

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 865

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
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ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

March 16, 1955

IN THE MATTER OF:

Application of Signal Oil and Gas Com-
pany for compulsory pooling of NW/4
SW/4 Section 6, Twp. 20 South, Rge. 38 East,
Lea County, New Mexico, containing 40 acres,
more or less.) Case No. 865

Before: Honorable John F. Simms, E. S. (Johnny) Walker, and
William B. Macey.

TRANSCRIPT OF HEARING

MR. MACEY: The next case is Case 865.

MR. CHRISTY: May it please the Commission, Sam Christy
of Hervey, Dow and Hinkle for Signal Oil and Gas Company. This
is an unusual application in that it asks the Commission to declare
a 40 acre oil pool in the northwest southwest Section 6, Township
20 south, Range 38 east.

I might explain one moment to the Commission why we did not
do it by consent pooling agreements. The persons involved, as
shown at paragraphs four and five of the application, are widely
diversified, some of whom we cannot find and the leases unfor-
tunately do not have pooling clauses. The people involved in
this own only ten acres out of the 40 acre tract. It is necessary
in order to economically produce the area to pool their royalty
interest throughout the 40 acre tract. It is that that is re-
quested in the application. The application also requests an
order to force pool the unleased interest, but we dismissed the

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application as to that prayer.

R A Y M O N D A. D I E T L E R,
having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CHRISTY:

Q Would you please state your name?

A Raymond A. Dietler.

Q Where do you live, Mr. Dietler? A In Midland, Texas.

Q What is your occupation? A Geologist.

Q With whom are you employed at the present time?

A Signal Oil and Gas Company.

Q Have you testified before this Commission before?

A No, sir.

Q Where did you attend college?

A University of Wyoming.

Q Do you hold degrees from that college?

A Yes.

Q What degrees? A B. A. and M. A.

Q How long have you been working as a geologist?

A Fifteen years.

Q With whom?

A Papoose Oil Company, Stanolind Oil and Gas Company, and
Signal Oil and Gas Company.

Q Have you been acquainted with the area involved in this
petition, the location? A Yes.

Q For how many years? A Two years.

MR. CHRISTY: Does the Commission have any questions con-
cerning the witness's qualifications?

MR. MACEY: No, sir.

Q Concerning the land involved in this, do you have a surface map of the area?

A I have a subsurface structural map.

Q Yes.

A It is contoured on the top of the Grayburg.

(Marked Signal Oil and Gas Company's
Exhibit No. 1 for identification.)

Q Would you explain to the Commission what this contour indicates as to the 40 acres involved with relation to the top of the apparent pay. That is, is all of the 40 acres within the same apparent structure?

A Yes. The 40 acres under consideration lies within the top closing contour of the structure, and my opinion, no particular portion of the 40 acre would be better located structurally than any other portion.

Q Your exhibit indicates some red lines running north and east and south and west. What are those lines?

A They show the location of one west-east cross section and one north-south cross section.

Q This is your east-west cross section?

A Yes.

Q Would you explain the map with relation to the porosity zone of the area involved in this application?

A Well, this is a subsurface structural cross section which shows that there is a uniform thickness of the Grayburg formation and a uniform thickness of the Grayburg porosity through the acreage in question.

Q Do you have a map showing the north-west of the north-south

line?

A Yes. This is just more of the same.

Q Looking from the other way? A Yes.

Q Does it substantiate the testimony you have just given with relation to the porosity zone in the area in question?

A Yes.

Q Did you prepare the three exhibits A-1, 2 and 3 yourself?

A Yes.

Q They are based on notes that you compiled?

A Yes.

MR. CHRISTY: We move for the introduction of these Exhibits.

MR. WALKER: Any objection to the introduction of the Exhibits? If not, they will be admitted.

Q Mr. Demer, from your knowledge of the area at the present time, do any faults occur through the 40 acres in question?

A No.

MR. CHRISTY: I believe that is all the questions I have of the witness.

MR. MACEY: Anyone have any question of the witness? If not the witness may be excused.

(Witness excused.)

R. C. B L A C K

having first been duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. CHRISTY:

Q Would you state your name, address and occupation?

A R. C. Black, petroleum engineer with Signal Oil and Gas,

Fort Worth, Texas.

Q Have you ever testified before this Commission before?

A No.

Q Where did you take your college training?

A University of Southern California.

Q Did you receive a degree, and if so, what degree?

A Bachelor in engineering and petroleum engineering.

Q How long have you been doing petroleum engineering work?

A Six years with Signal Oil and Gas.

Q Have you worked with the area in which this application is involved?

A Yes.

Q For how long?

A About one year.

MR. CHRISTY: Does the Commission accept the witness's qualification?

MR. WALKER: Any objection to the witness's qualification? If not, they are accepted.

Q Mr. Black, in your opinion, will one well efficiently and economically drain the 40 acres involved in this application?

A Yes.

Q Will the one well spacing having an allowable on the full 40 acres not only effectively and efficiently drain the acreage, but will it result in the prevention of waste and the drilling of excessive wells?

A Yes, sir.

MR. CHRISTY: That is all.

MR. MACEY: Any questions of the witness? If not, the witness may be excused.

(Witness excused.)

MR. CHRISTY: That is all our evidence except two letters

which we have received after many attempts to locate and correspond with the royalty owners involved, which I will hand to the Commission.

Frankly, I don't understand them too well. They say, "We wish to state that from my viewpoint", this being one of the royalty owners, "the leases may be pooled for drilling and development, but if there is royalty in return, the money should not be pooled but paid to the individual owners of the royalty". I take it from that that these two persons are satisfied to pool the acreage, but they want separate checks, which of course, we would pay them anyway. That is all we have.

MR. WALKER: Are there any further statements in this case? If not, the case will be taken under advisement.

C E R T I F I C A T E

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case 865 was taken by me on March 16, 1955, that the same is a true and correct record to the best of my knowledge, skill and ability.

Ada Dearnley
Reporter

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