval of its proposed :
Crouse Unit Agreement comprising 960 acres, :
more or less, in Township 10 South, Range 32 :
East, Lea County, New Mexico. Applicant, in :
the above-styled cause, seeks an order grant- :
ing approval of its proposed Crouse Unit :
Agreement comprising all of Section 3 and the :
N/2 Section 10, Township 10 South, Range 32 :
East, Lea County, New Mexico, consisting of :
960 acres, more or less, all of which are :
State of New Mexico lands. :
----- :

BEFORE: Mr. Daniel S. Nutter, Examiner.

P R O C E E D I N G S

MR. NUTTER: The next case on the Docket is Case 1087.

MR. WEBB: I am Layton Webb, Sinclair Oil and Gas Company, Midland, Texas. I have one witness who is an expert witness, whom I will offer as an expert witness, as a geophysicist. I would like to have him sworn, and, also, if it is permissible, I should like to undertake the task of explaining the Unit Agreement either through sworn or unsworn testimony, since Mr. Webster is not particularly familiar with the actual terms of the Agreement.

(Whereupon, Mr. Webb and Mr. Webster were sworn as witnesses.)

MR. WEBB: Sinclair's application relates to the application for the approval of the Crouse Unit area, Lea County, New Mexico,

which embraces All of Section 3 and the N/2 of Section 10, Township 10 South, Range 32 East, and containing approximately 960.3 acres; all of this land is State of New Mexico land, covered by two leases, one of which covers all of Section 3, being State lease No. E-976, which lease is owned by Sinclair Oil and Gas Company, and the expiration date of such lease is September 10, 1956. The other lease covering the N/2 of Section 10, being State lease E-1270, is owned by Amerada Petroleum Corporation, and the expiration date of that lease is April 10, 1957. The Unit Agreement which has been marked as Exhibit 1 has been executed by all of the working interest owners, being executed by Sinclair Oil and Gas Company on June 1, 1956, and by Amerada Petroleum Corporation on May 16, 1956. As stated before, this is all State land, State of New Mexico land, and there are no overriding royalty owners on the land embraced within the Unit. The Unit Agreement contains the segregation clause which has been approved by the Commission and the Commissioner of Public Lands in several previous units, segregation of land within and without the unit; provides for commencement of the test well within sixty days after the approval of the Unit Agreement, to be drilled to a depth sufficient to test the Devonian formation, but in no event to exceed a depth of ten thousand nine hundred feet. In the event the first well is completed as a dry hole, the Unit Agreement provides that the unit operator shall continue drilling one well at a time allowing not more than six months to elapse between the completion of one well and the commencement of the next succeeding well. The Unit Agreement provides that all operations be conducted under the Unit area under a plan having the approval of the Commissioner of Public Lands, State of New Mexico.

Do you have any questions before I introduce my geophysical witness?

MR. NUTTER: No.

J O H N M. W E B S T E R,

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

DIRECT EXAMINATION

BY MR. WEBB:

Q State your name, please, sir. A John M. Webster.

Q And, Mr. Webster, by whom are you employed?

A Sinclair Oil and Gas.

Q What capacity? A Senior geophysicist.

Q How long have you been employed in this capacity by Sinclair Oil and Gas Company?

A Approximately three years.

Q Before that time, how long had you been engaged in geophysical work?

A Nine years before that date.

Q And are you a graduate of an accredited college?

A Yes, sir, Oklahoma City University.

Q What year? A 1943.

Q What degree?

A Degree in mathematics.

Q For how long have you actually been engaged in the practice or been employed in conducting geophysical surveys and interpreting geophysical surveys in the area of Lea County, New Mexico?

A From three to four years.

MR. WEBB: Does the Commission accept the witness' qualifications?

MR. NUTTER: Yes, sir, he is qualified.

Q Mr. Webster, I will ask you if you are familiar with the area which is embraced within the Crouse Unit area, that being All of Section 3 and the N/2 of Section 10, Township 10 South, Range 32 East, Lea County, New Mexico?

A Yes, sir.

Q And have you or has some one under your immediate supervision conducted a geophysical survey or seismic survey over this area?

