

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
February 5, 1964

EXAMINER HEARING

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IN THE MATTER OF:

Application of Shell Oil Company for a unit  
agreement, Lea County, New Mexico.

Case No. 2985

-----  
BEFORE: DANIEL S. NUTTER, EXAMINER

TRANSCRIPT OF HEARING

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MR. NUTTER: Call Case 2985.

MR. DURRETT: Application of Shell Oil Company for a  
unit agreement, Lea County, New Mexico.

MR. MORRIS: If the Examiner please, I am Richard Morris of  
Seth, Montgomery, Federici and Andrews, Santa Fe, appearing for  
Shell Oil Company. We will have two witness in this case, Mr. O.  
V. Lawrence, who will testify concerning the land matters involved  
and Mr. Mark Robinson will testify concerning the geological  
aspects of the case.

(Witnesses sworn)

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O. V. LAWRENCE,

called as a witness herein, having been first duly sworn on oath,  
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Lawrence, please state your name, by whom you are employed, and in what capacity and where you are located?

A O. V. Lawrence, Shell Oil Company, Division Land Manager, Roswell, New Mexico.

Q And you have previously testified before the Commission or one of its Examiners, have you not?

A I have.

Q Are you familiar with the application of Shell in Case 2985?

A Yes, I am.

Q Was the land work involved in the Bootleg Ridge Unit done by you or under your direction?

A Yes, it was.

Q What is it that Shell Oil Company seeks by this application?

A We seek the approval of a unit consisting of 10,817.84 acres of land in Townships 22 and 23 South, Ranges 32 and 33 East, Lea County, New Mexico.

Q Do you have a copy of the proposed Bootleg Ridge Unit agreement?

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A Yes, I do have.

Q Has that been marked as Exhibit One in this case?

A It has.

Q We have just the one copy at this time. If the Commission desires other copies, we will furnish them. If you would refer to that exhibit, and to Exhibit "A" attached to it, would you explain the plat which is Exhibit "A" and some of the pertinent features of it?

A Yes, sir, Exhibit "A" is merely a plat showing the outline of the unit, the type of land which is inside the unit, being State and Federal land and also the tract numbers which tie into Exhibit "B".

Q Now, referring to Exhibit "B", what is shown by that exhibit?

A Merely a breakdown of each tract as to description and the number of heirs, the leases, the royalty owner, the overriding owner, and that is about it.

Q Who are the working interest owners in this unit?

A There are 14 working interests, being Continental, Shell, Union, Phillips, Richards Oil, Inc., Perry R. Bass, Gulf, Cabot Corp., Mrs. V. K. Ross, Southern California Petroleum Corporation, Culberson-Irwin, Charles B. Reid, and Richfield.

Q Of these working interests, how many are committed percentage wise?

A 95 percent of the working interests have told us that

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they would. We have not heard from Richfield, who owns the other five percent, they are merely considering.

Q Are there numerous overriding royalty interests in the various tracts comprising this unit area?

A They have all been contacted and we are receiving ratifications daily from these overriding royalty owners.

Q Have any such interest owners refused to ratify your unit?

A Not to date.

Q Mr. Lawrence, you said you have Federal and State lands in this unit. Have you been in touch with the USGS concerning their preliminary approval of the form of the unit?

A Yes, sir, we have and we do have preliminary approval from the Director in Washington.

Q And what form generally is the unit agreement in?

A It is the standard form of agreement which type of agreement would include State and Federal lands:

Q Have you been in touch with the State Land Office concerning obtaining its approval to the proposed unit?

A Yes, we have.

Q What is the status of that at this time?

A It is presently being considered.

Q Do you actually have any indication of approval from the State Land Office at this time?

A I do not, sir.

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Q Under the unit agreement itself, Mr. Lawrence, who will be the unit operators?

A Shell Oil Company.

Q What formations will be unitized?

A The unit agreement provides for a Suro-Devonian test or a well to 15,500 feet, or to commercial production at a lesser depth.

Q What reasons are there for the exclusion of the shallower formations?

A This unit covers only the zones below 2700 feet, below the top of the Delaware Limestone. The reason for this deeper depth is that this will exclude from unitization the upper portion of the Delaware Limestone, which has been condemned by shallow dry holes in this area.

Q Does the unit agreement provide and impose a drilling obligation upon the unit operator?

A Yes, it does. Within six months upon its approval, a well must be commenced, this well I spoke of.

Q Is there a depth requirement for that well?

A Yes. 15,500 feet, or to test the Suro-Devonian, or commercial production at a shallower depth.

Q Does the unit agreement have a segregation clause in it?

A Yes, it does.

Q Does it have provisions for expansion and constriction?

A Yes, sir, it does.

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Q Was the unit agreement prepared by you or under your direction?

A Yes, it was prepared by me and under my direction, both.

Q All right.

MR. MORRIS: At this time, we offer Exhibit One into evidence.

MR. NUTTER: Applicant's Exhibit One will be admitted in evidence.

MR. MORRIS: That is all I have at this time, Mr. Nutter, of Mr. Lawrence.

MR. NUTTER: Are there any questions of Mr. Lawrence?

MR. DURRETT: Yes, sir, I have a question.

