

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1956

IN THE MATTER OF: *
CASE NO. 1160 *

TRANSCRIPT OF PROCEEDINGS

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
OCTOBER 4, 1956

IN THE MATTER OF:

The application of Enterprise Oils, Inc. for an order granting approval of its proposed Enterprise Unit Agreement, embracing 1,440 acres, more or less, in Lea County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Rules and Regulations. Applicant, in the above-styled cause, seeks an order granting approval of its proposed Enterprise Unit Agreement, embracing 1,440 acres, more or less, consisting entirely of State of New Mexico lands and described as follows, all in Lea County, New Mexico:

CASE NO. 1160

Township 16 South, Range 34 East

Section 16: W/2

Section 17: E/2

Section 20: NE/4

Section 21: W/2

Section 28: N/2

BEFORE:

Dan S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER The next case on the Docket will be Case No. 1160.

MR. GURLEY: Case No. 1160, the application of Enterprise Oil, Inc. for an order granting approval of its proposed Enterprise Unit Agreement embracing 1,440 acres, more or less, in Lea County, New Mexico, in accordance with Rule 507 of the New Mexico Oil Conservation Commission Rules and Regulations.

MR. GUTHMANN: Mr. Examiner and Gentlemen, I am H. J. Guthmann, Attorney at Law, Santa Fe, New Mexico, appearing on behalf of the applicant. We will have three witnesses, the applicant, Mr. Ernie Bain, who is an officer of Enterprise Oils, Inc., and Mr. A. J. Betts, and Mr. Wallace Cooper.

EXAMINER NUTTER: Will Mr. Bain, Mr. Betts, and Mr. Cooper all stand and be sworn at the same time please?

ERNIE BAIN

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

By Mr. Guthmann:

Q. Will you state your name please?

A. Ernest W. Bain.

Q. Are you in any way connected with the applicant, Enterprise Oil, Inc.?

A. Yes, sir.

Q. In what capacity?

A. I am the Vice-President of the Company.

Q. And as Vice-President of the applicant Company, did you sign the application?

A. Yes, sir, I did.

Q. Will you state what area is embraced in the application?

A. The area embraced in this application is the W/2 of Section 16 South, 34 East, and the NE/4 of Section 17, and the SE/4 of Section 17, the NE/4 of Section 20, the W/2 of Section 21, and the N/2 of Section 28.

Q. And have you attached a plat of that area to your Unit Agreement?

A. Yes, sir, I have.

Q. Has the Unit Agreement been filed?

A. The Unit Agreement has been filed.

Q. Now, will you state the numbers of the lease embracing the area involved and also the lessors.

A. Lease No. E-1047, and E-1281, Cities Service, and Lease No. E-1240, Shell Oil Company - - - - - do you want the acreage involved in the lease?

MR. GUTHMANN: Well, do these leases cover the acreage that you have just described?

MR. BAIN: Yes, sir.

MR. GUTHMANN: Well, I think that Mr. Examiner would like the acreage included.

Do you want the acreage for each lease?

EXAMINER NUTTER: Is each of these leases as listed completely included in the Unit Agreement?

MR. BAIN: No.

EXAMINER NUTTER: Its just a portion of them.

MR. BAIN: Its just a portion of the lease.

EXAMINER NUTTER: I think it would be well that we enter the total amount of acreage in each lease.

MR. BAIN: Alright.

MR. GUTHMANN: Do you want the description or just the number of acres?

EXAMINER NUTTER: I think the number of acres will be sufficient.

MR. BAIN: Alright, commencing again with the first Lease, E-1047 and Lease E-1281 contain 160 acres each.

MR. GUTHMANN: And those are held in the name of Shell, did you say?

MR. BAIN: Cities Service. Lease No. E-1240, Shell Oil Company, 160 acres. Now, Lease No. E-1048, thats an assignment lease, contains 320 acres and thats Shell Oil Company. Lease No. E-1048, an assignment lease, contains 320 acres and that is Shell Oil Company. Lease No. E-1127 of Ohio Oil Company contains 320 acres.

MR. GUTHMANN: Now, at the time the application was filed, I believe you had not decided on a drilling site, have you decided on a drilling site now?

MR. BAIN: Yes, sir.

MR. GURLEY: If I may intercede here Mr. Bain and Mr. Guthmann, while you are on the Lease codings, would you mind stating the royalty interest?

MR. BAIN: The royalty interest is a straight 1/8 to the state.

MR. GURLEY: Its all state land?

