

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

CASE NO. 422

Regular Hearing
October 15, 1952



BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

Santa Fe, New Mexico.

October 15, 1952.

In the Matter of:

Stanolind Oil & Gas Company's application
for the approval of a unitization agree-
ment between Stanolind and Humble Oil &
Refining Company covering the NE/4 SE/4
and the SE/4 SE/4 of Section 16, Twp. 24S,
Rge 37E, Lea County, New Mexico in the
Fowler Pool.

Case No. 422

TRANSCRIPT OF HEARING

(Notice of publication read by Mr. Graham.)

CLIFFORD L. BRUCE,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q State your name, please?

A Clifford L. Bruce.

Q By whom are you employed?

A I am employed with Stanolind Oil and Gas Company as geolo-
gist in the Eastern New Mexico District, in Roswell.

Q Have you testified previously?

A No, sir.

Q Would you state your qualifications for the Commission?

A I was graduated from the Texas College of Mining and

Metallurgy in 1949 with a Bachelor of Science Degree in geology, and since that time have been employed as a geologist by Stanolind Oil and Gas Company.

Q What are your duties since you have been employed by Stanolind?

A Just general sub-surface work and preparation of maps and cross sections and taking care of drilling wells.

MR. SETH: Are his qualifications acceptable?

MR. SPURRIER: They are.

Q Are you familiar, Mr. Bruce, in a general way with the geology underlying the area proposed to be unitized in this application?

A Yes, sir.

Q Would you state very briefly what it is?

A Well, this unit being considered is situated on the west flank of a pre-permian anticline, known as Fowler structure, in which according to our present interpretation is a complex faulted and tightly folded symmetrical anticline with the long drain and extending west and north. In a typical central basin platform prepermian sedimentary sequence is present, and the Devonian being present only in the Stanolind South Mattix Unit Wells No. 4 and No. 6 and No. 7, and Humble Oil & Refining Company No. 1 State AB. There are at least two low angle thrust faults in this structure. One has been encountered in every well drilled to date and it strikes in a north northwest direction and dips approximately 30 degrees to the southwest. The other fault has been encountered in only one well, the South Mattix Unit No. 5. This

fault was encountered in the lower part of the Ellenburger. We don't have any idea which direction it goes, since it has only been found in the one well. The upper fault, which has been found in all the wells, dips in such a manner that it is only cut the Fosterman Montoya and Simpson formations. For a more detailed picture of this I suggest you consult the record in the 80 acre spacing hearing on the Fowler Pools, on which maps and cross sections were presented as evidence.

MR. SETH: We would like, if the Commission would permit, that reference be made to the record in the Fowler 80 acre spacing, for more detail on the geology.

MR. SPURRIER: Without objection we can do that.

Q Would you state what formation is expected to be productive for the well proposed in this unit?

A We expect to complete the well in the Ellenburger formation.

Q How far distance is the discovery well from the proposed location on this area?

A It is approximately one half mile to the east. The two locations diagonally offset.

Q You expect to encounter the same formations and approximately the same depths as encountered in that well?

A Well, we expect to encounter the same formations. They will be at a deeper depth than in the discovery well.

Q What is the depth of the base of the permian system that you expect to reach at this well?

A It should lie between 7,200 and 7,300.

Q Are you familiar, in a general way, with the unitization agreement that is proposed?

A Yes, sir.

Q Would you state whether or not, in your opinion, the operation under that agreement will tend to promote the orderly development of the Fowler Pool?

A Yes, I believe it will.

Q You believe that it will result in the best unitization of the reservoir energy within the pool?

A Yes, sir, I surely do.

Q And result in conservation?

A Yes, sir.

MR. SETH: Any questions of this witness? If not the witness may be excused.

(Witness excused.)

WAYNE A. BLANKENSHIP, JR.

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q State your name, please.

A Wayne A. Blankenship, Jr.

Q By whom employed and in what capacity?

