

NEW MEXICO OIL CONSERVATION COMMISSION
MABRY HALL - STATE CAPITOL
SANTA FE, NEW MEXICO

REGISTER

Special Hearing CASE 868
MARCH 22, 1955

HEARING DATE TIME: 9 a.m.

| NAME: | REPRESENTING: | LOCATION |
|-------------------|---------------------|----------------|
| Edward C. Bratton | Continental Oil Co. | Roswell, N.M. |
| Wm. H. H. H. H. | | |
| J. S. S. S. | CONT'L OIL CO. | ROSOWELL N.M. |
| L. H. H. | Continental Oil Co. | Lanwell, N.M. |
| H. H. H. | CONTINENTAL OIL CO. | ROSOWELL, N.M. |
| Alka | | |
| Wacey | | |
| Walter | | |

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
SANTA FE - NEW MEXICO

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder of the following special public hearing to be held at 9 o'clock a.m. on March 22, 1955, at Mabry Hall, State Capitol, Santa Fe, New Mexico.

STATE OF NEW MEXICO TO:

All named parties and persons
having any right, title, interest
or claim in the following case,
and notice to the public.

CASE 868:

In the matter of the application of Continental Oil
Company for approval of a unit agreement.

Applicant, in the above-styled cause, seeks approval of the
Lane Ranch Unit Agreement for the development and operation of a unit
area embracing 2800 acres of land, more or less, in Lea County, New
Mexico, as described:

NEW MEXICO PRINCIPAL MERIDIAN

Twp. 10 South, Rge. 33 East

S/2 Section 3;
S/2 Section 4;
E/2 SE/4 Section 5;
E/2 E/2 Section 8;
all Sections 9 and 10;
N/2 Section 15;
N/2 Section 16

GIVEN under the seal of the Oil Conservation Commission
at Santa Fe, New Mexico, on this 3rd day of March, 1955.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

W. B. MACEY
SECRETARY

S E A L

CASE 868

MACEY: The Commission will hear testimony in Case 868, Continental Oil Company's application for approval of the Lane Ranch Unit Agreement.

BRATTON: I am Howard Bratton, representing the Continental Oil Company. This is in the matter of the proposed Lane Ranch Unit Agreement, covering 2800 acres of land, more or less, in Township 10 South, Range 33 East, Lea County, New Mexico. We have two witnesses whom I would like to have sworn at this time, Mr. Galny and Mr. Swenumson.

WALKER: Do you and each of you swear the testimony you are about to give in this case to be the truth, the whole truth, and nothing but the truth, so help you God?

WITNESSES: I do.

BRATTON: Mr. Galny, if you will testify first..... Will you state your name, please.

GALNY: G. H. Galny.

BRATTON: Have you ever testified before this Commission before?

GALNY: Yes, sir, I have.

BRATTON: What is your position with the Continental Oil Company?

GALNY: Division Geologist, Roswell Division.

BRATTON: Does that include Lea County, New Mexico?

GALNY: Yes, sir, it does.

BRATTON: Are you familiar with the proposed Lane Ranch Unit Area?

GALNY: Yes, sir.

BRATTON: Have you made - or caused to be made - a survey of that area?

GALNY: Yes, sir.

BRATTON: Have you prepared a report based upon that survey?

GALNY: Yes, sir. Mr. Swenumson and myself prepared such a report.

BRATTON: Will you mark this Exhibit No. 1, please?

I hand you, Mr. Galny, what has been marked as Exhibit No. 1, and ask if you can identify that?

GALNY: Yes, sir. It is the report that Mr. Swenumson and I prepared which describes and locates the geophysical structure and recommends formation of the unit and the drilling of the test well.

BRATTON: Is there a plat attached to that report?

GALNY: Yes, sir. There is a plat which show.....it was made from the geophysical data. It is marked Exhibit 'A'.

BRATTON: That plat shows the result of your geophysical survey?

GALNY: Yes, sir, that is correct.

BRATTON:Based on the Devonian horizon? Who made the actual survey, Mr. Galny?

GALNY: It was under the supervision of Mr. Swenumson, our Division Geophysicist.

BRATTON: Are all of the 2800 acres in the proposed unit area State lands?

GALNY: Yes, sir, they are.

BRATTON: Are they all under lease?

GALNY: Yes, sir.

BRATTON: How many owners are there in the proposed unit area?

GALNY: There are four owners.

BRATTON: Do you know if all of the owners in the unit area have agreed in substance to the proposed unit agreement?

GALNY: Yes, sir, they have.

BRATTON: Is the form of the unit agreement substantially similar to the forms which have been previously approved by this Commission involving all State lands?

GALNY: Yes, sir.

BRATTON: And which have been approved by the Commissioner of Public Lands?

GALNY: That's right.

BRATTON: Is the form substantially similar to that used in the Williams Ranch Unit Agreement?

GALNY: Yes, sir.

BRATTON: Does the unit agreement call for the drilling of a test well?

GALNY: Yes, sir - to a depth of 12,500 feet.

BRATTON: Is that sufficient to test the Devonian formation in that area?

GALNY: It is.

BRATTON: Is Continental Oil Company the unit operator under the agreement?

GALNY: Yes, sir.

BRATTON: When do you propose to commence the drilling of the test well?

GALNY: As soon as possible.

BRATTON: That would be as soon as you can get organized and get everything approved?

GALNY: Yes, sir.

BRATTON: Now, Mr. Galny, in your opinion if the agreement is approved and production obtained, will the unit agreement be in the best interests of conservation and the prevention of waste?

GALNY: Yes, sir.