MR. BAIN: Its all state land, yes, sir.

MR. GURLEY: I just wanted to get that straight. Thank you.

MR. GUTHMANN: In that connection, I might ask you just one more question at this point, what interest does the operator, the applicant have or is he to acquire?

MR. BAIN: The operator, Enterprise Oils, we have no interest other than what we have agreed to earn by drilling this - - - - -

MR. GUTHMANN: And will you state what that agreement is, briefly?

MR. BAIN: After approval, Enterprise Oil Co. will own 560 acres or 38% of the entire block.

MR. GUTHMANN: Of the total interest?

MR. BAIN: Of the total acreage, and Cities Service will retain a 160-acre interest, Shell Oil Co. will have a 400-acre interest, and Ohio Oil Co. will have a 320-acre interest.

MR. GUTHMANN: I see, now to get back to my previous question, have you decided on a drilling site?

MR. BAIN: Yes, sir, we have.

MR. GUTHMANN: Will you state where that site is?

MR. BAIN: The site that we have selected is the SE/4 of the NE/4 of Section 20.

MR. GUTHMANN: And thats the same Township and Range.

MR. BAIN: Yes, sir, 16-34.

MR. GUTHMANN: Now with reference to your Unit Agreement, paragraph 8, I believe, is to be amended in the original so as to set out a continous drilling program.

MR. BAIN: Mr. Guthman, there has been a supplemental paragraph, at the request of the Land Office, which has been typed up and I don't know whether the Oil Conservation Commission got their copy of that supplement or not, but its paragraph 8 (a) and it calls for a continued drilling program.

MR. GUTHMANN: And that amendment either has been made, or will be made.

MR. BAIN: It has been, all participants have been notified and agreed.

MR. GUTHMANN: May I inquire of the Examiner if that has been made on the applicant's record here?

EXAMINER NUTTER: There's no amendment on the applications I have here.

MR. BAIN: Well, apparently - - - - -

EXAMINER NUTTER: or in the Unit Agreement I have here.

MR. BAIN: There was a supplemental paragraph that had been mailed out to all parties and I'm probably responsible for the Oil Commission not having a copy of it.

MR. GUTHMANN: Well, at this point, may we have leave to amend so as to change the paragraph 8 (a) to comply with the rules of the Oil Conservation Commission and attach that later to the original copy?

EXAMINER NUTTER: Yes, sir, you have 30 days from the effective date of the order in which to file a signed copy of the Unit Agreement, and if that provision is in the signed copy, that will be satisfactory.

MR. GUTHMANN: It will be in the signed copy.

EXAMINER NUTTER: Now will that take the place of paragraph 8 or will it be just an attachment to paragraph 8?

MR. BAIN: No, it's a supplement to paragraph 8.

MR. GUTHMANN: It will be listed as paragraph 8-a, a supplement to paragraph 8. I thought at this point we should bring that to the attention of the Examiner. Now, in your opinion, will, if this Unit Agreement is approved, will that tend to prevent waste and conserve natural resources?

MR. BAIN: To the best of my knowledge and belief, it will.

MR. GUTHMANN: And will the rights of the Shell Oil Company, Cities Service, and the Ohio be fully protected as well as the rights of the applicant?

MR. BAIN: Yes, sir, they will;

MR. GUTHMANN: Are there any questions, I believe that's all I have of this witness.

EXAMINER NUTTER: What is the category that the other witnesses will testify?

MR. GUTHMANN: To the prevention of waste and conservation. They're both geology.

EXAMINER NUTTER: They're both Geologists, I see. Does anyone have any questions of the witness?

MR. MANKIN: Mr. Bain, Warren Mankin of the Oil Commission, is there some intention that this unit shall be expanded in the future?

MR. BAIN: Yes, Mr. Mankin, there is.

MR. MANKIN: Are you in a position at this time to implicate what that might be?

MR. BAIN: Yes, sir, I am.

MR. MANKIN: What would that be?

MR. BAIN: The Samedan acreage which consists of the SE/4 of Section 20, and the NE/4 of Section 29. Its proposed to join this unit.

MR. MANKIN: Relating again to the unit area, there is some lease expirations of less than a week from this time, is that correct?

MR. BAIN: Yes, sir.

MR. MANKIN: And there is commitments to drill prior to that time?

MR. BAIN: And there is commitments to drill prior to that time, yes, sir.

MR. MANKIN: Thats all.

