

BEFORE THE

Oil Conservation Commission

SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 820

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES

COURT REPORTERS

ROOMS 105, 106, 107 EL CORTEZ BUILDING

TELEPHONE 7-9546

ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 16, 1955

IN THE MATTER OF:

The application of Shell Oil Company for approval
of a unit agreement.

Applicant, in the above-styled cause, seeks an
order approving the development and operation of
the Williams Unit Area embracing 1280 acres of
land, more or less, in Lea County, New Mexico,
as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 16 South, Rge 34 East
All of Sections 8 and 17

Case 820

BEFORE:

Honorable John Simms, Jr.
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

Mr. MACEY: The next case on the Docket. We are going to
skip one case for a few moments. The next case is 820.

MR. SETH: We have two witnesses. If the Commission please,
this is an application by Shell Oil Company for approval of the
Williams Unit agreement covering acreage in Lea County, New Mexico.
Our first witness is Mr. Lawrence.

Q. V. L A W R E N C E

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q. Would you state your name, please, Mr. Lawrence?

A O. V. Lawrence.

Q By whom are you employed?

A I am employed by Shell Oil Company as a Roswell Division Land Manager.

Q Would you please describe to the Commission the lands proposed to be covered covered by the Williams Unit Agreement?

A The Williams Unit Area will consist of Sections 8 and 17, Township 16 South, Range 34 East, Lea County, New Mexico. The acreage totals 1280 acres, and all of this land is state acreage.

Q Who will be the unit operator if the agreement is approved?

A Shell Oil Company is designated unit operator.

Q Have you filed application for approval with the Commissioner of Public Lands?

A Yes, sir, we have and the filing fee has been paid.

Q Would you please state to the Commission what percent of the state leases have indicated that they will join the unit?

A One hundred percent of the leasehold owners have indicated their willingness to enter a unit agreement. The Ohio Oil Company has not given an unqualified consent, and they have reserved the right to further examine the form of the unit agreement. I have no reason to believe that they will find anything objectionable in the form.

Q Will the unit agreement follow a form that has previously been considered by the Commission and by the Commissioner of Public Lands?

A I do not have a copy of the unit agreement. However, it will follow very closely our Spencer Unit Agreement which was submitted to the Oil Conservation Commission and was approved by

the Commission and the Commissioner.

Q What variations, if any, will there be from the Spencer Unit?

A The commencement date for the drilling of the initial test of course, will necessarily be different. This date is on or before May 1, 1955.

Q Will there be participating areas in the Williams Unit?

A No, sir, the Williams Unit is not the participating area type like the Spencer Unit Agreement. It is the communitization type which means that all the leasehold owners will participate in the cost of development and also participate in production over the entire Unit Area.

Q Q The State of New Mexico is the only lessor, is that correct?

A Yes, sir.

Q What will be the initial drilling requirement?

A The unit agreement will provide that a test well be commenced on or before May 1, 1955, the well will be drilled to a depth of 14,350 feet or to a depth sufficient to test the Siluro-Devonian, whichever is shallower. There is one other qualification or until at a lesser depth unitized substances are discovered which can be produced in paying quantities or until in the opinion of the unit operator that further drilling will be impractical or unwarranted.

Q Will there be a continuous drilling provision in the unit?

A Yes, there will be. The unit operator will continue drilling one well at a time, allowing not more than six months between the completion of one well and the beginning of the next until unitized substances are discovered and **produced** in paying quantities to the

satisfaction of the Commissioner.

Q Will the agreement contain a contractual and expansion provision?

A The Williams Unit Area consists of only two sections, and there will be no provision for contracts. There will be a provision, however, for expansion.

Q That will be in the usual form?

A Yes, sir, it will be.

Q What about segregation clause?

A The Unit Agreement will contain the usual provisions for segregation.

Q Are there any other comments you would like to make about the Unit Area or the Unit Agreement?

A The Unit Agreement, although we do not have it at this time, it will be available and will be here in about a week's time.

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

MR. MACEY: You are reserving the right to submit the Unit Agreement later?

MR. SETH: Yes, we will submit it as soon as it is received.

MR. MACEY: Anyone have any questions of the witness?

MR. NUTTER: If the Commission please, Dan Nutter of the Commission Staff. Mr. Lawrence, I wish you could tell me what the limitations of this Unit are. In other words, what are the vertical limitations, or are all formations unitized?

A All formations are unitized.

MR. NUTTER: All formations are unitized. What is the term of the Unit?

A The term will be for two years, and as long thereafter as

producing.

MR. NUTTER: You also stated that you anticipated one hundred percent commitments of the acreage in the Unit Area in the event that the acreage is not committed at this time, is provision made that it can be committed at a later date?

A Yes, sir, it will have a provision for subsequent joinder.

MR. MACEY: Anyone else? If not the witness may be excused.

(Witness excused)

B. J. FERRIS

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Would you state your name for the record, please, Mr. Ferris?
A B. J. Ferris.

Q By whom are you employed, Mr. Ferris?

A Shell Oil Company.

Q In what capacity?

A Division Exploration Manager, Roswell, New Mexico.

Q Are you a geologist by profession?

A Yes, sir.

Q You have previously testified before the Commission as a geologist?
A Yes, sir, I have.

Q Are you familiar with the proposed Williams Unit Area as far as the geology is concerned?
A Yes, sir, I am.

Q Would you describe to the Commission briefly the general geology of the area?

A Yes, sir. The Williams Unit Area is geologically situated in the south central part of the north basin province. Our most significant structural interpretation of the geology in the area is based upon reflections, seismic data obtained from continuous seismic profiles spaced at about one to one and a half mile intervals. These data indicate a northwest, southeast trending anticlinal axis with superimposed structural anomalies along this axis. Our Williams Unit embraces one of those structural closures.

Q Does it so embrace the closure without including an excessive amount of acreage?

A That is correct.

Q Would you describe briefly the location with reference to other fields?

A Yes, sir, the Williams Unit Area, the proposed Williams Area is nine miles east of Anderson Ranch Field and five miles west of Iderson Field.

Q In your opinion is there reasonable expectation of production within the Unit Area?

A Yes, sir, there is.

Q What formation will the initial well test?

A The deepest?

Q Yes.

A We anticipate that the deepest penetrated will be the Siluro-Devonian.

Q You expect to encounter that at what?

A At approximately 14,100 feet and 250 feet of penetration would take us to a total of 14,350 feet.

Q In your opinion will the development of this area under the Williams Unit Agreement promote conservation and tend to reduce waste?

A Yes, sir, it will.

