

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO

TRANSCRIPT OF PROCEEDINGS

CASE NO. 423

October 15, 1952
Regular Hearing



BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico.
October 15, 1952.

In the Matter of:

Texas Pacific Coal and Oil Company's appli-
cation for approval of Lane Mill unit agree-
ment in Lea County, New Mexico (in Twp. 15S,
Rge 32E, NMPM).

Case No. 423

TRANSCRIPT OF HEARING

(Notice of publication read by Mr. Graham.)

CLARENCE G. BAILEY

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CAMPBELL:

MR. CAMPBELL: I would like to make a preliminary state-
ment with regard to this application. This unit has been approv-
ed in principal, that is the unitizing of the area, by an excess
of 80 percent of the operators working interest owners. The
operating agreement to accompany the unit agreement has not been
completed and has not been approved by all of the working interest
owners, and the unit agreement, for that reason, has not been
executed by all of them.

The land is entirely State land, all of the leases are

State leases. The form of unit agreement generally conforms to the unit agreement form which is approved by the Commissioner of Public Lands of New Mexico.

Q State your name, please.

A Clarence G. Bailey.

Q Where do you live?

A Midland, Texas.

Q By whom are you employed?

A I am employed by the Texas Pacific Coal and Oil Company.

Q In what capacity?

A Division Geologist for West Texas and New Mexico.

Q Have you ever testified before this Commission?

A Never.

Q Will you briefly state your educational and professional background?

A I received Bachelor of Science Degree in 1934 from the University of Vermont. Master Degree in 1936 from the same Institution. I was employed in the fall of 1939 by the Shell Oil Company, at first in the geophysical department and later in geological department. In 1948 I came over to the Texas Pacific Oil and Coal Company, being District Geologist for the Rocky Mountain Area and last February was transferred to my present position.

Q Have you been engaged in the practice of your profession since you obtained your degrees?

A Yes, sir, most of the time.

MR. CAMPBELL: Are ^{his} qualifications satisfactory?

MR. SPURRIER: Yes.

Q Are you acquainted with the application for the Texas Pacific Coal and Oil Company for the approval of the Lane Mill unit in Lea County, New Mexico?

A I am.

Q Has a copy of the proposed agreement been filed with the Oil Conservation Commission in this case?

A It has.

Q Who is the proposed operator?

A The Texas Pacific Coal and Oil Company expects to operate.

Q What is the description of the area proposed to be covered by the unit?

A The unit consists of the east half of Section - the west half of Section 28, all of Section 29, the east half of Section 30 and 31, all of Section 32 and the west half of Section 33 in Township 15 South, Range 32 East, in Lea County, New Mexico.

Q Are you acquainted with the mineral ownership of the land in the proposed unit area?

A I am.

Q What is that ownership?

A It is broken down into --

Q (Interrupting) I am referring now to the ownership of the minerals. Are those all owned by the State of New Mexico?

A I misunderstood. It is all owned by the State of New Mexico, yes.

Q To your knowledge, what approximate percentage of the

working interest acreage has been generally committed to the unit?

A I have no exact figure, but it is in excess of 80 percent.

Q Is it the plan under this unit agreement to make it possible for any operators who may not join in the original unit to, at a later date, come into the unit?

A That provision has been made.

Q Are you acquainted with the geology in this particular area?

A I am, yes.

Q What is the basis for your knowledge concerning that geology?

A The unit is based upon our shooting program in the area and the plat which I have here, and which a copy was filed with the unit agreement showing our conception of the structure at a depth of minus 2,700 feet, sub-sea that is.

Q That is the deepest structure that you could obtain by your shooting method, is that correct?

A Yes, that is right. It is the deepest reliable shooting horizon.

Q In your opinion is that interpretation shown on the Exhibit A to your application a reasonable interpretation?

A I believe that it is, yes.

Q Does the proposed unit area cover generally the geological structure as shown, as a possible common source of supply, on Exhibit A to the application?

A It does.

Q In your opinion, will the development of this area as an area tend to properly utilize the reservoir energy in a common source of supply and otherwise conserve oil and gas in the reservoir?

A That is my opinion.

Q In your opinion, will the development of the area tend to prevent the waste?

A Yes, I believe so.

MR. CAMPBELL: I would like to have the record show that I offer in evidence for this hearing, Exhibits A and B to the application of Texas Pacific Coal and Oil Company, which are now in the case file of the Commission.

MR. SPURRIER: Without objection they will be received.

(Texas Pacific Coal & Oil Company's
Exhibits A and B marked for identification and received in evidence.)

MR. CAMPBELL: That is all I have.

MR. SPURRIER: Does anyone have a question of this witness?

MR. CAMPBELL: I presume that any order the Commission may ~~enter~~ will have the usual provision that executed copy of the unit agreement must be filed within 30 days after they enter the order, is that the customary procedure?

MR. MACEY: I don't believe it involves the date of the order. I think it is after the unit agreement is completed.

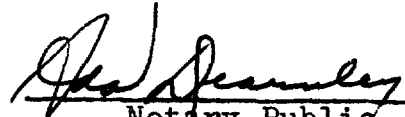
MR. SPURRIER: The witness may be excused. The next case on the Docket is Case 415.

(Witness excused.)

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

I hereby certify that the above and foregoing transcript of proceedings in Case No. 423, 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 26th day of October, 1952.



Notary Public

My Commission Expires:
June 19, 1955.