

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 9, 1965

EXAMINER HEARING

IN THE MATTER OF:
Application of Monsanto Company for a
unit agreement, Eddy County, New Mexico.

Case No. 3262

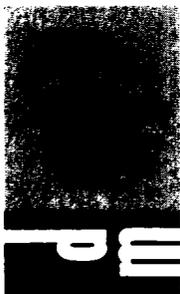
BEFORE: ELVIS A. UTZ

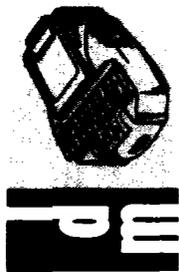
TRANSCRIPT OF HEARING

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would like to offer in evidence Exhibits 1 through 4.

MR. UTZ: Exhibits 1 through 4 will be entered into the record of this case. Any questions of the witness. Any statements in the case. The case will be taken under advisement.

A Yes, it has.

Q Is Exhibit 4 a copy of the letter of approval of the formal agreement?

A Yes.

Q In the event this unit agreement is approved and the initial test well, or any subsequent well which may be drilled, results in the discovery of unitized substances in paying quantities, will the unit agreement be in the interest of conservation and the prevention of waste?

A Yes, it certainly will.

Q Will it also promote the greatest ultimate recovery of the unitized substances?

A Yes, it will.

Q What is the status of this unit as far as execution by the lease hold interest, the owners of the lease hold interest?

A We are currently getting signatures. The exact status of who has signed and who has not signed, I don't know.

Q You do anticipate, however, that a large percentage of the lease hold interest will be committed to the unit agreement?

A That's very true.

MR. HINKLE: I believe that's all we have. I



Q Copies of the unit agreement have been filed with the Oil Conservation Commission in connection with the application. Is Monsanto Company designated as the unit operator?

A Yes, they are.

Q Does the unit agreement provide for the drilling of the initial test well concerning which you have previously testified?

A Yes, it does.

Q Does the unit agreement provide for the expansion and contraction of the unit area?

A Yes, it does.

Q Do you know whether or not this is the same form or substantially the same form as has heretofore been used and approved in connection with units involving both Federal and State lands?

A Yes, it is.

Q Do you know how many acres or percentage of Federal lands and of State lands?

A Yes, there are 8,962.28 acres of Federal lands which is 71.76%; 2,867 acres or 23.09% of State land; patented land 642.69 or .515%.

Q Has the form of unit agreement heretofore been approved by the Commissioner of Public Lands or his staff?



in red have penetrated the Devonian, we have mapped a large structural closure and we feel that this unit area is favorably located on this closure.

Q Is this the same map upon which the designation of the United States Geological Survey of the area was based?

A That's right.

Q Do you feel that the control of the contours as shown by this map is fairly good in view of the several wells which have been drilled in the area?

A Yes, I do. There are good shows on the edge of the prospect.

Q In your opinion, does the unit area cover all or substantially all of the geological feature involved?

A Yes, it does.

Q Do you feel that in the event of production on the area that the unit area would give effective control of the pool for field?

A Yes.

Q Where will the initial test well be located?

A In the southeast of the southwest quarter of Section 28, Township 22 South, Range 25 East.

Q Are you familiar with the form of unit agreement which you propose to use in this case?

A Yes.

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proposed area with reference to Carlsbad?

A Yes.

Q Refer to Exhibit No. 1 and explain what that shows.

A Well, the unit is about ten miles southwest of Carlsbad, it's about ten miles north of Carlsbad Caverns. It's about eight miles southeast of the Indian Basin Gas Field. Geologically, the area is on the edge of the Delaware Basin.

Q Where is this situated with reference to the Carlsbad Caverns?

A It's ten miles north of the Caverns.

Q Has this area been designated as an area suitable and proper for unitization by the United States Geological Survey?

A Yes, it has.

Q Exhibit 2 purports to be such a designation by the United States Geological Survey, is that right?

A That is correct.

Q Now, refer to Exhibit 3, which is the structural map that you have referred to and explain to the Commission what it is and what it shows?

A All right. This map is contoured on top of the Devonian formation and it's, the contour interval is 100 feet. It's based upon electric log tops, the wells that are circled

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acceptable?

MR. UTZ: Yes, sir.

Q (By Mr. Hinkle) Are you familiar with the application which Monsanto has filed in this case?

A Yes, I am.

Q What is Monsanto seeking to accomplish through this application?

Q We're seeking approval of a unit agreement of an area in Eddy County that's located in Township 22, South and 23 South, Range 25, East, and the area encompasses 12,488.46 acres.

Q Does Monsanto propose to drill a deep test well on the unit area?

A Yes, we do.

Q In the drilling of this well, what probable producing formations will be penetrated?

A The Wolfcamp formation, the Cisco formation, the Strawn formation, the Morrow formation and the Devonian formation.

Q Have you prepared or has there been prepared under your direction a structural map covering this area?

A Yes, there has.

Q Before we get to that, though, have you prepared an index map showing the relative position of the



Q Will you give a brief resume of your educational background?

A I graduated from the University of Texas in 1952 and have been continuously employed as an Exploration Geologist since that time. I worked in west Texas in the Panhandle, west central Texas and the Gulf Coast.

Q How long have you been employed by Monsanto?

A I have been employed by Monsanto for three years.

Q What is your official position with them at the present time?

A District Geologist.

Q District Geologist?

A Yes.

Q Are you in charge of the exploration development work from a geological standpoint of Monsanto in southeast New Mexico?

A That is correct.

Q You are familiar with the operations which they have carried on?

A That is true.

Q Are you familiar with the proposed operations of Monsanto in the Cueva Unit Area?

A Yes, I am.

MR. HINKLE: Are the witness' qualifications



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MR. UTZ: Application of Monsanto Company for a unit agreement, Eddy County, New Mexico, Cueva Unit Area.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant and Christy, Roswell, appearing on behalf of Monsanto. We have one witness Mr. Jim Webb, whom we would like to have sworn.

(Witness sworn.)

(Whereupon, Applicant's Exhibits Nos. 1 to 4 inclusive were marked for identification.)

JAMES D. WEBB

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q Your name is Jim Webb?

A That is correct.

Q You are employed by the Monsanto Company?

A That is correct.

Q In what capacity?

A District Geologist.

Q Are you a graduate geologist?

A Yes, I am.

Q Have you ever testified before the Oil Conservation Commission?

A No, I have not.





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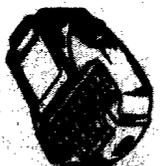
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