

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 961

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
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BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 13, 1955

IN THE MATTER OF:
CASE NO. 961

Application of Stanolind Oil and Gas Company, requesting approval of the proposed Greenwood Pre-Grayburg Unit Agreement consisting of 8,001.92 acres of land in Eddy and Lea Counties, New Mexico.

BEFORE: Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is 961.

MR. SETH: Oliver Seth, Seth & Montgomery, representing Stanolind Oil. If the Commission please, this is an application by Stanolind for the approval of the Greenwood Pre-Grayburg Unit which takes in approximately eight thousand acres located in Township 18S 31E, Township 19S 31E, 19S 32E, all as it appears in the notice of publication and in the proposed form of unit agreement which has been submitted to the Commission and to the Commissioner of Public Lands.

HARROLD D. SHERROD,
called as a witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q State your name, please.

A Harrold D. Sherrod.

Q By whom are you employed, Mr. Sherrod?

A Stanolind Oil and Gas Company.

Q In what capacity?

A District Geologist.

Q Have you testified before the Commission at previous hearings?

A I have.

Q Are you familiar with the geology of the area covered by the Proposed Greenwood Unit?

A I am.

Q Would you state very briefly the geologic picture there?

A Reflections consist of the seismograph methods. We have met structural anomaly at the Mississippian lime level. It extends some nine miles in a north - south direction by about 3 miles east - west. On this structural anomaly we have further delineated a closed structure which has some 600 feet of maximum structural relief.

Q Now, on this closed structure, how does the Unit boundaries of this Unit compare to the closing contour of this structure?

A The unit boundaries have been proposed on the closing contour and I might add that since the method that we used in mapping this structure is recognized as a qualitatively reliable method and not quantitatively reliable, we anticipate that the actual structure release will be in excess of 600 feet.

Q Now, is this Unit area that is proposed, is that an area where there is production at the present time?

A There is shallow production, and, in view of that shallow production, we propose that it embrace all the subs below the base of the Grayburg.

Q And the Unit area is, by legal subdivision, as contained in the Unit, but very particularly, it is pre-Grayburg, is that right?

A That is right.

Q Now, what formations do you expect to encounter in drilling a test well?

A We anticipate the drill will encounter a transition zone, basin to Artesia Mallajamar, and we anticipate also that we expect production from San Andres, Brushy Canyon, Lone Springs, Wolfcamp, Pennsylvanian, and Devonian.

Q The test well, is that to test the Devonian?

A That is correct.

Q In your opinion, from the study of the geophysical work, is there reasonable expectation of production within the unit area?

A Yes, sir.

Q In your opinion, as a geologist, will the operation of the proposed area under the unit agreement lead to the best utilization of reservoir energy?

A In my opinion, it will.

Q And will it thereby promote conservation?

A Yes, sir.

Q And lead to the greatest ultimate recovery?

A Yes, sir.

Q Also, in your opinion, will the operation of the unit area under the unit agreement permit the State to receive its fair share of recoverable oil and gas ?

A In my opinion, it will.

Q And will it likewise provide for the reasonable and proper development of the particular area?

A Yes, sir.

Q Do you have anything further you would like to say to the Commission concerning the geology on the proposed area?

A No.

MR. SETH: That is all of this Witness.

MR. MACEY: Any questions of this Witness?

MR. NUTTER: I have a few questions.

CROSS EXAMINATION

BY MR. NUTTER:

Q When will the first test well be drilled on this unit area?

A First test well will be started about the sixth -- twenty-sixth of January, 1956.

Q I gather, from what you said a while ago, that you don't feel the unit area encompasses an unnecessarily large amount of acreage, as far as the structure you have picked up is concerned?

A That is correct. It does not include the entire contour of the anomalous area. The unit outline has been drawn and it does not completely cover the contour of this one structural feature.

Q Of the eight thousand one point nine two acres in the area, how many acres are presently committed to the unit?

MR. SETH: If the Commission please, we will develop that by our next Witness.

MR. NUTTER: All right.

MR. MACEY: Anything further of this Witness?

MR. NUTTER: No.

MR. MACEY: Does anyone else have any questions of this Witness? Witness may be excused.

MR. SETH: Mr. Thompson will be our next Witness.

JOHN THOMPSON,

called as a Witness, having been previously duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name, please? A John Thompson.

Q And by whom are you employed and in what capacity?

A District Land Man for Stanolind Oil and Gas Company.

Q Are you familiar with the proposed unit for Greenwood?

A Yes, sir.

Q Would you state in general whether or not this type of unit --
this form of unit is similar to the ones previously approved by the
Commission of Public Lands and by the Commission --

A Yes, sir, it is. It is substantially the same.

Q Are there any substantial variations that you recall?

A Not as far as this.

Q Would you state for the Commission, please, the percentage of
ownership within the unit area proposed as between State and Federal
acreage?

A The Federal acreage comprises eighty-three and a half per cent,
and the State acreage comprises sixteen point forty-eight per cent.

Q Is there any fee land? A No.

Q It is just State and Federal? A That is right.

Q Now, would you, please, state the percentages in each category
that have indicated they will join the unit?

A We presently have committed eighty-three and eight tenths per
cent of the Federal acreage, and fifty-four point five per cent of the
State acreage.

Q Now, referring to the State acreage, would you describe to the
Commission the uncommitted tracts, by whom they are held, and their
approximate size?

A Well, we have a plat which is attached as a part of that and I
have colored on that plat, in red, is the acreage that is firmly com-
mitted and then I have cross-marked with a diagonal line there acreage

which is tentatively committed.

Q Would you mark this Exhibit number one.

(Stanolind Exhibit number one, case nine six one, marked for identification.)

Q Now, referring to this Petitioners Exhibit one, would you designate to the Commission the ownership of the tracts that are not yet committed? That is, the working interests owners of State acreage

A You want that in detail?

Q Not in detail, just approximately.

A Well, there is some one large track, six hundred and forty acres of Federal land --

Q State acreage.

A State acreage, there is one hundred sixty in forty acre tracts which are quite far distant, at least a mile or more from the proposed test well location.

Q And by whom are they owned?

A Sinclair, Shell, and Texas Company, Magnolia, and Harvey Yates.

Q Now, I don't believe that you testified to the location, as to the location of the proposed test well?

A It is the SE 1-4 of the SE 1-4 of 27.

Q In your opinion, in view of your familiarity with the unit agreement, will the State receive its fair share of recoverable oil and gas?

A I am sure.

Q Does the unit agreement contain a segregation clause as far as State leases are concerned in usual form? A Yes, sir.

Q Does the unit provide for joinder by parties at a later date?

A Yes, sir.

