

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Transcript of Testimony taken in Cases 83, 84, 85 and 84, on
September 13, 1946

Pursuant to notice by the Commission, duly made and published, setting September 13, 1946 at 10:00 o'clock A.M., for hearing in cases 83, 84, 85, and 86; said hearing was called to order in the Senate Chambers of the State Capitol, Santa Fe, New Mexico, for the purpose of taking testimony and the making of a record thereof for consideration by the Commission and the promulgation for appropriate order in each case upon such record.

Mr. R. R. Spurrier, Secretary and member of the Commission sat for the purpose of receiving the testimony and the supervision of the making of the record thereof, and was accompanied by Carl B. Livingston, Attorney for the Commission.

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
J. O. Seth	American Employers Ins. Co. Central Surety Company	Santa Fe, N. M.
Myron C. Kiess	Pure Oil Company	Tulsa, Oklahoma
William B. Macey	Oil Conservation Commission	Artesia, New Mexico
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
R. E. Canfield	U. S. Geological Survey	Roswell, N. M.
George R. Gibson	Richfield Oil Corporation	Midland, Texas
F. E. McPhillips	Richfield Oil Corporation	Los Angeles, Calif.
Gordon A. Goodwin	Richfield Oil Corporation	Los Angeles, Calif.
E. H. Shew	Richfield Oil Corporation	Midland, Texas
Alvin Richards	Pure Oil Company	Tulsa, Oklahoma
C. E. Barnes	Pure Oil Company	Tulsa, Oklahoma

MR. SPURRIER: Gentlemen, there is not a quorum of the Commission we will take the testimony and render a decision later, if agreeable we will proceed.

(No response)

Cases 83, 84, and 85 were consolidated for the purpose of taking the testimony but were kept separate for the promulgation of orders:

"NOTICE OF PUBLICATION
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico, at 10 A.M., September 13, 1946.

Case 83

In the matter of the application of the American Employers' Insurance Company, surety upon the plugging bond for the hereinafter described well, requiring E. L. Fulton to show cause why E. L. Fulton-State Well No. 1, NENE, Section 36, Township 17S, Range 27E, Empire Pool, Eddy County, should not be declared abandoned and ordered plugged in accordance with the regulations of the New Mexico Oil Conservation Commission and the provisions of said bond.

Case 84

In the matter of the application of the American Employers' Insurance Company, surety upon the plugging bond for the hereinafter described well, requiring E. L. Fulton to show cause why E. L. Fulton to show cause why E. L. Fulton-Cowell-State No. 1, NWNE, Section 36, Township 17S, Range 27E, Empire Pool, Eddy County, should not be declared abandoned and ordered plugged in accordance with the regulations of the New Mexico Oil Conservation Commission and the provisions of said bond.

Case 85

In the matter of the application of Central Surety and Insurance Corporation, surety upon the plugging bond for the hereinafter described well, requiring E. L. Fulton to show cause why E. L. Fulton-Conklin-State No. 1, SWSNE, Section 36, Township 17S, Range 27E, Empire Pool, Eddy County, should not be declared abandoned and ordered plugged in accordance with the regulations of the New Mexico Oil Conservation Commission and the provisions of said bond.

Any interested party is entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, On August 20, 1946.

OIL CONSERVATION COMMISSION

BY: R. R. SPURRIER, SECRETARY

SEAL"

TRANSCRIPT OF TESTIMONY

JUDGE J. O. BETH: I would like to consolidate Cases 83, 84, and 85 for the purpose of taking the testimony, not for the decisions.

(After being duly sworn, Mr. William B. Macey testified as follows)

JUDGE SETH: State your name.

MR. MACEY: William B. Macey.

Q. What is your official position?

A. Geological engineer for the Oil Conservation Commission.

Q. Are you familiar with the three wells involved in these three cases?

A. Yes, sir, I am.

Q. Will you take up first the well known as E. L. Fulton-State Well No. 1, NENENE, Section 36, Township 17s, Range 27E, Empire Pool, Eddy County, and state what the condition of that well is at the present time?

