

BEFORE THE
OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

JAN 12 1953

CASE 446: Phillips Petroleum Company's application for approval of its 32-8 Unit Area embracing 27,500.28 acres of land in San Juan County: Townships 31 and 32 N, Range 8 W.

TRANSCRIPT OF HEARING

December 16, 1952

BEFORE: Hon. Ed. Mechem, Governor and Chairman
Hon. Guy Shepard, Land Commissioner and Member
Hon. R. R. Spurrier, Director and Member

STATE OF NEW MEXICO

ss

COUNTY OF BERNALILLO

I HEREBY CERTIFY That the within transcript of hearing in the above styled case before the Oil Conservation Commission of the State of New Mexico is a true record of the same to the best of my knowledge, skill and ability.

DONE at Albuquerque, New Mexico, December 20,
1952.



E. E. Greeson
Reporter

MR. SPURRIER: We will go on to Case 446.

(Mr. Graham reads the notice of publication.)

MR. FOSTER: I have just one witness.

May it please the Commission, this is an application for the formation of one of those units, and the application contains the identical provisions with previous applications filed by the Phillips Petroleum Company.

I believe Mr. Knight has heretofore been qualified and testified to the Commission here.

MR. SPURRIER: He has.

G. L. KNIGHT,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. FOSTER:

Q Will you state your name, please, sir?

A G. L. Knight.

Q Where do you reside, Mr. Knight?

A Bartelsville, Oklahoma.

Q By whom are you employed?

A Phillips Petroleum Company.

Q In what capacity?

A I am Division Geologist in charge of the San Juan Division.

Q Do you have a map or plat that shows the proposed

acreage to be included in the Phillips Petroleum Company's 32-8 Unit Area in San Juan County, New Mexico?

A I do.

Q Will you present that to the Commission, please, sir?

MR. FOSTER: Will you mark that Phillips Petroleum Company's Exhibit 1?

Q Mr. Knight, for the purpose of the record, will you state what information is reflected on that Exhibit 1?

A On this exhibit the outline of the proposed unit is the outline of the colored area. The yellow area is Federal lands, the orange colored area State lands, the total acreage in this unit of 24,297 -- I beg your pardon, 27,500.28 acres. Of that 24,297.24, or 88.35 percent, are Federal lands. 3,203.04, or 11.67 percent, are State lands.

Q Will you give us the legal description of that proposed unit, the Township and Range?

A This is in San Juan County, New Mexico. The northern part of the unit lies in Township 32 N, Range 8 W. The southern part of the unit lies in Township 31 N, Range 8 W.

3b Q And percentagewise, what percentage of the interest owners have indicated a willingness to join in the unit?

A At the latest report 95.98 percent of the working interests had joined the unit.

Q Had joined the unit agreement?

A Yes, sir.

Q In your opinion, Mr. Knight, does the are proposed to be included in this unit, is it adaptable to the formation of such unit?

A In my judgment, it is.

Q Do you believe operating under the proposed unit agreement will promote the conservation of oil and gas and prevent waste?

A I do.

MR. FOSTER: I believe that's all.

MR. SPURRIER: Does anyone have a question of this witness?

MR. GRAHAM: Mr. Knight, has any agreement been cleared through the State Land Office?

MR. FOSTER: Yes, sir, it has, Mr. Graham.

MR. GRAHAM: Has the fee been paid?

(Laughter.)

MR. SPURRIER: Strike that.

Are there any further questions? If not, the witness may be excused.

Is there any other comment in this case?

MR. FOSTER: I want to offer the plat in evidence.

MR. SPURRIER: Without objection, it will be received.

MR. FOSTER: I have a proposed order here.

MR. SPURRIER: The case will be taken under advisement and we will move on to Case 447.

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BEFORE THE OIL CONSERVATION COMMISSION OF
THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO FOR THE PURPOSE OF
CONSIDERING THE APPLICATION OF PHILLIPS
PETROLEUM COMPANY, A DELAWARE CORPORATION,
FOR APPROVAL OF THE SAN JUAN 32-8 UNIT
AGREEMENT, EMBRACING LANDS IN TOWNSHIPS
31 AND 32, RANGE 8 WEST, N.W.P.M., SAN
JUAN COUNTY, NEW MEXICO, CONTAINING
27,500.28 ACRES, MORE OR LESS.

