

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

"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 10:00 A.M., May 23, 1947:

CASE NO. 99

In the matter of the application of the Standard Oil Company of Texas, for an order of approval for the unit Agreement for the development and operation of the Scarp Unit Area, within Townships 19, 20, 21 and 22S, Ranges 17, 18 and 19E, N.M.P.M., containing 63,995.05 acres, more or less, Chaves and Otero Counties, New Mexico.

Given under the seal of said Commission at Santa Fe, New Mexico, on May 5, 1947.

OIL CONSERVATION COMMISSION

BY: (SGD)

R. R. Spurrier, Secretary.

SEAL"

Hon. T. J. Mabry, Governor, Chairman
Hon. John E. Miles, State Land Commissioner, Member
Hon. R. R. Spurrier, Secretary Oil Conservation Commission, Member
Hon. George Graham, Attorney, Legal Adviser

R E G I S T E R

<u>NAME</u>	<u>COMPANY</u>	<u>ADDRESS</u>
Clarence Hinkle Attorney	Stanolind Oil Company	Roswell, N. M.
H. G. Barton	U. S. Geological Survey	Washington, D. C.
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
E. L. Shafer	N. M. Oil Conservation Com.	Hobbs, N. M.

P R O C E E D I N G S

MR. CLARENCE E. HINKLE (Attorney for Standard Oil Company of Texas)

The meeting before the Commission this morning on the application of the Standard Oil Company of Texas for the approval of the unit agreement for the operation and development of this area situated in Chaves and Otero Counties comprises some 63,995.05 acres, situate in Township 19, 20, 21 and 22 South, Range 17, 18, and 19 East, in Chaves and Otero Counties.

I would like to offer in evidence a plat which shows the proposed unit area, I think it is the same plat attached to the proposed form of unit agreement. This plat shows by different symbols the Federal Lands, State Lands and Fee Lands. The State lands comprise 2,236.23 acres, or approximately .035% of the total lands in the proposed unit area. There are only 124.95 acres of fee lands which is a very small percentage. The lands included in the proposed unit area, were designated by the Director of United States Geological Survey as logical, pursuant to an application signed with the Department by the Standard Oil Company of Texas similar to the application filed here.

In that connection a geological report was furnished with the application made to the United States Geological Survey, and I would like to offer in evidence here a copy of the same report.

If the Commission would like I can read the report to them. It is simply a report gotten up between H. N. Frenzel and Walter Staehely for the Standard Oil Company of Texas, and it is the result of a geological survey made by the investigating department of the Standard Oil Company of Texas. Attached to the geological report is a plat which shows the structural conditions prevailing in the area, and which is the basis for the boundaries of the suggested unit areas. These contours on top of the Glorieta contain a generalized section of the structure as they have mapped it - it can have quite a large area.

MR. GEORGE GRAHAM:

That is the northern spur of the Guadalupe Mountains?

MR. HINKLE:

Yes, I understand it is.

It is on the strength of this geological report the United States Geological Survey designated it.

In connection with the application for approval of the unit area by this Commission we have filed with the Commission the form of Unit Agreement, it has heretofore been submitted to the Department of Interior and approved. After it was submitted, Mr. Graham raised some objections to the terms of the Agreement, but Mr. Graham and myself went over these suggested changes and agreed tentatively as to the changes recommended to the Commission. They were then submitted to the Director of the United States Geological Survey - to an attorney in Washington, D. C., and they still object to it. Two of the suggested changes, however, I have discussed these changes with Mr. Graham, Attorney for the Commission, and we have agreed, and I think he will recommend to the Commission that the same can be accepted, but that in the order of the Commission in this agreement be added a savings clause.

Section 25 of the Unit Agreement was that he thought it might possibly be considered as waiving some rights the Commission had. Section 25 provides in effect the joint control of the Unit Agreement shall not become operative until such time as development takes place on some of the State lands involved in the Unit Area, or ^{after} such time some of the State Lands are included in the area. That same wording has been approved by this Commission previously.

In order to answer Mr. Graham's suggestion I think it would be well for this Commission to say by their approval they do not waive or relinquish any rights given to the Commission given them by law, in connection with the approval of the Unit Agreement.

The other changes agreed upon and which meet with the approval of the Department of Interior, have been arranged and I am submitting re-drafts of the pages, which have been re-drafted, to meet these changes and these have been delivered to Mr. Graham and are to be inserted with the consent of the Commission in the forms which have been filed.

We believe the Unit agreement if approved and until production is obtained, will tend to promote conservation of oil and gas and prevention of waste. It is in line with the previous Unit Agreements approved by this Commission.

I think that is all I have, unless the Commission would like to ask some questions.

COMMISSIONER MILES:

Mr. Morrell, do you have a statement to make?

MR. MORRELL:

No, I don't have.

COMMISSIONER MILES:

I don't know if there is anything further - we discussed some of the changes Mr. Hinkle presented here this morning, and we, I think, came to an agreement. We thought it would be satisfactory and overcome the objections Mr. Graham made.

MR. GRAHAM:

I believe if included in the Order would be sufficient to preserve the Commission's status, since the State has created an Oil Commission for the purpose of regulating these matters.

We hope to have the field occupied, and at the same time preserve our status as a regulatory body.

COMMISSIONER MILES:

The Commission seems to be in accord, and the Order will be granted.

MEETING ADJOURNED