

EX-#13

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPT OF HEARING

CASE NO. 472

February 17, 1953

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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

February 17, 1953

In the Matter of:

Application of Richardson & Bass for approval of James Ranch Unit Area embracing 20,656.98 acres of land in Eddy County, New Mexico (Townships 22 and 23, S, Ranges 30 and 31 E.).

No. 472

TRANSCRIPT OF HEARING

(MR. GRAHAM reads the notice of publication.)

MR. HINKLE: Governor Mechem, I would like to make a brief statement for the purpose of the record, before proceeding with the testimony of Mr. Bass. This matter is before the Commission upon the application of Richardson and Bass for an order approving a unit agreement for the development of the James Ranch Unit area. The proposed area consists of 20,656.98 acres of land in Townships 22 South, Range 30 East; Township 22 South, Range 31 East; Township 23 South, Range 30 East; and Township 23 South, Range 31 East; of Eddy County. This area has heretofore been designated by the U. S. G. S. as nearly suitable and proper for unitization. We have attached to the application as Exhibit A, a letter of the Director so designated here. We have also attached to the application a geological report which has been

prepared by Mr. Bass as Exhibit B, and which is to be considered a part of the record in this case. We have also filed with the application the proposed form of unit agreement which follows substantially the same form as heretofore approved by the Commission, in quite a number of cases. The unit agreement, the proposed unit agreement, designates Richardson, Bass, a co-partnership, as a unit operator. The unit agreement provides for the commencement of a well within six months from the effective date of the unit and that the unit operator is to carry the wells to depths sufficient to test the Devonian formation or 13,000 feet, whichever is the lesser depth. We have also filed a similar application with the Commissioner of Public Lands for approval of the unit agreement.

P E R R Y B A S S,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please.

A Perry Bass.

Q Where do you live?

A Fort Worth, Texas.

Q Are you a partner of Sid W. Richardson?

A Yes, I am.

Q One of the members of the partnership of Richardson and Bass?

A Yes.

Q You engaged in the oil and gas business?

A Yes, sir.

Q In New Mexico? A Yes, sir.

Q In other states? A Yes, sir.

Q Are you familiar with the application which you have filed for the approval of the James Ranch Unit agreement?

A I am.

Q Did you prepare the report which has been filed with the application as Exhibit B?

A I did.

Q Are you a graduate geologist?

A Yes, sir, I am.

Q What school?

A Yale University.

Q Have you heretofore testified before the Commission?

A I don't believe I have testified before this Commission.

Q You have heretofore testified before the New Mexico Oil and Gas Commission?

A Yes, sir, on one previous occasion.

Q Will you state to the Commission briefly what the report which you have filed as Exhibit B shows or contains?

A The report we have filed as Exhibit B is - is that the structural map?

Q Let's get the ownership map too.

A The ownership map.

Q I might ask you this before proceeding with those maps. Is this geologic report which you have filed, does it reflect the geologic seismograph survey which you had made of the area, or is it based on surface geology, or what?

A It is a seismograph map.

Q Did you cause this seismographic survey to be made of this area?

A Yes, I did.

Q This does reflect the result of your seismographic study?

A Yes, it does.

Q I believe you have further, in connection with this report, two maps which we requested be considered confidential. One of those is marked Map No. 2, the other - which shows the outlines of the proposed unit area and the characteristics of the land, is included and embraced in the unit area. The other map, No. 1, shows the contours which were drawn as a result of your seismographic survey, is that right?

A That is correct.

Q Having reference to the Exhibit No. 2, or map No. 2, can you tell the Commission how many acres are contained in the whole proposed unit area?

A In the proposed unit, 20,656.98 acres.

Q How much of that is Federal lands?

A Federal lands contained are 18,536.42 acres, which consists of 89.734 per cent of the unit.

Q How many acres of state land?

A There are 2,000 and 56/100ths acres of state land comprising 9.685 per cent of the unit area.

Q How many acres of patented land?

A 120 acres of patented land comprising .581 per cent.

Q By reference to your No. 1 map, does that area cover all

or substantially all of the geological feature as portrayed by your seismographic work?

A Yes, sir, it does.

Q If this unit is approved, state whether or not in your opinion it would give effective control of the entire area.

A In my opinion, it certainly would.

Q Do you propose to drill a well in accordance with the terms of the unit agreement, if it is approved?

A Yes, we do.

Q How deep would that well be drilled?