A. The well is completely abandoned so far as operations are concerned, has a casing head, string of sucker rods and 528 feet of 2" Tubing in the well. No pumping jack on the location and the area appears to be completely abandoned.

Q. Have you seen it in recent days?

A. I visited the location approximately five days ago.

Q. Did you take a picture?

A. Yes, sir. I have a picture to submit.

Q. Let us submit that and mark it Exhibit 1. Does that represent the conditions as you found them?

A. Yes, sir.

(Exhibit 1 presented in evidence)

Q. Have you checked the production of that well?

A. Yes, sir, I have listed the production record on the back of the picture - Total Production 715 Barrels.

Physical Equipment:

509 Feet 3/4" Casing

528 Feet 2" Tubing

String of Sucker Rods

Completed 8-30-41

No Production after March, 1942.

Q. How deep is the well?

A. The well is 1,525 Feet deep. It has 509 feet of 5 3/4" Casing.

Q. Who owns the lease on this well at this time?

A. I believe the lease is in the name of the Delhi Production Company of Dallas, Texas. I am not positive.

JUDGE BETH: We would like to request the Commission to take into consideration the drilling and production records of this well.

I assume they are in the file in the Commission's office.

Now we would like to take up the well on the Fulton-Colwell State No. 1, NW/4 Sec. 36, T 17S, R 27E, Empire Pool.

Q. When did you examine that well?

A. I visited that well five days ago and found the well in the same condition as the well in the previous case, the location was completely abandoned.

Q. What is the production record?

A. Officially the well never produced any oil, however, I obtained some information from some of the local people, and they informed me the well made approximately 500 Barrels, during its lifetime history. The total depth is 510 feet. 435 feet of 5 1/2" Casing, string of tubing, string of sucker rods. No pumping jack on the location. This well was completed May 12, 1942.

Q. Did you take a picture of that well?

A. Yes, sir.

A. We would like to present this picture as Exhibit No. 1, in Case No. 24.

(Picture presented in evidence)

JUDGE SETH: Now, lets take up the Fulton-Conklin State No. 1, S8SW1/4 Section 36, T. 17S, R 27E, Empire Pool. Case No. 85.

Q. Will you state when you visited that well?

A. I visited that well on the 8th day of September, and this well has a pumping jack on the location, along with 2-500 barrel storage tanks and the necessary flow lines going from the well to those tanks. The well, however, the pumping jack does not have any engine on it in order to operate the pump at this time. The well made a total of 11,951 barrels throughout its life history to date. It was completed on the 10th of January, 1945, and last produced oil in December of 1944, according to the records. It has a string of 500 feet of 5 $\frac{1}{2}$ " casing and 2" tubing to a total depth of 533 feet.

Q. That is the depth of the well?

A. Yes, sir.

Q. Did you take a picture of that?

A. Yes, sir.

(Picture submitted as Exhibit No. 1 in Case No. 85)

Q. To return to Case No. 84 for a moment, do you know who holds the state lease?

A. Delhi Production Company of Dallas, I believe.

Q. Case No. 85 - what is the situation?

A. The lease shows at one time held by E. L. Fulton, has expired and is now in the hands of the State.

Q. In your opinion, in this case is the well abandoned?

A. Yes, sir.

Q. In case No. 84?

A. Yes, sir, completely abandoned.

Q. Case No. 85?

A. I would say the well is abandoned, under present circumstances.

JUDGE SETH: That is all we want to ask Mr. Macey.

MR. SPURRIER: Did you say that in Case No. 85 the lease was Delhi?

A. No, it has been defunct, no lease on it.

Q. Are there any further questions by any members present?

(No response)

MR. SPURRIER: We would like to put on the record, Mr. Petty, the fact that bond premiums on each case have not been paid for a period of three years. We have the bills, and have marked the three statements with the numbers of the cases on each, and would like to have them offered in evidence as exhibits in each case to show Fulton has not paid his bond premiums.