EXAMINER NUTTER: Mr. Bain, does this unit agreement contain the segregation clause, as to segregate that part of leases which are not included in the unit area from the parts of those leases which are included in the unit area?

MR. BAIN: Only in that it states specifically, Mr. Examiner, what leases are included in the area unitized. Now, there may be, I don't recall, I couldn't tell you without reading through the agreement whether there is a definite segregation clause in it or not, I don't believe there is.

EXAMINER NUTTER: Have you submitted this Unit of Agreement to the State Land Commissioner for his preliminary approval as to form and content of the agreement?

MR. BAIN: Yes, sir, I have given a copy of it to Mrs. Marion Rhea.

EXAMINER NUTTER: And has the Land Commissioner approved the agreement as to form and content?

MR. BAIN: As to the form and contents, with exception of Paragraph 8, and I believe that we complied with their request.

EXAMINER NUTTER: Which he requested you to amend?

MR. BAIN: He requested the supplemental paragraph setting out a definite development program.

EXAMINER NUTTER: And when do you expect to commence operations on the initial well in the area?

MR. BAIN: We expect to commence operations almost immediately after this hearing, Mr. Examiner.

EXAMINER NUTTER: I see, any further questions?

MR. GURLEY: You say that you have received approval, was that written approval by the Land Commissioner?

MR. BAIN: No, only verbal approval.

MR. GURLEY: Well, was it awaiting the results of this hearing before you receive final action by the Land Office?

MR. BAIN: Well, apparently, - - may I refer you to Mrs. Rhea on that?

MR. GURLEY: Well, just as to the best of your knowledge.

MR. BAIN: To the best of my knowledge, it has been approved.

EXAMINER NUTTER: Any further questions? If not, the witness may be excused.

A. J. BETTS

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

By Mr. Guthmann:

Q. Will you state your name please?

A. A. J. Betts.

Q. And where do you reside?

A. Midland, Texas.

Q. Have you testified before this Commission previously?

A. No, sir.

Q. Mr. Betts, will you briefly state what your educational background is?

A. Well, I'm a practicing Geologist.

Q. I mean your educational background, where did you go to school and - - - - -

A. South Dakota State School of Mines.

Q. And did you graduate from that school?

A. Yes, sir.

Q. And what year did you graduate?

A. 1942.

Q. And you graduated in 1942?

A. Yes, sir.

Q. What degree did you receive?

A. Bachelor of Science in Geology.

Q. And since you graduated from school, will you briefly outline your professional experience?

A. Well, I have had, with the exception of 15 months, my experience since graduating from school has been with various oil companies.

Q. Will you list those oil companies as nearly as you can in the order that you were employed by them?

A. Skelly Oil Company - -

Q. And give the length of time that you were employed by each.

A. Approximately four years, Pure Oil Company, approximately four years, El Capitan Oil Company, approximately two years, and White Eagle Oil Company, two and one-half years.

MR. GUTHMANN: I would like to qualify this witness as an expert Geologist.

EXAMINER NUTTER: He is qualified.

MR. GUTHMANN: Are there any questions that you care to ask him?

EXAMINER NUTTER: No, sir, he is qualified.

MR. GUTHMANN: Now, Mr. Betts, have you discussed this application with Mr. Bain?

MR. BETTS: Yes, sir.

MR. GUTHMANN: Are you generally familiar with the contents of the application and

the area involved?

MR. BETTS: Yes, sir.

MR. GUTHMANN: Now, in your opinion, as a geologist, would you state whether or not you feel that the rights of all of the lease-holders in this area would be protected by approval of the Unit Agreement?

MR. BETTS: Yes, I very definitely feel that the rights of all concerned would be protected.

MR. GUTHMANN: Do you feel that the approval of this Unit Agreement would tend to conserve the natural resources?

MR. BETTS: Yes, sir.

MR. GUTHMANN: And do you feel that it would prevent waste?

MR. BETTS: Yes, sir.

MR. GUTHMANN: Any questions of this witness?

EXAMINER NUTTER: Any questions of the witness?

MR. MANKIN: Yes, sir. Warren Mankin of the Oil Commission. Mr. Betts, who is going to testify as to the seismic picture of this area, someone else? I mean we need a seismic picture, who is going to present that?

MR. BAIN: How soon do we have to have a picture?

MR. MANKIN: It should be presented at this hearing.

EXAMINER NUTTER: What we need is something to determine whether the size of this unit is in conformance with the structure or not, or whether an unduly large amount of acreage is being included in the unit.

MR. BAIN: Am I out of order by speaking?

