



MR. UTZ: Mr. Christy, would you have any objection to taking the Coastal States at this time?

MR. CHRISTY: I don't think so. Perhaps if Mr. Irby could talk to the Coastal States people here for the next few minutes and see if your objections might be answered, would that be of any help?

MR. IRBY: Possibly.

MR. CHRISTY: I want to cooperate with you.

MR. IRBY: I'm willing to talk to them.

MR. UTZ: What time do you gentlemen have to leave?

MR. DUDLEY: Generally, 12:00 or 1:00.

MR. UTZ: We'll go ahead with the case. Do you have any objections to staying a little past 12:00?

MR. IRBY: No.

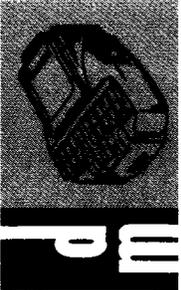
MR. UTZ: Call Case 3365. Application of Humble Oil and Refining Company for a unit agreement, Eddy County, New Mexico.

MR. CHRISTY: Sim Christy appearing on behalf of the applicant Humble Oil and Refining Company. We have two witnesses we would like to have sworn.

(Witnesses sworn.)

(Whereupon, Applicant's Exhibits "A" through "C" marked for identification.)

J O H N S. C R O N, a witness, having been first duly sworn, was examined and testified as follows:



DIRECT EXAMINATION

BY MR. CHRISTY:

Q For the record would you please state your name, by whom you are employed and in what capacity?

A John S. Cron, land man in the Roswell District office, Humble Oil and Refining Company.

Q Mr. Cron, are you familiar with the proposed unit area in the North Cedar Hills Unit in Eddy County, New Mexico?

A Yes, sir.

Q I refer you to what's been marked as Applicant's Exhibit "A" and ask you if that is an outline of the unit area and shows the working interest owners in there?

A Yes.

Q I'll refer to what has been marked as Applicant's Exhibit "B" and ask you if that is a true copy of the proposed unit agreement?

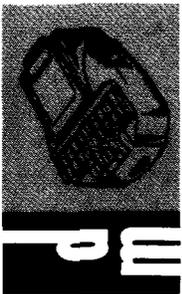
A Yes, sir.

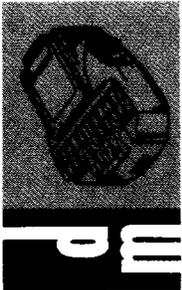
Q Now, this contains State and Fee lands and Federal lands, all three?

A That's right.

Q Have you had preliminary approval as to unit area in the form of a geologic survey?

A Yes.





Q And have you had the approval by the Commissioner of Public Lands?

A Yes.

Q Has the unit agreement been executed by the working interest owners and royalty owners yet?

A No, it has not. We have, 96 percent of the working interest owners have indicated a willingness to exit their interest to the unit. We have not contacted the royalty owners, we don't anticipate any trouble from them.

Q I see. And Exhibit "A" does show your percent of Federal, State, and Fee lands involved?

A Yes.

Q And shows 7 or 8 percent of Fee lands?

A Seven.

Q Now, do you propose to unitize both oil and gas?

A Yes.

Q And for all horizons?

A No, it's below the Bone Springs.

Q Below the Bone Springs?

A All formations below the Bone Springs.

Q In other words it does not include the Bone Springs?

A No.

Q And does this unit, as in most typical units this

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Commission has seen before, have a provision for a discovery well, and provision for participating areas to be performed, and participation on a working basis?

A Yes, sir.

Q In other words, this is a typical type of agreement which the Commission has seen, it's on a typical State, Federal type of unit?

A Yes.

Q And it contains conservation provisions and plans of further development?

A Yes.

Q And it also provides, I believe, that amendments must be submitted to this Commission?

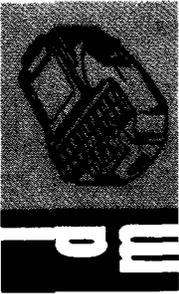
A Yes.

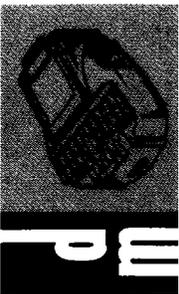
Q And in behalf of Humble when the unit agreement is fully executed and you're ready to operate, before you start will you submit this Commission one fully executed copy of the unit agreement?

A Yes.