I will remind you now, no decision will be rendered in any of these three cases. The record has been taken and the Commission will have to pass on it later.

CASE NO. 86

In the matter of the application of the Richfield Oil Corporation for an order of approval of the unit agreement for the development and operation of the Worman Lake Area within Township 11S, Range 28E, Township 12S, Range 28E, Township 11S, Range 29E, N.M.P.M., constituting a compact unit area of 10,066.38 acres, Chaves County, New Mexico.

MR. GORDON GOODWIN: (Attorney for Richfield Oil Company)

This proposed unit area lies about 18 miles southeast of Roswell, and the form of unit agreement presented is practically identical with that the Oil Conservation Commission passed on in our application for the Commanche Unit area. There is some slight variation requested by the Secretary of Interior, but no material change in the form of agreement.

(After being duly sworn, Mr. George R. Gibson testified as follows)

MR. GOODWIN: State your name.

MR. GIBSON: George R. Gibson.

Q. Are you a practicing geologist?

A. Yes, sir.

Q. Employed by the Richfield Oil Corporation?

A. Yes.

Q. Where did you go to school?

A. University of Minnesota.

Q. Study geology?

A. Yes.

Q. State shortly your experience in geology since that time.

A. I have had about 13 years experience in oil geology, 5 years consulting and teaching.

MR. SPURRIER: Mr. Gibson and Mr. Goodwin, we have qualified Mr. Gibson in previous hearings and it is all right to skip that.

MR. GOODWIN: The geological report has been filed with the Oil Conservation Commission - have you examined that report?

A. I have.

Q. You helped prepare that report with the other company geologists?

A. I did.

Q. In your opinion is the area set forth as a prepared unit one which you as a geologist would consider favorable for wildcatting experimentation?

A. I certainly do.

Q. Would the unit agreement tend to conserve natural resources and better utilization, and tend to prevent waste as defined by the New Mexico law?

A. Yes, that is right.

MR. SPURRIER: Anyone have any questions about this unit agreement?

(No response)

If there are no further questions we will consider the record in the case.

MR. GOODWIN: I have another witness I might call.

MR. SPURRIER: Oh, pardon me Mr. Goodwin.

(After being duly sworn, Mr. Frank E. McPhillips testified as follows)

MR. GOODWIN: State your full name.

MR. McPHILLIPS: Frank E. McPhillips.

Q. You are manager of the land department of Richfield Oil Corporation?

A. That is right.

Q. How long have you been engaged in the oil business?

A. 19 years.

Q. Most of that in acquiring and developing oil lands?

A. That is right.

Q. The applicant, according to your knowledge has had other experience in operating under unit agreements?

A. Yes, sir.

Q. And are now operating under unit agreements in California?

A. That is right.

Q. In your opinion will the unit agreement conserve natural resources?

A. Yes, sir.

Q. And better utilization, and tend to prevent waste as defined by New Mexico law?

A. Yes, sir. That is right.

MR. GOODWIN: That is all.

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Pursuant to notice by the Commission, duly made and published, setting September 13, 1946 at 10:00 o'clock A.M., for hearing in Case No. 87; said hearing was called to order in the Senate Chambers of the State Capitol, Santa Fe, New Mexico.

Hon. John E. Miles, State Land Commissioner, Member.

Mr. R. R. Spurrier, Secretary, Oil Conservation Commission.

Mr. Carl B. Livingston, Attorney for Commission.

"NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, as provided by law, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico at 10 A.M., September 13, 1946.

CASE NO. 87

In the matter of the application of the Pure Oil Company for an order of approval of the unit agreement for the development and operation of the Black Mesa Area within Township 30N, Range 36E, Township 31N, Range 36E, Township 32N, Range 36E, Township 30N, Range 37E, Township 31N, Range 37E, Township 32N, Range 37E, N.W.P.M., constituting a compact unit area of 33,030.36 acres, Union County, New Mexico.

Any interested party is entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on August 20, 1946.

