

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
HOBBS, NEW MEXICO

CASE NO. 1213

TRANSCRIPT OF HEARING

FEBRUARY 27, 1957
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
February 27, 1957

IN THE MATTER OF: :

CASE NO. 1213: Application of Humble Oil & Refining Company :
for approval of its proposed Tanner Unit Agree- :
ment located in San Juan County, New Mexico, :
in accordance with Rule 507 of the New Mexico :
Oil Conservation Commission Statewide Rules :
and Regulations. Applicant, in the above- :
styled cause, seeks an order granting approval :
of its proposed Tanner Unit Agreement embrac- :
ing 35,751.16 acres, more or less, of federal, :
Indian and state lands located in Townships 23 :
and 24 North, Range 12 West, San Juan County, :
New Mexico. :

BEFORE:

Warren W. Mankin, Examiner.

T R A N S C R I P T O F P R O C E E D I N G S

MR. MANKIN: Next case is Case 1213.

MR. COOLKY: 1213, Application of Humble Oil & Refining
Company for approval of its proposed Tanner Unit Agreement located
in San Juan County, New Mexico, in accordance with Rule 507 of the
New Mexico Oil Conservation Commission Statewide Rules and Regula-
tions.

MR. HINKLE: If the Commission please, Clarence Hinkle,
Hervey, Dow & Hinkle, Roswell, appearing on behalf of Humble Oil &
Refining Company. In connection with the application which was filed
by the Humble for ^{approval} improvement of this unit, we filed three copies
of the proposed form of the unit agreement, we have agreed with the

Land Office on two changes, one in the automatic elimination clause and the other in the segregation clause. These changes have been approved by the Land Office and on that account, I would like to substitute and file three copies in lieu of the copies which have been filed of the proposed form of unit agreement.

MR. MANKIN: Those will be acceptable.

MR. HINKLE: We have two witnesses in this case which are the same as in the other case, Mr. Holland and Mr. Richardson. Do you want them sworn again?

MR. COOLEY: I suppose so.

(Witnesses sworn.)

MR. HINKLE: We also have one exhibit which I would like to have identified as Humble's Exhibit 1.

(Humble's Exhibit No. 1 marked for identification.)

B. D. HOLLAND,

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

DIRECT EXAMINATION

BY MR. HINKLE:

- Q State your name, please. A B. D. Holland.
- Q By whom are you employed?
- A Humble Oil & Refining Company.
- Q In what capacity? A Geologist.
- Q Have you previously testified before the New Mexico Oil

Conservation Commission?

A Yes, sir.

Q Are the qualifications of the witness acceptable?

MR. MANKIN: They are.

Q Are you familiar with the application which was made by the Humble Oil & Refining Company to the U.S.G.S. for designation of the Tanner Unit area as being suitable and proper for unitization?

A Yes, I am.

Q Do you know whether or not a geological report was filed in connection with that application?

A It was, yes.

Q Did you have anything to do with the preparation of that report?

A I assisted Mr. B. A. Belknap in preparation of the report.

Q Refer to Humble's Exhibit No. 1 and state to the Commission what that is.

A This is the same report that Humble submitted with its application for the designation of the Tanner Unit area.

Q As a result of this application, was the Tanner Unit area approved as an area suitable and proper for unitization by the U.S.G.S.?

A It was.

Q Is a copy of that designation or approval attached to the application which has been filed in connection with this case?

A Yes, sir, it is.

Q State to the Commission, briefly, in your own words, what this report shows.

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A This report shows the subsurface geology of the Tanner Unit area which is located in Township 23 and south half of Township 24 North, Range 12 West, San Juan County, New Mexico, and the subsurface studies indicate that the geology in this unit area is substantially the same as in the Kinebeto Unit area. Again, we feel that production will be dependent upon stratigraphic rather than structural entrapment. Of course, structural is not ruled out, but we do feel stratigraphic entrapment is more likely. Exploration in this area is the, -- the best method, we feel is a drilling program to test the area and as our present geological and geophysical techniques do not adequately outline the stratigraphic trap, we feel a drilling program is the best and most economical way to prospect in that area.

Q What are your objectives as possibly producing horizons in the area?