EXAMINER NUTTER: No, sir. Go ahead Mr. Bain.

MR. BAIN: Mr. Examiner, I have a picture covering the northern portion of this unitized area. And the picture covering the location has been purposely kept out of our hands until after this hearing, for fear that it would damage possibilities of later on bidding on acreage and the bidding of land sales. Now the picture that I have I can provide this morning.

EXAMINER NUTTER: That covers the northern portion of the unit?

MR. BAIN: It covers from 16 and 17 north.

EXAMINER NUTTER: And the location, your proposed location is in Section 20.

MR. BAIN: My understanding was that there would be witnesses from the other companies involved present here this morning with that as an Exhibit.

MR. GURLEY: Were you notified that these other witnesses were not coming?

MR. BAIN: No, I wasn't notified that they were not coming.

MR. GUTHMANN: Mr. Betts, you would'nt be in a position at this time I don't presume to answer these questions would you?

MR. BETTS: No, sir.

MR. MANKIN: Do you have any witnesses that could testify from personal knowledge about this, even though the picture may not be available?

MR. GUTHMANN: Well, I think Mr. Bain would be the only one and he's not a geologist. I think he's familiar with it.

MR. GURLEY: Please the Examiner, I trust there are no parties present here who are planing on entering an objection? If there are, I would suggest that they show themselves now. In that event, Mr. Examiner, I think perhaps if the Engineering Staff would be satisfied, a written statement of whatever information you so desire be put into the record, could be entered into the record at a later time, unless, you of course, want to subject it to cross-examination.

MR. MANKIN: I only desire to see the Exhibit, and if necessary it could be returned to the applicant.

MR. GUTHMANN: Can you furnish that?

MR. BAIN: Yes, I can.

MR. GUTHMANN: How soon could you get it?

MR. BAIN: I guess I could have it here by ten in the morning.

MR. GUTHMANN: Would that be satisfactory?

MR. BAIN: Now, the northern portion of it, Mr. Mankin, I can provide that now.

EXAMINER NUTTER: What does that picture indicate Mr. Bain, does that indicate a closure?

MR. BAIN: It shows the reflection of the Devonian that was used and the way it was used to drill the well in Section 8 and it shows the closures and general contours down to covering a portion of this Unitization Agreement. The shooting as covered the balance of the acreage is available to me, but it wasn't available to me to present as an Exhibit, as we wanted to keep it in the hands of the Companies that own the acreage.

EXAMINER NUTTER: Does it indicate another structure in the S/2 of the unit?

MR. BAIN: There is definite indication of another structure beginning at the top of Section 8. There is a closure covering this portion of Section 8 which you probably have seen, and our shooting indicates another closure over this portion of

- - - - -

MR. GURLEY: Describe it please for the record, Mr. Bain.

MR. BAIN: The information that we have, that you have asked for covers Section 20, Section 21, 16 South, 3/4 East, and the southern portion of Section 17 and the southern portion of Section 16, 16 South, and 3/4 East, indicating a closure over - - - - it begins about the center of Section 17 down through the NW/4 of Section 21, and down to the NE/4 of Section 29, then up to the W/2 of the W/2 of Section 20 in back.

EXAMINER NUTTER: Mr. Bain, do you feel that based on the structure that you have available at the present time and the seismic picture of the structure which you don't have available to present today, do you feel that this Unit Agreement encompasses an area which doesn't have any possibilities of being productive?

MR. BAIN: I don't feel that it encompasses an area that may be devoid of production as far as the Pennsylvanian is concerned, but I do feel that there are spots in there where the Devonian won't produce.

EXAMINER NUTTER: But you feel that the entire unitized area may be productive?

MR. BAIN: I feel that the entire unitized area might be productive from the Pennsylvanian.

EXAMINER NUTTER: And that the Unit Agreement does not encompass an unduly large amount of acreage, according to the pictures that you have?

MR. BAIN: According to the information that we have, it does not embrace any acreage that will not be suitable for drilling.

EXAMINER NUTTER: I believe thats satisfactory. Do you want to procede with your questioning of Mr. Betts?

MR. GUTHMANN: I have no further questions of Mr. Betts.

MR. MANKIN: Mr. Betts, are you familiar with the Pennsylvanian production that has been found in the Seaman Unit just west of this Unit?

MR. BETTS: I am familiar with that, not too expressively, inasmuch as we have no participation in that Unit.

MR. MANKIN: Are you aware that that is a Devonian Test and obtained Pennsylvanian production?

