

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 7, 1956

IN THE MATTER OF:

Application of Humble Oil and Refining
Company for approval of its proposed
Railroad Mountain Unit Agreement in
Chaves County, New Mexico, in accor-
dance with Rule 507 of the New Mexico
Oil Conservation Commission Statewide
Rules and Regulations. Applicant, in
the above-styled cause, seeks an order
granting approval of its proposed Rail-
road Mountain Unit Agreement embracing
4,217 acres, more or less, of fee and
federal lands comprising the S/2 of
Section 31, Township 7 South, Range 31
East, and All of Sections 5, 6, 7, 8,
17 and 18, Township 8 South, Range 31
East, Chaves County, New Mexico.

Case No. 1118

BEFORE:

Warren W. Mankin, Examiner

TRANSCRIPT OF HEARING

MR. MANKIN: The next case is No. 1118.

(Mr. Jack Cooley, Attorney for the Oil Conservation Commis-
sion, read the title of the within case.)

MR. HINKLE: Clarence Hinkle of Roswell, New Mexico, appear-
ing on behalf of the Humble Oil and Refining Company. We have one
witness, Mr. Examiner.

(The witness, Mr. A. A. Phillips, was sworn by Mr. Mankin.)

MR. A. A. PHILLIPS,
called as a witness, having been first duly sworn, testified as
follows:

DIRECT EXAMINATION

By MR. HINKLE:

Q State your name, please?

A A. A. Phillips.

Q Where do you live, Mr. Phillips?

A Roswell, New Mexico.

Q By whom are you employed?

A Humble Oil and Refining Company.

Q And in what capacity?

A As a survey geologist.

Q Are you familiar with the Humble operation in Southeastern
New Mexico?

A Yes, I am.

Q Have you previously testified before the New Mexico Oil
Conservation Commission?

A Yes, I have.

Q As an expert?

A Yes.

MR. HINKLE: Are the witness' qualifications acceptable?

MR. MANKIN: They are.

(Applicant's Exhibit "A" marked for identification.)

Q Are you familiar with the application of Humble Oil and
Refining Company for approval of its proposed Railroad Mountain
Unit Agreement?

A Yes, sir.

Q What area does the proposed unit cover?

A The S/2 of Section 31 Township 7 South, Range 31 East, and all of Sections 5, 6, 7, 8, 17 and 18 of Township 8 South, Range 31 East, Chaves County, New Mexico.

Q Is that 18 or 8?

A That is Township 8 South, Range 31 East.

Q I notice that there is that typographical error in the application where it is described as 18 South and I would like to amend that to show that the Township is 8 South.

MR. MANKIN: I believe the advertisement properly reflected it. We assumed it was an error and corrected it accordingly.

Q How many acres does the proposed area cover?

A A total of 4,217.48 acres.

Q Of this total area, how many acres are federal lands?

A 3,645.19 acres of federal land, 572.29 acres of fee land.

Q What percent of the total is federal land?

A The federal land is 86.43 percent and the fee would be 13.57.

Q Has this area heretofore been designated by the U.S.G.S. as area suitable and proper for unitization?

A Yes, it has.

Q Do you know the date that it was so designated by the U.S.G.S.?

A No, I don't, Mr. Hinkle.

(Applicant's Exhibit "B" marked for identification.)

Q I hand you Humble's Exhibit "B", and ask you to state to

the Commission what it is?

A It is a request to outline a unit or permission to outline a unit known as the Railroad Mountain Unit in Chaves County, New Mexico.

Q That is, the designation of the area by the U.S.G.S., is it?

A Yes, it is.

Q As an area suitable and proper for unitization?

A That is correct.

Q In connection with that determination, did the Humble Oil & Refining Company file a geological report?

A Yes, we did.

Q I hand you Humble's Exhibit "A" and ask you to state whether or not that is a copy of the report which was filed with the U.S.G.S.?

A Yes, it is.

Q Will you state briefly to the Commission what this report shows?

A It is a brief geological study of the area described, the stratigraphy plus a Devonian seismic contour map showing the low relief closure within a unit.

Q Was this report prepared by you or under your direction, are you familiar with it?

A Yes.

Q The plat which is attached, showing the result of the seismic survey, does that all lie within the proposed unit area?

A Yes, all the closures are within the proposed unit area.