MR. CHRISTY: I believe that's all from this witness.

MR. UTZ: Are there questions of the witness? The witness may be excused.





P A U L H. D U D L E Y, called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CHRISTY:

Q Would you please state your name, address, and by whom you're employed, and in what capacity?

A Paul H. Dudley, District Exploration Manager for Humble Oil in Roswell.

Q I don't believe you have previously testified before this Commission?

A No.

Q Will you please briefly tell the Examiner the schools of higher learning you attended and the degrees you received?

A Graduated from the University of California in Los Angeles, 1954 with a Master of Arts in Geology; have entered the employ of Humble Oil and Refining Company there and have served in different capacities since that time.

Q Are you familiar with what is the status of Case 3365, and are you familiar with the unit area on the geologic factors in connection with this unit application?

A Yes, I am.

MR. CHRISTY: Any questions concerning the qualifications of the witness?

MR. UTZ: No.

Q (By Mr. Christy) Now, Mr. Dudley, refer to what has been marked as Applicant's Exhibit "C" and identify that and explain it.

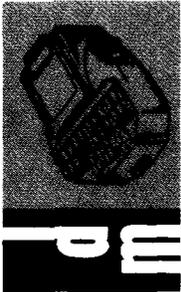
A Exhibit "C" consists of a very brief geologic report accompanying the proposed North Cedar Hills Unit, a written report and also includes a geologic map on top of the Pennsylvanian Strawn formation which is the top of our principal objective and in addition includes a geologic cross-section for the center of the unit area.

Q For the purpose of the record would you please show by the descriptions the proposal of unit location of the first well?

A Located in Section 5 of 21 South, 27 East. This is an 860 acre section. It's a little difficult to describe, located in lot 10 of that at a normal gas spacing showing the topographic or location problems we may encounter. It's roughly 2,000 feet South of the North line, and 1900 feet or so West of the East line would get you about in that area.

Q What is your proposed project depth?

A Our well is scheduled for 11,500 feet to test basically the Pennsylvanian Strawn, secondarily the Pennsylvanian Morrow sands below that. The Strawn will be encountered at about 10,000 feet or so; the Morrow sands at approximately



11,000 feet.

Q Do you feel that the unit area encompasses the known geological high on those formations?

A It is a combination stratigraphic and structural trap in the unit outline and encompasses the theorized or closure limits that we have drawn.

Q What will the well cost, Mr. Dudley?

A Approximately \$175,000.00.

Q And I believe Mr. Cron mentioned about 69 percent of the working interest owners agreed to join in the unit?

A That's right, yes.

MR. UTZ: Excuse me, just a moment, please.

Q (By Mr. Christy) Mr. Dudley, is there anything I failed to ask you that you feel would be of interest to the Examiner in connection with this application?

A No, I don't, I think we covered it.

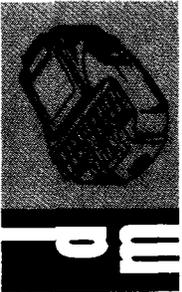
MR. CHRISTY: I think that's all from this witness, Mr. Examiner.

#### CROSS-EXAMINATION

BY MR. UTZ:

Q Is the information on your structure map seismic information?

A We have partially seismic information which is built into this map although it is basically a sub-surface



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geologic interpretation.

Q Based upon wells in the area?

A It is based on wells in the area some of which are shown on this map. We use the seismic as indicated; we also use some graph control as well as shallow sub-surface data from the number of wells in the area.

MR. UTZ: Are there questions of the witness? The witness may be excused. Are there statements in this case?

MR. CHRISTY: We would like to offer in evidence Applicant's Exhibit "A" through "C", inclusive in this case.

(Whereupon, Applicant's Exhibits "A" through "C" offered into evidence.)

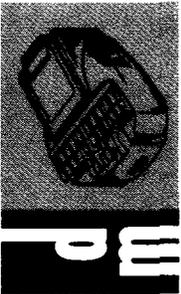
MR. UTZ: If there are no objections the exhibits will be admitted.

(Whereupon, Applicant's Exhibits "A" through "C" admitted into evidence.)

MR. CHRISTY: That's all for the applicant.

MR. UTZ: Case 3365 will be taken under advisement.

Call Case 3366.



I N D E X

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<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's. A	2	9	9
Applt's. B	2	9	9
Applt's. C	2	9	9

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