CROSS EXAMINATION

BY MR. DURRETT:

Q Mr. Lawrence, when and if you receive approval of this unit from the Commissioner of Public Lands, would you furnish us a copy of that?

A Yes, sir.

MR. DURRETT: Thank you.

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CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lawrence, you said you had tentative approval from



the USGS for the unit, has the unit been submitted to the Commissioner of Public Lands?

A Yes, it has.

Q You just haven't heard any reply?

A That is true, sir.

Q So, you don't know whether there will have to be any changes made in the unit agreement as submitted here, or not, to conform with whatever the Commissioner of Public Lands may think necessary in the unit agreement; if he hasn't approved this, it might be different, in other words?

A It could be, yes, sir.

MR. MORRIS: I would like to make one comment. Mr. Lawrence is quite right, he has received no indication one way or another from the Commissioner of Public Lands. I have myself been in touch with Mrs. Ray of the Unit Division, and with the Commissioner, and we are still negotiating for his approval on this. There are problems, but negotiations are still pending.

MR. NUTTER: They haven't broken down?

MR. MORRIS: No, sir, almost.

MR. NUTTER: Are there further questions of Mr. Lawrence? He may be excused.

MARK ROBINSON,

called as a witness herein, having been first duly sworn on oath, was examined and testified as follows:



## DIRECT EXAMINATION

BY MR. MORRIS:

Q Please state your name, by whom you are employed, and in what capacity, and where you are located?

A Mark Robinson, Division Exploration Manager, Shell Oil Company, Roswell, New Mexico.

Q And Mr. Robinson, you have previously testified before the Commission or one of its Examiners, have you not?

A Yes, sir, that is right.

Q Was the geologic work in the area of the proposed unit done by you or under your direction?

A Yes, that's right.

Q Referring to what we have marked as Exhibit Number Two, which is a structure map of the unit area, would you point out the pertinent features of that exhibit?

A Yes, sir. That is a geophysical map based on a little better than one mile spacing seismographic work. It is contoured on the Mississippian Limestone, which is a deep reflector in this area, which we believe depicts structure more or less compatible with the objects on the Suro-Devonian. As you can see, there is a sizeable enclosure contoured there and the proposed unit area, we feel, fairly embraces the area that will be potentially productive.

Q All right.

A I would also like to add that we would appreciate it if

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you would mail that back to us when you have considered it, and keep it confidential.

Q Mr. Robinson, in your opinion, does the proposed unit area adequately cover the structure enclosure as you see it at this time?

A Yes, sir.

Q Do you have a tentative location for the initial well to be drilled in this area if the unit is approved?

A Yes, sir. Our tentative location is in the South Half of Section 25, however, it is possible it may be moved into the North Half of Section 36. In any event, we feel it would be a very good test of the crest of the structure.

Q Would you care to comment generally upon the desirability of the unit operation in this particular area?

A Yes, the unit plan of operation is we feel very well suited to drilling such a test, a very deep test as we propose here, and as the Commission has seen by the many deep tests being drilled in this area, under the unit plan of operation, by forming this large unit, which again we feel fairly covers the structure, correlative rights will be protected for the mutual benefit of all parties.

Q Was Exhibit Number Two prepared by you or under your direction?

A Yes, it was.

MR. MORRIS: We offer Exhibit Two in evidence, Mr. Examiner,



and we request, as Mr. Robinson already has, that it be held confidential, and returned to him. I believe he has noted his address on the exhibit.

MR. NUTTER: This exhibit can be returned to Mr. Robinson at the expiration of the time for any appeal of this case.

MR. MORRIS: That is all we have of this witness.

MR. NUTTER: Are there any questions of Mr. Robinson?

#### CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Robinson, how near is the closest Suro-Devonian production to this area?

A It is in the Bell Lake Field, eight miles northwest.

Q Do you have a copy of the log of the Trigg, which is the key well depicting the vertical limits of this unit?

A Yes, sir, I do. I misquoted, Bell Lake is northeast.

Q Now, is the 2700 feet below the top of the Delaware Limestone identified on that log?

A The Delaware Limestone is identified, but the other--

Q The marker is 2700 feet below the top of that, isn't it?

A Yes.

Q- Would you indicate the top of the unitized substances; that is what we would want a record of?

A Well, actually, a few feet below the total depth of this well. You want me to just draw a line on the bottom?



Q Your marker is 2700 feet below the top of the Limestone and the top is at minus 1028?

A That is identified on the log.

Q That is identified?

A Yes, sir.

Q That will be fine. Just so long as it can be pinned down.

MR. NUTTER: Are there any other questions of Mr. Robinson? He may be excused. Do you have anything further, Mr. Morris?

MR. MORRIS: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2985? We will take the case under advisement.

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STATE OF NEW MEXICO §  
COUNTY OF BERNALILLO §

I, ROY D. WILKINS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal of Office, this 18th day of February, 1964.

*Roy D. Wilkins*  
NOTARY PUBLIC

My Commission Expires:  
September 6, 1967.

I do hereby certify that the foregoing is a complete and correct transcript of the hearing in the Board of Oil Conservation held on 2/5/64 heard by me 2/5/64.

*[Signature]* Chairman  
New Mexico Oil Conservation Commission

