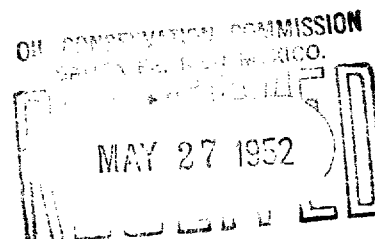


BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

Case No. 368

Regular Hearing
May 20, 1952



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

May 20, 1952

- - - - -
In the Matter of:

Stanolind Oil and Gas Company's
application for approval of Lakewood
Unit Agreement embracing 7,521.75
acres, more or less, in Townships
19 and 20 South, Range 25 East, NMPM,
Eddy County, New Mexico.

Case No. 368

- - - - -
(Notice of Publication read by Mr. Graham.)

MR. SETH: We have two witnesses to be sworn.

If this Commission please, this is Stanolind's application for approval of the Lakewood agreement covering approximately 7,521.75 acres in Eddy County, New Mexico. The application has been made in the usual form.

Our first witness will be Mr. Ingram.

T O M L. I N G R A M,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q State your name.

A Tom L. Ingram.

Q By whom are you employed and in what capacity?

A Stanolind Oil and Gas Company as District Geologist in

Roswell.

Q Have you previously testified before this Commission as a geologist?

A I have.

Q Would you state briefly the general geology of the area proposed to be covered by the Lakewood Unit Agreement?

A The Lakewood area is located approximately 17 miles northwest of Carlsbad in Townships 19 and 20 South, Range 25 East, central Eddy County, New Mexico. Geologically the area is situated on the Carlsbad Shelf along the northwestern edge of the Delaware Basin. Structural data for the area is based on refraction seismic work performed by Stanolind Oil and Gas Company, which depicts the attitude of the sedimentary bed at the approximate top of the Glorieta sand horizon. This work has delineated an anticlinal anomaly approximately eight miles long and four miles wide, trending northeast-southwest, the highest portion of which is the dome, with some 200 feet, more or less, of closure.

Q What formations do you expect to encounter within the unit area?

A In order to test all of the potential productive horizons which have indicated good porosity development in deep wells in this province, we believe that a well should be drilled to a depth of 10,500 feet to test the silurian formation.

Q What is the name of the particular formation?

A The Fusselman formation of Silurian age.

Q What other beds will you encounter?

A The other beds, beginning at the surface, were the Permian, Seven Rivers, Queen, and Grayburg from 0 to approximately 650 feet; the San Andres from 650 to 2280; Glorieta from 2,280, 2,440; Yeso from 2,240 to 5,680; Abo from 5,680 to 6,380; the Hucco 6,380 to 6,710; then Pennsylvanian from 6,710 to 9,765; Mississippian 9,765 to 10,230 feet; and finally the Fusselman of Silurian from 10,230 to 10,500. These estimates are based on formation encountered in Humble No. 1 Federal, Hobbs, which is a dry hole.

Q Do you believe that this data indicates that you have a reasonable expectation of production in the area proposed?

A Yes, the anticipated porous zones and productive zones may be expected in the San Andres, Glorieta, Yeso, Abo, and Fusselman.

Q Have the unit boundaries as proposed been drawn to include the most favorable part of the structure?

A Yes, they have. They have been defined by the contours of our seismic work.

Q You don't believe it includes any unnecessarily large acreage?

A No.

Q Do you believe that in view of the data that you have available that the operations of this area as a unit will best conserve edge reservoir energy and be in accordance with the

accepted conservation practices?

A Yes, it is my opinion.

Q You have had occasion to have experience with unit operations and you will state that in view of your experience?

A Yes.

Q What is your comment on the best ultimate recovery under the unit as proposed here?

A Well, should commercial production be discovered, the unitized operation will be, will insure an orderly developed program based on the structural position and development in operation will be conducted in accordance with plans that have the joint approval of state and federal authorities.

Q Do you believe it will lead to the greatest ultimate recovery of oil and gas in place?

A Yes.

Q Do you have any other comment on it?

A No, sir.

MR. SETH: That is all the direct testimony.

MR. SPURRIER: Are there any questions of this witness?

MR. WALKER: Don Walker with Gulf. Tell me how much has been assigned for our information?

MR. SETH: That will be developed in our next witness.

MR. SPURRIER: Any other question. If not, the witness may be excused.