OIL CONSERVATION COMMISSION

By: R. R. SPURRIER, SECRETARY

SEAL"

TRANSCRIPT OF TESTIMONY

MR. ALVIN RICHARDS, Attorney for Pure Oil Company.

There are two witnesses to be sworn.

(Mr. C. E. Barnes and Mr. M. C. Kiess being duly sworn, testified as follows)

(Examination of Mr. C. E. Barnes)

MR. RICHARDS: State your name.

MR. BARNES: C. E. Barnes.

Q. By whom are you employed and in what capacity?

A. I am employed by the Pure Oil Company, head of the land department.

Q. What division?

A. Southwestern producing division.

Q. As head of the land department you have charge of the work leading up to what is known as the Black Mesa Unit Agreement?

A. Yes, sir.

Q. Explain what it covers ^{how} and/the acreage is owned?

A. Covers 33,030.36 acres. Government land 8807.69 acres, State land 8249.94 acres, Fee land 15,972.73 acres.

Q. Where is the land located?

A. In Northeastern New Mexico, Union County.

Q. What is the status of this area as to oil and gas leases?

A. Pure Oil Company has under lease 98.4 % of the working interest. 320 acres Fee land unleased and 200 acres state land leased to others.

Q. Have the parties who own the oil and gas leases other than Pure Oil - other Fee land owners, have they been given an opportunity to participate?

A. They have been requested to join as working interest owners and we have received refusals from all of them.

Q. Has this area been submitted to the Director of Geological Survey of the United States?

A. Yes, sir.

Q. What was his decision?

A. It was designated as a geological area to be operated under unit agreement plan.

Q. Has it been submitted to the State of New Mexico, or the State Land Commissioner?

A. It has.

Q. What action did the Land Commissioner take?

A. The Land Commissioner?

Q. Yes?

A. It has been given tentative approval subject to the approval of the Oil Conservation Commission and Department of Interior.

Q. Would you tell the Commission what the Pure Oil Company proposes to do in connection with development of the area?

A. We plan to develop the area for oil and gas, and within 6 months after the effective date of the unit agreement start a test to be drilled not less than 6,000 feet unless oil or gas is encountered at lesser depth, and further drilling is unwarranted.

Q. Does the unit agreement follow substantially the terms of other agreements approved by this Commission?

A. It does.

Q. Has a copy been submitted to the Department of Interior?

A. Yes, sir, filed about May 23rd.

Q. Has the Department of Interior indicated their action?

A. They have given tentative approval on it, subject to favorable action by the Oil Conservation Commission and State Land Commissioner. I believe it will be approved.

Q. That is all at this time.

I hand you Exhibit No. 1 and ask you what it is.

A. It is a certificate to be approved by the Assistant Secretary of the Interior.

Q. It is the recent form that has just been sent through by the Secretary of Interior?

A. That is right, it includes the recent changes of August 8, 1946, regarding public lands.

Q. What is your judgment as to the proposed unit - would it prove economical?

A. In my opinion it would permit the economic recovery.

Q. Tend to prevent waste?

A. Yes, sir.

Q. Conserve the natural resources?

A. Yes, sir.

It is your judgment under the proposed plan the State would receive its fair share of recoverable oil or gas?

A. It is.

Q. It would be to the interest of the State of New Mexico?

A. In my judgment it would be.

Q. You propose to file a copy of this executed agreement with the Commissioner of Public Lands and Secretary of Interior?

A. Yes, sir.

Q. You don't know anything about the geology in this area?

A. No, sir, Mr. Kiess testifies to that.

Q. I hand you Exhibit No. 2, and ask you to state what that is.

A. This is an executed copy of the unit agreement.

Q. That is the agreement which you are asking the Commission now to approve?

A. Yes, sir.

(Exhibit No. 2 introduced into the record)

(Examination of Mr. M. C. Kiess)

MR. RICHARDS: State your name.

MR. KIESS: M. C. Kiess.

