

BEFORE THE
OIL CONSERVATION COMMISSION
State of New Mexico

"NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

"The State of New Mexico, by its Oil Conservation Commission, hereby gives notice, pursuant to law, of the following public hearing to be held March 2, 1948, beginning at 10:00 o'clock a.m. on that day in the City of Santa Fe, New Mexico;

STATE OF NEW MEXICO TO:

All named parties in the following case,
and notice to the public:

CASE NO. 128

"In the matter of the application of Magnolia Petroleum Company for approval of Burro Hills Unit Area and Agreement, covering the following described lands: All of section 3, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 27, 28, 29, 30, 31, 32, 33, and the E $\frac{1}{2}$ section 19, Township 21 South, Range 22 East, N.M.P.M.; and all of sections 4, 5 and 6, Township 22 South, Range 22 East, N.M.P.M., Eddy County, New Mexico, and containing 16,092.26 acres, more or less.

"Given under the seal of the Oil Conservation Commission of New Mexico, at Santa Fe, New Mexico, on February 16, 1948.

STATE OF NEW MEXICO

OIL CONSERVATION COMMISSION

By /s/ R. R. Spurrier
R. R. SPURRIER, Secretary

SEAL"

MEMBERS OF OIL CONSERVATION COMMISSION ATTENDING:

Hon. Thomas J. Mabry, Governor, Chairman
Hon. R. R. Spurrier, Secretary, Oil Conservation Commission, Member
Hon. George Graham, Attorney for Oil Conservation Commission

R E G I S T E R

| <u>NAME</u> | <u>COMPANY</u> | <u>ADDRESS</u> |
|----------------------------|-----------------------------|----------------|
| Mr. Clarence Hinkel, Atty. | Magnolia Petroleum Company | Roswell, N. M. |
| Mr. Glenn Staley | Lea County Operators | Hobbs, N. M. |
| Mr. Roy Yarbrough | Oil Conservation Commission | Hobbs, N. M. |
| Mr. J. V. Fritz | | Roswell, N. M. |
| Mr. S. P. Hannifin | Magnolia Petroleum Company | Roswell, N. M. |

Due to unforeseen circumstances, the Petitioner and Attorney for the Petitioner were unable to get to Santa Fe for the hearing on March 3rd, and the hearing was postponed until March 10th.

Said hearing was held in the Office of the Governor, State Capitol, Santa Fe, New Mexico, at 10:00 a.m., on March 10, 1948.

Notice of hearing and petition was read by Mr. George Graham, Attorney for the Oil Conservation Commission.

BY MR. CLARENCE HINKEL:

Governor, and Members of the Commission, I would like to have the record show Clarence E. Hinkel appeared on behalf of the Applicant.

Filed with the application are three copies of the proposed unit agreement. I would like for the Commission to look at the Exhibit "A" attached to the unit agreement, to get some idea of the unit area proposed. Also filed with the application is a geological report, which is the same geological report filed with the United States Geological Survey, and the basis on which the area was designated by the United States Geological Survey.

Here is the report and geological map which will give the Commission an idea of the geology involved and the unit area shown by the shaded outline, covers substantially the entire structure. The unit agreement has been circulated for signatures by all interested parties, and it is my understanding all have been signed except one 40 acre sub-division which is State land and in the south portion of the unit area.

(After being duly sworn, Mr. S. P. Hannifin testified as follows:

MR. HINKEL:

Your name is S. P. Hannifin?

MR. HANNIFIN:

Yes, sir.

Q. You live in Roswell?

A. Yes, sir.

Q. You are employed by the Magnolia Oil Company?

A. Yes, sir.

Q. In what capacity?

A. District Land Man.

Q. Does that include all of New Mexico?

A. All over New Mexico, Yes, sir.

Q. How long have you been employed by the Magnolia Oil Company?

A. 22 years.

Q. Are you familiar with the proposed unit agreement?

A. Yes, sir.

Q. Have you read the agreement?

A. Yes, sir.

Q. Are you familiar, generally, with the operation of unit plans in New Mexico?

A. Yes, sir.

Q. State whether or not, in your opinion, this unit agreement would tend to promote conservation of oil and gas and unitize waste?

A. I believe it would. Would be if we located on the structure.

Q. The agreement provides for drilling of a well approximately in the center and to a depth of 7200 feet?

A. Yes, sir.

Q. How deep is the well now?

A. That well was 7725 feet yesterday morning. (March 9, 1948).

Q. You are still drilling on it?

A. Yes, sir.

Q. How deep do you propose to carry that test?

A. Could possibly carry it 10,000 feet.

Q. Do you intend to proceed with it until you get granite?

A. Yes, sir.

GOVERNOR MABRY:

You hope to get granite before that?

A. It looks now as though we may go 9,000 or 10,000 feet.

Q. Do you know approximately the cost?

A. That Southern Union well at 7500 feet - it will cost 7,500 dollars.

Q. This is the first well in unit agreement which is being drilled on state lands. All the others have been on Federal lands, the State has a well located at approximately the center. That is the reason the well is being drilled on State lands.

GOVERNOR MABRY:

Any other questions or any suggestions from anyone?

Then the Order is granted.

MR. GRAHAM:

That 40 acre man at one end, what is his stand. He is just out and there is a standing invitation for him to enter?

MR. HINKEL:

If he comes and wants to drill he has the same spacing as the others.