(Witness excused.)

W A Y N E A . B L A N K E N S H I P,
having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q State your full name.

A Wayne A. Blankenship.

Q By whom employed?

A Stanolind Oil and Gas.

Q What are your duties and where employed?

A District land man in Roswell, New Mexico, office.

Q Have you handled the Lakewood unitization up to this
point?

A Yes, I have.

Q Are you familiar with the unit agreement and the unit
area and the ownership, generally?

A Yes, sir, I am.

Q Just state briefly the essential provisions of the unit
agreement relating to development.

A The unit agreement is on a type of form which has here-
tofore been approved by the Commissioner and the Commission for
exploratory programs of this type. It provides that within six
months from date of final approval that a test well will be com-
menced and will be drilled to the Fusselman, or 10,500 feet, or
unitized substances and Pennsylvanian quantities at lesser depth.
It provides if the first test well is completed as a dry hole

that an additional well will be commenced within six months from the date of completion of the first well or an extension of time granted by the Commissioner and the Commission if warranted. If the first well is completed as a producing well, then a participating area which will embrace the acreage reasonably proved productive by the first well will be submitted for approval and also within six months from completion of the first well as producing well if such a plan of development will be submitted for approval.

Q Do you have a map available showing the ownership within the unit area?

A Yes, sir, I have. I have two executed copies of the Lakewood Unit Agreement and two unexecuted copies of it. A map is attached as exhibit "A" and has been colored in three colors.

Q Would you detach that map and make it available to the Commission, please.

A Yes.

Q Do you have figures available showing the percentage of ownership of state, federal and free land in the proposed area?

A Yes, sir, I have the total acres in the unit, 7,524.11. Of this, federal land comprises 3,842.36 or 51.07 per cent; state, 1,600 acres or 21.26 per cent; patented lands, 2,081.75 acres or 27.67. We have committed at the present time a total of 83.45 per cent, with additional probably 4.78 per cent. We expect to get committed a total of 88.23 per cent. We have 10.64

per cent which has refused to commit, with an additional probable of 1.13 per cent, bringing the total we may expect to refuse to commit 11.77 per cent.

Q Do you have similar figures showing the percentage committed within the three categories there?

A Yes, I have. On the federal lands we have 3,682.36 acres, equaling 95.84 per cent, and we have refused to commit 160 acres for 4.16 per cent. On the state land we have committed 600 acres, comprising 37.5 west. We have an additional 360 acres which belongs to Gulf Oil Corporation, and we have received every indication that they will commit this acreage for an additional 22.5 per cent. Of 640 acres. or 40 per cent, of state acreage, which the owners of which have refused to commit, we have Mr. Erle Woodworth owning 240; Sunray Oil Corporation 120. Wilson owning rights to 5,000 feet and Buffalo to depth rights 1-A. On patented land we have committed 1,996.61, equaling 95.91. We have refused to commit 85.14 acres, equaling 4. or 9 per cent.

Q Does the unit agreement provide that other interested owners may join at a later date?

A Yes, sir, it does.

Q Will the opportunity be offered to permit them to join in the future?

A Yes, sir, it will.

Q Do you believe the operation of this area on the unit will insure that the state will receive its fair share of the oil

or gas that is in place?

A Yes, sir, I believe it will.

Q Do you believe that it will promote the development of the unit area in an orderly manner and, generally, in the best interest of the State of New Mexico?

A Yes, sir, I do.

Q As near as can be determined, will it likewise promote the conservation of critical materials?

A Yes, it will, through an orderly plan of development.

Q I believe you stated that you have two executed copies of the unit agreement?

A Yes, sir, I have.

Q We would like to offer these two copies as exhibits one and two, with permission given to withdraw them later and substitute copies not executed.

MR. SPURRIER: Without objection they will be received and you may substitute.

Q Is there anything further on the operation of the unit agreement or its provisions?

A No, sir, only that it does not deviate in any way from the regular form which has been used before.

Q It is in typical form?

A Yes, sir.

MR. SETH: That is all the direct testimony.

MR. SPURRIER: Any questions of this witness? If there

are none, the witness may be excused.

Does anyone have anything further in this case? If not, we will stand in recess until 1:30.

(Witness excused.)

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 368 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on May 20, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this _____ day of May, 1952.

REPORTER