MR. BETTS: Yes, sir.

MR. MANKIN: Are you also aware of the present drilling Tennessee Gas on their State Kennitz in the southwestern portion of this area or in Section 30?

MR. BETTS: Yes, sir.

MR. MANKIN: Do you know the status of that well at the present time?

MR. BETTS: I know that its drilling.

MR. MANKIN: Do you know that its also a Pennsylvanian test?

MR. BETTS: Thats what I have heard, yes.

MR. MANKIN: Might I ask, with the abandoned well of Philips in the Williams Unit in Section 8 just north of this proposed Unit, what was found in the Devonian and Pennsylvanian, do you have any knowledge of that?

MR. BETTS: Well, in the Devonian, to my knowledge, no hydro-carbons of commercial quantity were found. In the Pennsylvanian they had a zone which indicated the presence of hydro-carbons but not in commercial quantity.

MR. MANKIN: Do you feel that this dry hole offsetting the Unit will adversely affect the Unit area?

MR. BETTS: No, I don't believe it will.

MR. MANKIN: The first well to be drilled in this unit in Section 20, is that to be a Devonian test?

MR. BETTS: We have it set up as a possible Devonian Test.

MR. MANKIN: Or if Pennsylvanian is obtained prior to that time, they will stop at that point?

MR. BETTS: Yes, sir. We feel that that would be the best practice.

MR. MANKIN: Do you have knowledge of considerable faulting in the area?

MR. BETTS: I understand that there is supposed to be considerable faulting, yes.

MR. MANKIN: And is it possible there is considerable faulting between this proposed unit area and the Seaman Unit area?

MR. BETTS: I think thats very probable.

MR. MANKIN: Do you feel that this unit area will be cut up considerably with faults as well?

MR. BETTS: I think that there is a possibility of faulting within the unit area, how considerable it will be, I am not sure.

MR. MANKIN: At what depth do you expect to obtain the Devonian in this first test well?

MR. BETTS: At approximately 14,000 feet.

MR. MANKIN: At what depth might you expect the Pennsylvanian in this same well?

MR. BETTS: Thats a little hard for me to answer, Pennsylvanian production, we anticipate at approximately 11,500.

MR. MANKIN: You might find porosity or permeability development at 11,500.

MR. BETTS: Yes.

MR. MANKIN: Is White Eagle Oil Company going to drill this well?

MR. BETTS: We are not, at the present time, directly connected with the unit, that is as a technical advisor to Enterprise Oil Co.

MR. MANKIN: I don't believe I heard in Mr. Bains testimony any remark in regard to White Eagle's participation is the reason I asked the question.

MR. BETTS: We hope to participate in the unit by acquiring a portion of the acreage which Enterprise will earn.

MR. MANKIN: My next question is, will Enterprise Oil Company as the operator post bond and develop this first well, or White Eagle?

MR. BETTS: The way things are set up now, I think White Eagle will.

MR. MANKIN: White Eagle will post the bond and use their name to drill the well?

MR. BETTS: Yes, sir.

MR. MANKIN: I believe thats all.

EXAMINER NUTTER: Any further questions of the witness.

MR. GUTHMANN: Mr. Betts, in connection with White Eagle participating, are you committed at this time, or just negotiating?

MR. GURLEY: Mr. Guthmann, I don't think that that is essential to this case at all, Frankly, I think that the entire testimony in that regard should be left out. The applicant is stated what his intentions are in the application, and we take, or at least if it please the Examiner, I think we should take it in good faith, I think that any testimony in regard to the White Eagle Oil Company at this time is not pertinent to the case.

EXAMINER NUTTER: I feel that the unit operator for this unit will be Enterprise Oils Inc., and if Enterprise Oils Inc. sees fit to farm the actual drilling of the well out to any other operator, that is their business so long as the forms and bonds and so on are filed in compliance with the proper Commission Orders.

MR. GUTHMANN: The only reason I asked the question, I didn't want the impression left that we were trying to hide anything or keep anything under the table. There are negotiations going on.

MR. GURLEY: At the present time though Mr. Guthmann, the situation stands that Enterprise Oil is the owner-operator, that is, will be the operator as stated in the application. Is that correct?

MR. GUTHMANN: Thats correct.

EXAMINER NUTTER: They're making the application for the Unit Agreement?

MR. GUTHMANN: Yes, sir. But there may be some negotiations other than this, you can't tell.

MR. GURLEY: Well, thats of no consequence here, I think.