CASE NO. 446

ORDER NO. R-235

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 o'clock a.m. on December 16, 1952, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

Now on this 16th day of December, 1952, the Commission, a quorum being present and having considered said application and the evidence introduced in support thereof and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the proposed unit plan will in principle tend to promote a conservation of oil and gas and the prevention of waste.

IT IS THEREFORE ORDERED:

SECTION 1. That this order shall be known as the

SAN JUAN 32-8 UNIT AGREEMENT ORDER

SECTION 2. (a) That the project herein referred to shall be known as the San Juan 32-8 Unit Agreement and shall hereinafter be referred to as the "Project".

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the San Juan 32-8 Unit Area referred to in Applicant's Application and filed with said application, and such plan shall be known as the San Juan 32-8 Unit Agreement Plan.

SECTION 3. That the San Juan 32-8 Unit Agreement Plan shall be and hereby is approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are now, or may hereafter be, vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said San Juan 32-8 Unit Agreement or relative to the production of oil or gas therefrom.

ILLEGIBLE

SECTION 4. (a) That the Unit Area shall be:

New Mexico Principal Meridian:

Township 31 North, Range 8 West

Sections 1,2,3,4: All
Sections 9,10,11,12,13,14,15,16: All
Sections 21,22,23,24: All

Township 32 North, Range 8 West

Section 7: Lots 1,2,3,4,5,6, $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Section 8: Lots 1,2,3, and 4, S $\frac{1}{2}$
Section 9: Lots 1,2,3, and 4, S $\frac{1}{2}$
Section 10: Lots 1,2,3, and 4, S $\frac{1}{2}$
Section 11: Lots 1,2,3, and 4, S $\frac{1}{2}$
Section 12: Lots 1,2,3, and 4, S $\frac{1}{2}$
Sections 13,14,15,16,17: All
Section 18: Lots 1,2,3, and 4, $\frac{1}{2}$ SW $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$
Section 19: Lots 1,2,3, and 4, $\frac{1}{2}$ SW $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$
Sections 20,21,22,23,24,25,26,27,28,29: All
Section 30: Lots 1,2,3, and 4, $\frac{1}{2}$ SW $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$
Section 31: Lots 1,2,3, and 4, $\frac{1}{2}$ SW $\frac{1}{4}$, $\frac{1}{2}$ SE $\frac{1}{4}$
Sections 32,33,34,35,36: All

Containing 27,500.28 acres, more or less.

(b) That the Unit Area may be enlarged or contracted as provided in said Plan.

SECTION 5. That the unit operator shall file with the Commission an executed original or executed counterpart of the San Juan 32-8 Unit Agreement within 30 days after the effective date thereof.

SECTION 6. That any party owning rights in the unitized substances who does not now commit such rights to said unit agreement before the effective date thereof may thereafter become a party thereto in accordance with the terms and conditions of the unit agreement by subscribing to such agreement or counterpart thereof or by ratifying the same and, if the owner of a working interest, by joinder in the related unit operating agreement in accord with the provisions thereof. The unit operator shall file with the Commission within 30 days the duplicate original of any such counterpart or ratification.

SECTION 7. This order shall become effective upon approval of said agreement by the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto upon the termination of said unit agreement. The last unit operator shall immediately notify the Commissioner in writing of such termination.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

EDWIN I. MECHEM, Chairman

Guy Shepard
GUY SHEPARD, Member

R. R. Spurrick
R. R. SPURRICK, Secretary



CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under the act approved February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 CFR S 4.611, 12 F. R. 6784, I do hereby:

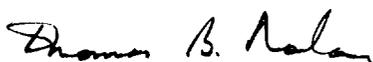
A. Approve the attached agreement for the development and operation of the San Juan 32-8 Unit Area, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

JAN 13 1953

Dated: _____



Director, United States Geological Survey