BRATTON: I'd like to offer in evidence at this time Exhibit 1, with the plat 'Exhibit A' attached to it.

MACEY: Without objection it will be received in evidence.

Are there any questions of Mr. Galny? If not.....

NUTTER: Mr. Galny, I believe you stated that a geophysical survey had been made of this area?

GALNY: Yes, sir.

NUTTER: And you have encountered what you believe to be a structure in the area?

GALNY: Yes, sir.

NUTTER: Now, do the unit boundaries include this structure that you picked up on the seismograph?

GALNY: They approximately correspond with the lowermost closure.

NUTTER: And you don't believe that the unit boundaries are unnecessarily large to include the structure that you have picked up?

GALNY: No, sir.

MACEY: Any other questions?

The witness may be excused, in that case.

BRATTON: (To second witness) Mr. Swenumson, will you state your full name for the record?

SWENUMSON: G. H. Swenumson.

BRATTON: Have you previously testified before this Commission?

SWENUMSON: Yes, I have.

BRATTON: What is your position, Mr. Swenumson?

SWENUMSON: Division Geophysicist for Roswell Division, Continental Oil Company.

BRATTON: As such, were you in actual charge of the seismograph work upon which the plat attached to Exhibit 'A' was based?

SWENUMSON: Yes, I was.

BRATTON: When was that work done, Mr. Swenumson?

SWENUMSON: It was largely done in 1954, but it was completed in February of 1955.

BRATTON: Will you explain what the report which you have prepared with Mr. Galny, and what the plat which you have attached thereto what those show?

SWENUMSON: The report describes the geographic location of the structure and the reasons for forming the unit; the plat shows the structure as revealed by the geophysics and contoured from that plat, from the Devonian horizon.

BRATTON: The proposed area covers all, or substantially all, of the geophysical anomaly which you encountered in the area?

SWENUMSON: Yes, it does.

BRATTON: In your opinion, Mr. Swenumson, if the unit agreement is approved, and production is obtained in the area, will the agreement tend to promote conservation and prevent waste?

SWENUMSON: Yes, it will.

BRATTON: I have no further questions of Mr. Swenumson.

MACEY: Are there any questions of this witness?

NUTTER: Well, I might ask.....I wanted to know one thing, but I don't know if Mr. Swenumson is the right man, or if I should ask Mr. Hall - - whether the Continental Oil Company would be willing to file a statement of progress periodically, telling us what progress has been made in the development and exploration of the unit area?

HALL: Yes, sir. We will be happy to furnish you anything that you want.

MACEY: Will you state your name, please?

HALL: W. R. Hall.

BRATTON: And you are Division Land Man for Continental Oil Company in Roswell?

HALL: Yes, sir.

NUTTER: It has been the practice in the past for companies to file periodically a Plan of Development stating the progress on the units that include Federal acreage. However, on these units that include only state acreage, it is sometimes rather hard for us to put our finger on the actual progress that has been made in the unit area, and for that reason we would like to have a statement filed - say, every six months, telling us just what has been accomplished in the unit area. The term of this unit is for two years, I believe, and if we were to have a statement of progress filed every six months during that two-year period, only four such statements would be required. Or, after you've obtained production, the unit agreement will probably be extended and we would know then just what progress has been made in the unit area.

HALL: We will sure be glad to furnish that, Mr. Nutter.

NUTTER: Thank you.

MACEY: Does anyone have anything further in this case?

Do you have a statement you want to make, Mr. Bratton?

BRATTON: Continental's only statement on that, Mr. Macey, is that we would appreciate it if the Commission would take expeditious action, if possible, on this matter, as the company is anxious to proceed with the development as soon as possible.

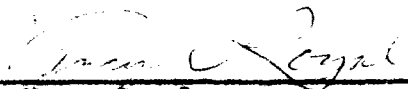
MACEY: All right, sir.

BRATTON: We would appreciate the consideration.

MACEY: We will take the case under advisement.

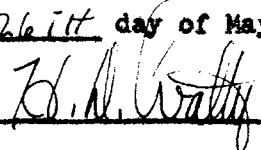
C E R T I F I C A T E

I, NANCY ROYAL, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 868 were taken on March 22, 1955, and transcribed to the best of my knowledge, skill, and ability.



Nancy Royal

Certified and sworn before me on this 26th day of May, 1955.



My Commission expires 5-24-57

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BRATTON: Is there a plat attached to that report?

GALNY: Yes, sir. There is a plat which show.....it was made from the geophysical data. It is marked Exhibit 'A'.

BRATTON: That plat shows the result of your geophysical survey?

GALNY: Yes, sir, that is correct.

BRATTON:Based on the Devonian horizon? Who made the actual survey, Mr. Galny?

GALNY: It was under the supervision of Mr. Swenumson, our Division Geophysicist.

BRATTON: Are all of the 2800 acres in the proposed unit area State lands?

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GALNY: Yes, sir.

BRATTON: I'd like to offer in evidence at this time Exhibit 1, with the plat 'Exhibit A' attached to it.

MACEY: Without objection it will be received in evidence.

Are there any questions of Mr. Galny? If not.....

NUTTER: Mr. Galny, I believe you stated that a geophysical survey had been made of this area?

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MACEY: All right, sir.

BRATTON: We would appreciate the consideration.

MACEY: We will take the case under advisement.

C E R T I F I C A T E

I, NANCY ROYAL, do hereby certify that the foregoing and attached transcript of proceedings in the matter of Case No. 868 were taken on March 22, 1955, and transcribed to the best of my knowledge, skill, and ability.



Nancy Royal

Certified and sworn before me on this _____ day of May, 1955.

My Commission expires _____