Q. What is your occupation?

A. I am geologist for Pure Oil Company, Southwestern producing division.

Q. What is your education for this work?

- A. Colorado School of Mines, received geological engineering degree, and taught geology in college one year. Following that, and for the past 20 years I have been an employee of the Pure Oil Company as a geologist through practically all branches of exploration and development of geology.
- Q. You belong to any local or national geological organization?
- A. American Association of Petroleum Geologists, and member of the American Association of Metallurgical and Mining Engineers.
- Q. Are you familiar with the area known as the Black Mesa Area in Union County, New Mexico?
- A. I am.
- Q. Have you done any work in connection with this area?
- A. I have done considerable work and research work in the area.
- Q. Do you know whether the area has been designated by the Director of the United States Geological Survey as an area logical for exploration?
- A. I do.
- Q. Have you prepared or filed with this Commission or Land Commissioner, a geological report on the area?
- A. We have, yes sir.
- Q. Is it your judgment the outlined plan in the agreement would tend to promote economical and efficient recovery of oil and gas?
- A. It will.
- Q. Is it your judgment this is a logical unit for development and exploration?
- A. It is.

Q. Why do you think this would promote economical and efficient recovery - this agreement?

A. By orderly development the reservoir energy would aid considerably, as gas and water could be economically conserved and utilized, and by uniform well spacing and by proper drilling practices that could be followed under this unit agreement and the field could be efficiently developed, water advancement could be under hand, and gas could be conserved and utilized and the usual competitive practices could be avoided.

Q. It is your judgment that the approval of this proposed agreement would tend to promote the conservation of oil and gas and prevent waste?

A. It is.

Q. What depth would you recommend drilling this well?

A. I recommend 6,000 feet unless oil or gas would be encountered at shallower depths - or whether formations would be encountered at shallower depths that would indicate that deeper drilling would not be necessary or that oil-gas horizon could not be penetrated.

MR. SPURRIER: Mr. Kiess, you feel that 6,000 feet will carry the well probably to the granite?

A. We feel so, yes, sir.

MR. RICHARDS: I think that is all.

MR. SPURRIER: I would like to ask one question - I notice this Unit is 33,000 acres - without casting any reflection, I should like to ask why is the Unit so big?

A. Our geologist has presented in the request for the unit agreement in the case that the area from surface indications is a producing possibility - flat lying anticline. In order to cover the whole area with a possibility there might be

shallow granite then production might be encountered on the flange as well as on the top, for that reason I believe the amount of acreage we have included in this unit is not too large, because it is original anticline so far as I can interpret it.

MR. SPURRIER: Does anyone else have any question or comment?

(No response)

If that is all - that will close the case.

Since there is nothing further on the agenda, the Commission will adjourn.

I, Vastie Fowler, reporter for the Oil Conservation Commission, do hereby certify that I took the testimony in the hearings held Friday, September 13, 1946, Cases Nos. 83, 84, 85, 86 and 87, and that the foregoing transcript constitutes, to the best of my knowledge and belief, a true and correct copy of all the oral testimony presented before the Commission.

Vastie Fowler
Reporter

PLEASE REGISTER

for
HEARING SEPT. 13, 1946
CASES 83, 84, 85, 86, & 87.

Name	Company	Address
Asst.	(Am. En. & En. Co. Contin. Serv. Co.)	Lawt. 7-
William B. Macey	Oil Conservation Comm.	Alameda, N.M.
Harold C. Kress	The Pure Oil Co.	Tulsa, Okla.
Foster Norrell	U.S. Geological Survey	Roswell, N.M.
R. E. Campbell	U.S. Geol. Survey	Roswell, N.M.
Geo. R. Gibson	Richfield Oil Corp	Midland Texas
J. E. McPherson	" " "	Los Angeles, Calif.
James A. Goodwin	" " "	" "
E. H. Shaw	" " "	Midland Texas
Alvin Richards	The Pure Oil Co	Tulsa, Okla.
C. E. Barnes	" " " "	" "