A Yes, sir.

Q And would you, in your own words, tell the Commission the type of survey that was conducted as to the number of shot points, the number of phones, depth of the hole, and things of that nature?

A The survey was conducted using a twenty-four split -- twenty-four trace split spread arrangement, shot points were located thirteen hundred twenty feet from each other, hole depths ranged from a hundred and twenty-five to a hundred and fifty feet. The powder charge was from twenty-five to fifty pounds, and the ten phones per trace were used at the recording stations.

Q And how large an area did this survey cover?

A This is a portion. The presented map there is a portion of a survey of clear across Lea County, New Mexico.

Q All right. I hand you what has been identified as Applicant's Exhibit No. 2, and ask you if this is a seismic reflection platt which you have prepared or which has been prepared under your direct supervision setting forth your interpretations as the results of that seismic survey?

A Yes, sir, that is correct.

Q And I will ask you if this seismic survey platt which has been identified as Applicant's Exhibit 2 reflects the possibility of a reservoir or source of supply of oil or gas under the proposed Unit area?

A Yes, sir.

Q And does the Unit area, the proposed Unit area, as shown here in green on this Exhibit No. 2 embrace substantially all of the geological feature involved, in your opinion?

A Yes, sir.

Q And you know, do you not, that the Unit Agreement provides for expansion of same in the event that it becomes warranted from information obtained by drilling on the Unit area?

A Yes, sir.

MR. WEBB: I believe that is all.

MR. NUTTER: Does anyone have any questions of this witness? Do you feel that the Unit area as set forth here on this platt is sufficient in size and in location to provide the unit operator with suitable control of the structure in the event production is obtained?

A Yes.

Q (By Mr. Nutter.) Do you believe that the Unit area is unduly large to include more acreage than necessary?

A No, sir.

MR. NUTTER: Any further questions?

MR. WEBB: What was the location on the proposed test well?

A 1960 feet from the East line, 660 feet from the North line of Section 3, 10 South, 32 East.

MR. NUTTER: If there are no further questions of this witness, he may be excused.

(Witness excused.)

MR. NUTTER: I would like to ask you a couple of questions.

MR. WEBB: All right.

MR. NUTTER: The Unit Agreement contains the segregation clause?

MR. WEBB: Yes, sir.

MR. NUTTER: Have you received preliminary approval of the Commissioner of Public Lands?

MR. WEBB: Not on this specific Agreement. This is almost verbatim to our similar agreement approved by the Commissioner, but we have received preliminary approval of the size, but not as to the form of the Unit Agreement.

MR. NUTTER: Form and contents have not been approved?

MR. WEBB: It was submitted to the Commissioner for approval on -- mailed to the Commissioner for approval on June 6, 1956.

MR. NUTTER: I believe you stated you have one hundred per cent of the working interests in the Unit area committed to the Unit Agreement?

MR. WEBB: Yes, sir.

MR. NUTTER: Would Sinclair Oil and Gas Company as unit operators be willing to file a periodic statement of progress in the Unit area to the Commission?

MR. WEBB: Yes, sir.

MR. NUTTER: We request a statement every six months.

MR. WEBB: We are furnishing them in other areas.

MR. NUTTER: Any further statements or testimony in this case? If not, the case will be taken under advisement, and we will continue

to Case 1068.

MR. WEBB: I believe I forgot to ask for the Exhibits to be admitted in evidence. I don't recall if I did.

MR. NUTTER: Any objections to the introduction of these Exhibits 1 and 2? If not, they will be received in evidence.

* * * * *

C E R T I F I C A T E

STATE OF NEW MEXICO)
:ss
COUNTY OF BERNALILLO)

I, THURMAN J. MOODY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in Stenotype and later same was reduced to typewritten transcript by me and/or under my personal supervision, and that same is a true and correct transcript to the best of my knowledge, skill and ability.

WITNESS MY HAND AND SEAL, this, the 26th day of June, 1956, in the City of Albuquerque, County of Bernalillo, State of New Mexico.


Notary Public

My Commission Expires
April 3, 1960.