A Again, the sand members of Mesa Verde, the Cliff House and Point Lookout, the Gallup member of Mancos formation and the Dakota formation.

Q And what -- approximately what depths would those be encountered in this area?

A The Cliff House, and we correlated with the M.S.B.No. 1 Meyer again. We feel the Cliff House will be about 1,350 feet, the Point Lookout at about 3,000 feet, the Gallup about 4,150 and the Dakota at about 5,000.

Q In connection with this report, was there any recommenda-

tion made as to the number of wells that would be drilled in connection with the Unit?

A It was recommended three wells to a depth of 5,200 feet to test the Dakota.

Q And have you made any definite location of those wells at the present time?

A I think locations have been made, but they are still just tentative, subject to approval.

Q Would they be spaced over the area so it would give you the benefit of evaluating the area to the best extent possible?

A Yes, sir, it would, there would be two wells in Township 23 and one in the south half of that Township 24, and they would be spaced so it would give us as much information as possible in the area.

MR. HINKLE: We would like to offer in evidence Humble's Exhibit No. 1.

MR. MANKIN: Are there any objections to introducing Exhibit No. 1 in this case? If not, it will be received.

(Humble's Exhibit No. 1
received in evidence.)

Q (By Mr. Mankin.) Mr. Holland, you indicated there possibly would be two wells in Township 23-12, and one in 24-12. Has not production been found directly offsetting this Unit in the Fannin-Fannin-White and from the Gallup?

A Fannin-Fannin-White.

Q It was indicated on the map attached to it as a noncompleted

well, has that not now been completed as a producing well?

A I'm not sure at all.

Q The reason I asked the question is your intention with the Humble would directly offset this well in the Unit rather than evaluating the balance of township?

A No, sir, we wouldn't, we would not do that, we intend to evaluate the entire area as best we can.

Q So if you offset that well directly inside the Unit, it would be your feeling that possibly another well farther away from this in Township 24-12 would be used as another exploratory well rather than a direct offset?

A I'm not sure. Do you mean that of the three wells drilled that two of them will be in 24 North?

Q I believe you indicated two in 23 and one in 24?

A Right.

Q My question was, is it your feeling that the Unit will be properly evaluated if you just offset the Fannin-Fannin-White which is a producing oil well?

A I do not feel that it would be.

Q Then possibly another exploratory well in some other position in the Township 24-12 would be used as an exploratory well?

A Yes.

Q So, actually, there would be three exploratory wells and possibly one offset well?

A Yes, sir.

Q I notice from the geological report that you

indicate possible production in Mesa Verde; however, this particular proposed well will not test the Entrada, Pennsylvania and Mississippi, is that correct?

A Yes, sir.

Q It will only test three zones instead of possible six zones?

A We feel that though there is a possibility in the deeper zones, that possibility is quite poor.

Q Do you have any indication in geology there to know -- to indicate how deep it would take to test the Mississippi?

A Deep wells in that area are pretty well scattered, but it would probably, and this would be just sort of a guess.

Q I realize that.

A Oh, I would say about maybe 3,500, 9,000.

Q To test the Mississippi? A Yes, sir.

Q Thank you. This particular area is again, you feel, a stratigraphic trap, is that correct?

A I do.

Q Same as it was in the Kinebeto? A Yes, sir.

Q You feel it's one continuous stratigraphic trap or there might be separation and several stratigraphic traps?

A I believe there might be separation and several, yes, sir.

Q You feel this area will be predominantly oil productive from one or more of these tentative zones you intend to test, rather than gas?

A I do.

MR. MANKIN: Are there other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

MR. HINKLE: Mr. Richardson.

R. M. RICHARDSON,

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name. A R. M. Richardson.

Q By whom are you employed?

A Humble Oil & Refining Company.

Q What capacity?

A Landman in charge of units and joint operations in New Mexico.

Q Have you had anything to do with the matter of getting up the application for approval of the Tanner Unit area and form of Unit Agreement? A Yes.

Q You are familiar with the application which has been filed for the approval of the Tanner Unit? A Yes.

Q How many acres does the proposed Tanner Unit cover?

A The Tanner Unit covers 35,751.16 acres.

Q Where is it located?

A It is located in all of Township 23 North, Range 12 West and the south half of Township 24 North, Range 12 West.

