

BEFORE THE
OIL CONSERVATION COMMISSION
Hobbs, New Mexico
March 28, 1956

IN THE MATTER OF :

CASE NO. 1046

TRANSCRIPT OF PROCEEDINGS

Application of Humble Oil and Refining Company for an order granting approval of a unit agreement for the development and operation of the South Saunders Unit Area embracing All of Section 1 and 2, Township 16 South, Range 33 East, and the W/2 of Section 6, Township 16 South, Range 34 East, Lea County, New Mexico.

Case No. 1046

Warren W. Mankin, Examiner

EXAMINER MANKIN: The next case, Case 1046, the application of Humble Oil and Refining Company, for an order granting approval of a unit agreement for development operation of South Saunders Unit area in Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle, Roswell, appearing in Case 1046 on behalf of the Humble Oil and Refining Company. We have one witness, Mr. A. K. Phillips, whom I would like to have sworn.

A. K. PHILLIPS

called as a witness, having first been duly sworn, testified as follows:

By Mr. Hinkle:

Q. State your name please.

A. A. K. Phillips

Q. By whom are you employed, Mr. Phillips?

A. Humble Oil and Refining Company

Q. Where do you live?

A. Roswell, New Mexico.

Q. How long have you been employed by Humble?

A. Seven years.

Q. In what capacity?

A. As a sub-surface geologist.

Q. Tell the Commission your educational background as a geologist.

A. I graduated from the University of Oklahoma in 1949 and have been employed by Humble since that time.

Q. Are you familiar with the oil development in Southeastern New Mexico?

A. Yes, sir.

Q. And in particular the area involved in this application?

A. Yes, sir.

Q. Are you familiar with the application which has been filed by the Humble for the pooling of the South Saunders Unit?

A. Yes, sir.

Q. What is the legal description of the proposed unit?

A. All of Section 1 and 2, Township 16 South, Range 33 East, and the

W/2 of Section 6, Township 16 South, Range 34 East, Lea County, New Mexico.

Q. Are all of these lands State lands?

A. Yes, they are.

Q. Have you, as the Humble geologist, prepared a geological report covering this particular area?

A. Yes, I have.

Q. Will you refer to the Exhibit which has been marked Humble's Exhibit No. 1. Is that the report which you have reference to?

A. Yes, it is.

Q. Explain briefly to the Commission what the report shows?

A. It is a brief geological report of the proposed unit and attached is Exhibit A, an outline of the proposed unit. Exhibit B shows the location of the unit in relation to existing fields and Exhibit C is a Devonian seismograph structural contour map of the proposed area as mapped by Humble.

Q. Did the Humble perform this geophysical work?

A. Yes, it did.

Q. The Exhibit C you referred to shows the Humble's interpretation of the seismograph?

A. That's right.

Q. Does the Humble propose to drill a test well?

A. Yes, we propose to drill a well to a depth sufficient to test the Devonian.

Q. Where will that well be located?

A. The exact location is in Section 1, Township 16 South, Range 33 East, in the center of Lot 9.

Q. At what depth do you propose to drill a well?

A. 14,000 feet.

Q. Would that, in your opinion, be a depth sufficient to test the Devonian formation?

A. Yes, it would.

Q. Where do you expect to encounter this Devonian?

A. At 13,640 feet.

Q. Referring again to Exhibit C attached to your report, does the proposed unit cover all or substantially all of the geophysical feature involved?

A. Yes, I think it does.

Q. Are you familiar with the proposed form of unit agreement which has been filed with the application in this case?

A. Yes, I am.

Q. Do you know whether or not this form is in substantially the same form as those heretofor approved by the Commission in subject matters where State land is involved?

A. Yes, it is.

Q. Do you know whether the Commissioner of Public Lands has approved this particular form?

A. Yes, he has.

Q. Who is designated as the operator of the proposed unit?

A. Humble Oil and Refining Company.

Q. Does the unit provide for the drilling of a test well?

A. Yes, it does.

Q. And does it require that the well be drilled to a depth sufficient to test the Devonian?

A. Yes.

Q. What is the maximum depth?

A. 14,000 feet.

Q. What is the time provided for the commencement of the well in the unit?

A. By April 1, 1956.

Q. Due to the shortness of the period of time before April 1, do you feel that you can possibly start the well by that time?

A. Yes, we have the location prepared now, and we will be ready to move the rig in.

Q. You think that you can get the well started in the event this unit is approved, by April 1st?

A. Yes, sir.

Q. Who are the owners of the oil and gas leases filed in this particular area?

A. Humble, Shell, Phillips, Skelly, Gulf and Sinclair.

Q. Have they all executed the proposed unit agreement?

A. Yes, sir, they have.

Q. State whether or not, in your opinion, in the event oil or gas should be discovered in the test well on this unit, that the unit agreement will propose the most efficient and greatest recovery of oil and gas in this area?

A. Yes, I think it will.

Q. State whether or not in your opinion, if this unit agreement is approved and if oil or gas is discovered within the unit, whether it would be in the interest of conservation and the prevention of waste?

A. Yes, sir.

MR. GURLEY: Would you state again the number of acres in this proposed unit?

A. 2,417.31 acres.

MR. GURLEY: Did I understand you to describe that as Sections 1 and 2 of Township-----

A. They are in long sections, there are about ~~960~~ acres in each section.

MR. GURLEY: I see. That is the exact figure though?

A. That's right, 2,417.31.

MR. GURLEY: How many acres in the half section 6?

A. I believe it is a long section and would have 960 acres in all of the section, so half of that.

MR. MANKIN: Mr. Phillips, referring to your Exhibit "A" which is a portion of Exhibit 1. In Section 6, I notice there is a unit or a No. 9 shown there along with the Phillips acreage. Is that Phillips also---is the owner---it doesn't indicate-----

A. Yes, I am sure it would be---I am not sure of that either, but-----

MR. MANKIN: It indicates No. 6 as a Phillips lease and I wondered if No. 9 was a Phillips lease as well, even though it is possibly a different State lease.

A. I am not sure on that, I would assume that it is Phillips'.

MR. MANKIN: Actually I believe it would be lot 17.

A. Lot 17, yes.

MR. GURLEY: You have testified, have you not, that all of the working interests have agreed to communitization?