A The well would be drilled to 13,000 feet, or to test the Devonian formation, whichever occurs, or to production at the lesser depth.

Q Are you familiar with the proposed form of unit agreement which has been filed?

A Yes, sir.

Q State whether or not in your opinion operation under that unit agreement would be in the interest of conservation and prevention of waste?

A In my opinion it would be to the interest of conservation to proceed under that unit agreement.

MR. HINKLE: I believe that is all.

By MR. GRAHAM:

Q With reference to this colored map, Mr. Bass, what is the ownership of - what is the commitment in this unit? Is that all committed?

A We have not approached the various working interest owners

at the present time formally to secure commitments. We have approached the bulk of them informally and have had discussions that would lead us to believe that by far the majority of them will be willing to commit their acreage.

Q Have you cleared the matter with the Commissioner of Public Lands?

A An application has been made to the Commissioner of Public Lands.

MR. HINKLE: I might say this. We have filed an application with the Commissioner of Public Lands for approval and have asked for his approval of the form. We have a letter in our files from the Commissioner stating this is in accordance, that the form is heretofore filed, and that it will be taken into consideration, and if filed in this form, I think that he would give consideration to the approval.

MR. GRAHAM: What are the geological features that indicate general location of oil in there, Mr. Bass.

A Our whole set-up on requesting this unit be approved is based on seismograph information primarily. We have done extensive seismograph work in the area.

MR. SPURRIER: In general, where would you put that well, on state land or federal land, or --

A (Interrupting) That is yet to be determined.

MR. SPURRIER: Mr. Hinkle, isn't it customary - doesn't the U.S.G.S. require the commitments in writing?

MR. HINKLE: No, if you notice the letter there which is attached as Exhibit A to the application, they simply designate

the area as an area suitable and proper for unitization. This same geological report was filed with our application to the U.S.G.S. for approval of the area. Their first step is to designate the area and then to approach the form of unit agreement. This form has been approved and is acceptable to them. It simply states that if you submit to them the signed agreement within a reasonable time that you have enough acreage commitment to have effective control of the whole area structure, that it will be approved. That is the only commitment that you have from the U.S.G.S. With regard to the question that has been asked Mr. Bass as to the commitment of acreage, I think he told me it looked like at least 95 to 96 per cent of all the working interests in there are committed. We have got the preliminary approval. It looks like we will go along to that extent.

MR. GRAHAM: Do you expect a certificate from the Land Commissioner on that basis, or are you going to present the actual commitment?

MR. HINKLE: Our plan is this, just like in all these agreements, as soon as the order of the Commission is entered approving the agreement from a conservation standpoint, then the agreement will be circulated for the necessary signatures, then it will be presented to the Land Commissioner for his approval, and attached his certificate of approval then to the U.S.G.S. for final approval by them. It provides, of course, that it will only be effective in the event it is approved by the Oil Conservation Commission, by the Commissioner of Public Lands or the Government.

MR. GRAHAM: Either one of the three bodies can stop it?

MR. HINKLE: Yes.

MR. SPURRIER: Is this in a potash area, is there a potash shaft working under the unit?

A No, there are no potash workings under this unit. This area is to the east of the potash workings.

MR. GRAHAM: But potash leases no doubt covering this?

A Yes, potash leases covering this area.

MR. HINKLE: I believe, however, that there are some leases covering Federal lands that are in the area which was originally withdrawn for potash purposes. There is a lease or two that were issued under the order last fall, this drawing they had of Federal lands. Of course, those leases are issued on the condition that you can't go forward with the development except through a unit plan of operation approved by the Director. The unit agreement contains the things that are required by the regulations of the Secretary to protect potash deposits.

MR. GRAHAM: Do you know, Mr. Hinkle, offhand whether that is area A or B?

MR. HINKLE: No, I am not familiar with that.

A I am under the opinion that it is in Area B which is the area surrounding, or outside of the area where the active potash workings are at the present time.

MR. GRAHAM: And could be drilled at the depth greater than 5,000 feet?

A Yes, sir.

MR. GRAHAM: Under those regulations?

A Yes, this is in the area that has the least stringent

regulations under potash.

MR. SPURRIER: Any further questions of the witness? If not the witness may be excused. Any further questions or comments in the case? If not, we will take the case under advisement and take a five-minute break at this time.

(RECESS)

STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 472, before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on February 17, 1953, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico this 26th day of February, 1953.



REPORTER

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