Q What portion of those lands by acreage and percentage are

federal lands, state lands, Indian lands and fee lands?

A Of the 35,751 acres, 26,960.84 acres are federal, being 75.41 percent of the Unit area. There are 3,195.28 acres of withdrawn land, exact status is unknown. It was withdrawn from all leasing and entry by the Federal Government. That 3,195.28 acres is 8.93 percent of Unit area. There are 1,916.76 acres of Indian allotted land. This Indian allotted land is 5.36 percent of the Unit area. There are 3,678.28 acres of state land, being 10.28 percent of the Unit area.

Q You have heard the testimony here that the area, as has been heretofore designated by the U.S.G.S., as suitable and proper for unitization?
A Yes.

Q And the copy of that is attached to the Exhibit as "A." Does this cover all the area that has been designated?

A Yes.

Q Are you familiar with the proposed form of Unit Agreement which has been filed --
A Yes.

Q -- in connection with this case? A Yes.

Q Do you know whether or not it has been approved by the U.S.G.S. as to form?

A It has been approved as to form.

Q Do you know whether or not it has been approved by the Commissioner of Public Lands?

A It has been approved, but not finally approved.

Q Who is designated as the operator in the Unit Agreement?

A Humble Oil & Refining Company.

Q Are any wells required to be drilled?

A There are three wells to be drilled within the Unit area.

Q When is the first well to be commenced?

A Within six months of the effective date of the Unit Agreement.

Q Is there any time provided for the drilling of the subsequent wells?

A The subsequent two wells are to be drilled within sixty days of completion of the first well, or the second well is to be started, and sixty days completion and the third well within sixty days completion of the second.

Q Is this proposed Unit as to form in substantially the same form as Units heretofore approved by the Commission where both federal and state and fee lands are involved? A Yes.

Q Also Indian lands? A Yes.

Q In case that discovery of oil and gas in paying quantities should be made as a result of pooling of this Unit and drilling of wells, state whether or not, in your opinion, the Unit Agreement will be in the interest of conservation and the prevention of waste.

A It would.

Q Would the Unit Agreement promote the greatest ultimate recovery of the unitized substances? A Yes.

MR. HINKLE: That is all.

MR. MANKIN: Mr. Richardson, you indicated that there was

approximately 8.93 percent of withdrawn land in this Tanner Unit area. The map that was submitted with the application indicates that this was reconveyed Indian lands. Would you explain to this Commission what you mean by the status of that, and how that could participate in the Unit?

A The reconveyed Indian, I think the land was originally given to a railroad, and later the railroad reconveyed it to the United States for subsequent Indian allotments. They reconveyed it for Indian purposes, and the government later just withdrew it. I don't know exactly what you would call it or how you would call it. Maybe Mr. Hinkle could explain it.

MR. HINKLE: I believe what Mr. Richardson refers to, when the title came back to the United States, the withdrawal was made in aid of Indian allotments, it's my understanding, and the land has never actually been used for that purpose, and when they withdrew it, they withdrew it for all purposes, and as a result of it, there's been no oil and gas leases issued for the land, and it hasn't been used for any purpose, and an effort is being made at the present time to get it restored so it can be put up for leases and in the event it is leased, an effort will be made by the Humble in this case to obtain a commitment of the acreage to the Unit.

MR. MANKIN: Thank you, Mr. Hinkle. Are there other questions -- that was all you had, Mr. Hinkle?

MR. HINKLE: That is all.

MR. MANKIN: Are there other questions of the witness?

A I would like to state, you were asking Holland about the well locations and the offset of the Fannin - White wells on the northeast edge of the Unit. One of our first wells or our tentative locations will be in the extreme northwestern part of the Unit. We have a farmout there from Texas National, and do have a well commitment on that acreage in the extreme northwest of the Unit, and there are two wells in the south township.

MR. MANKIN: So, actually, those three exploratory wells would not effect a possibility offset to the Fannin Well which has been completed as a Gallup producer, that would be an additional well?

A That would be a fourth well.

MR. MANKIN: Are there other questions of the witness? If there are no other questions of the witness, the witness may be excused.

(Witness excused.)

MR. MANKIN: Are there any other statements to be made in this case? If there are no other statements, we will take the case under advisement.