A District Land man for Stanolind oil and Gas in this Eastern New Mexico District at Roswell.

Q You have testified before the Commission previously on

unit agreements?

A Yes, sir, I have.

Q Would you state briefly the more important provisions of the proposed unit agreement?

A I have outlined some of them here. The unit agreement is between Humble Oil and Refining Company and Stanolind Oil and Gas Company. The area proposed for the unit is the east half of the southeast quarter of Section 16, Township 24 South, Range 37 East, Lea County, New Mexico.

This tract contains about 80 acres, more or less. The rights to be unitized are limited to all depths below the base of the Permian system. In other words, as to all pre-Permian formations, Humble holds the northeast quarter of southeast Section 16, through State lease No. B-934, which was issued to Humble under date of June 6, 1932. This lease is presently held by production.

Southeast quarter of southeast quarter of Section 16, through State Lease B-2616, issued to Stanolind under date of March 10, 1934. This lease is also held by production. There are no other working interest owners involved, other than Stanolind and State of New Mexico. This 80 acre tract is within the limits of the Fowler Pool, which was recently approved for one year for 80 as to the Ellenburger by the Commission and Commissioner.

The order issued that wells projected to the Ellenburger formation in the Fowler should be located in the center of the southeast and northwest quarter of each quarter section, with 150

feet tolerance for obstructions.

It is contemplated that under the unit agreement, Ellenburger well will be drilled in the southeast quarter of the southeast quarter of Section 16. The well to be drilled will conform to the present spacing regulations for the Fowler-Ellenburger Pool.

The reason we have set up a unit as to all pre-Permian formations is that we feel it is not unlikely that, should other pre-Permian formations be found productive, that such reservoirs would be similar to that of the Ellenburger formation. We would thus have the mechanics set up for the tract, should other pre-Permian be covered by 80 acre spacing regulations. As protection to the State there is a provision that Humble and Stanolind are not released from their obligations to protect the unitized area from drainage by a well which might be drilled, offsetting the area oil and gas producible from the pre-Permian, including the royalty to the State is to be allocated among the leasehold in proportion that the acreage interest in proportion to the leasehold bears to the entire interest. It provides that the State shall be entitled to its royalty income. Humble is to be operator.

The unit agreement is to remain in force and effect for a period of two years and so long as oil and gas are produced in paying quantities from the unitized area. I might say that Stanolind is handling the unit as a matter of convenience only. I believe that is the general provisions.

Q Do you believe, under the operation under this particular

agreement the State will receive its fair share of oil and gas in place?

A Yes, I do.

Q And you believe it is in the interest of conservation and best interests of the State of New Mexico?

A Yes, I believe this unit will prevent waste.

MR. SETH: I believe that is all.

MR. SPURRIER: Are there any questions of this witness? If not the witness may be excused.

(Witness excused.)

MR. SETH: We would like to submit for consideration of the Commission the agreement and we will substitute copies when available.

MR. DEWEY: Humble desires to concur in this request of Stanolind.

MR. SPURRIER: Anyone else.

MR. FOSTER: On the Phillips cases I believe he forgot to introduce my exhibits.

MR. SPURRIER: Without objection they will be received.

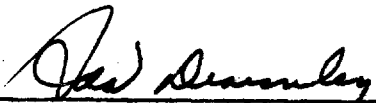
(Phillips Petroleum Company's Exhibits for Cases Nos. 417, 418, 419 and 420, were received in evidence.)

MR. SPURRIER: If nothing further we will go to Case 423.

STATE OF NEW MEXICO)
 : SS.
COUNTY OF BERNALILLO)

I hereby certify that the above and foregoing transcript of proceedings in Case No. 422, taken before the Oil Conservation Commission on October 15, 1952 at Santa Fe, New Mexico, is a true and correct record.

Dated in Albuquerque, New Mexico, this 25th day of October, 1952.



Notary Public

My Commission Expires:
June 19, 1955.