Q Or substantially so?

A Yes.

Q In your opinion if this agreement is approved, will this proposed area give effective control of the entire structure and geological anomaly?

A Yes, I think it would.

Q What are the source beds which are expected to be encountered in this area?

A The San Andres at about 2,860, the Hueco at about 7,150, the Pennsylvania 7,650, and the Devonian at 8,830.

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

A Yes, sir.

Q Do you know whether or not this form has heretofore been approved by the U.S.G.S.

A Yes.

Q Is this substantially the same form as heretofore approved by similar agreement in a case where state and fee and federal lands are involved?

A Yes, it is.

Q Who is designated as the unit operator?

A The Humble Oil and Refining Company.

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

A Yes, within six months after the agreement is signed, we are to drill a well to not to exceed 10,000 feet or to test the Devonian.

Q In your opinion will a well 10,000 foot deep in that area

be adequate to test all probable productive formations?

A Yes, it should.

Q In the event this agreement is approved and the drilling of the well results in the discovery of oil or gas in paying quantities, will the agreement in your opinion be in the interests of conservation and prevention of waste in the unitized substances?

A Yes.

MR. HINKLE: That is all.

CROSS EXAMINATION

By MR. MANKIN:

Q Mr. Phillips, is there any development at all at the present time within the unitized area?

A No, there isn't.

Q It's wildcat territory?

A It's wildcat territory.

Q Within the unitized area is the unitized substance to and including be everything down to/the lower Devonian.

A That's right.

Q Your seismic map indicates essentially the right lower level structure has been covered by the proposed unit?

A Yes, it does.

By MR. NUTTER

Q Mr. Phillips, what plans does Humble have for for further development in the event this well is found to be a dry well?

A I believe we have six months to decide whether to let it terminate.

MR. MANKIN: Is the normal term of the unit two years?

MR. HINKLE: I believe it is five years but if the first well is a dry hole and we fail to commence operation or work it in six months it automatically terminates unless we get an extension of time.

MR. MANKIN: Are there any further questions of the witness in this case?

(No further questions were indicated.)

MR. HINKLE: I would like to offer in evidence Exhibits "A" and "B" of the Humble Oil Company.

MR. MANKIN: Any objections to Exhibits "A" and "B" in this case, if not they will be so entered. Is there anything further, if not the witness will be excused and the case will be taken under advisement.

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STATE OF NEW MEXICO)
 : SS.
COUNTY OF SANTA FE)

I, DOROTHY B. MYERS, a Court Reporter, do hereby certify the foregoing and attached transcript of proceedings before the Oil Conservation Commission for the State of New Mexico, was reported by me in shorthand and reduced to typewritten transcript by me or under my personal supervision, and that the same is a true and complete record to the best of my knowledge, skill and ability.

WITNESS my hand and seal this 5 day of September, 1956.

Dorothy B. Myers
Court Reporter

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

REGISTER

HEARING DATE _____

August 7, 1956

TIME: 10:00 a.m.

NAME:	REPRESENTING:	LOCATION
E. M. Richardson	Humble Oil Co.	Roswell, N.M.
W. M. M. Cope	Sh. D. I. I.	Hubbs, N.M.
A. A. Phillips	Humble Oil & Gas Co.	Roswell, N.M.
H. A. Merrill	Sinclair Co. P. & S.	" "
W. B. Abbott	Amesada Pet Corp	Monument, N.M.
R. M. Anderson	Sinclair	Mullaney Tex.
L. A. Webb	✓	✓
Richardson & Bass	Richardson & Bass & Humble	Roswell.
J. C. Harlan Jr.	Warren Pet Corp	Roswell
Berry Bass	Richardson & Bass	Ft Worth, Tex.
Jack M. Campbell	Campbell & Russell	Roswell, N.M.
E. K. Gilbreth	Gulf Oil	Roswell
Conston Eddington	—	Hubbs
Dan Walker	—	Fort Worth
Howard Jennings	Richardson & Bass	Roswell, N.M.
VICTOR T. LYON	CONTINENTAL OIL CO	ROSWEEL, N.M.
Jason Kellahin	attorney	Santa Fe, N. Mex.
W. L. Linn	National Petroleum Co	Hotchkiss, N.M.
Jason Kellahin	Ralph Lauer	Santa Fe