MR. GUTHMANN: Are there any further questions of the witness?

MR. MANKIN: Is there another witness who is going to testify as to further development?

MR. GUTHMANN: No, we have Mr. Cooper here who, his testimony will be cumulative rather than take up the time with his testimony, I was'nt going to call him unless there are any questions you would like to ask him.

EXAMINER NUTTER: Well, we may just ask Mr. Betts what the plans for further development in the area are?

MR. BETTS: Well, I think they're pretty well taken care of in the Unit Agreement. If hydro-carbons in a commercial quantity are encountered, development will procede in an orderly and rapid fashion, I would say.

EXAMINER NUTTER: And in the event, thats according to Paragraph 8a, the amendment to the Unit Agreement which is to be filed.

MR. BETTS: Yes, sir.

EXAMINER NUTTER: Now, in the event that the initial well is not productive, what are the plans?

MR. BETTS: You mean not productive in any horizon?

EXAMINER NUTTER: Thats right.

MR. BAIN: May I answer that Mr. Examiner?

EXAMINER NUTTER: Yes, sir. I believe thats in the Unit Agreement, perhaps Mr. Betts is'nt familiar with the terms of the Unit Agreement.

MR. BAIN: Mr. Examiner, if the first well is'nt successful, we're making definite plans and efforts to drill the second well.

EXAMINER NUTTER: Under the terms of the Unit Agreement?

MR. BAIN: Under the terms of the Unit Agreement, I think the Unit Agreement calls for the initial well and continued development. But we have made plans to, if this well is not productive or successful, we have, or we made plans now to go ahead and make arrangements to drill another well through other companies.

EXAMINER NUTTER: Any further questions:

MRS. RHEA: Mr. Examiner, on Paragraph 15 - - - - -

MR. GURLEY: Will you state your name for the record please?

MRS. RHEA: Mrs. Rhea of the State Land Office, - - - - - Paragraph 15 calls for a 6-month period. Can this well be drilled in six months?

MR. GUTHMANN: May I answer that? I think that was amended Paragraph 15, I had a change on that to two years, but it would read the effective date of this term, this agreement shall become effective upon approval by the Commission and shall continue two years after such date, etc.

EXAMINER NUTTER: You mean that Paragraph 15, Mr. Guthmann, has been amended to read two years instead of six months after such date?

MR. GUTHMANN: Yes, sir. I understood that the changes were made on all of the copies.

MR. BAIN: It was mailed out and the party who was supposed to deliver it to the Oil Commission and Land Office apparently - - - - -

EXAMINER NUTTER: Has that change been approved by the Commissioner of Public Lands?

MR. BAIN: The change was requested by the, or suggested by the Commissioner of Public Lands.

EXAMINER NUTTER: When will it be possible for the Oil Conservation Commission to receive these amendments to the Unit Agreement?

MR. BAIN: I believe six days will be enough time.

EXAMINER NUTTER: When will it be possible for the Oil Conservation Commission to receive notification from the Land Commissioner that these changes in the Unit Agreement have been made and the Unit Agreement approved by him? When can you submit the changes to the Land Commissioner?

MR. GUTHMANN: I thought they had been submitted already.

EXAMINER NUTTER: Well, evidently they haven't because Mrs. Rhea's copy of the Unit Agreement doesn't have the changes.

MR. GUTHMANN: Those changes will be made on the signed copies that will be submitted.

MR. BAIN: Well, I was to furnish the supplemental paragraph and the changes and then after the hearing incorporate them in the new Unit Agreement.

MR. GUTHMANN: Those changes can be made today, the ones we have discussed and Paragraph 15, in fact, I thought it had been made and also the amendment to Paragraph 8.

EXAMINER NUTTER: We are interested in knowing that the Land Commissioner has given his preliminary approval to the Unit Agreement before we enter any order on that.

MRS. RHEA: Mr. Examiner, we also would have to have a signed copy of the Commitment on this acreage. We have to know that there is a certain amount of acreage committed. We have no signed copies from Shell and Cities Service and Ohio.

MR. BAIN: I don't have the copies back yet, they all have copies, and the copies were supposed to have been in this week.

MRS. RHEA: We will approve the form and content after we have seen the amendment.

MR. GURLEY: Do you understand Mr. Bain, that approval of the Land Office officially executed, must be a part of the Commission's approval, in other words, we have to have that before, that is our approval is subject to Land Office approval of the Agreement.

MR. BAIN: Yes, sir. I understand that. Can we do this, I believe it is possible for us to draw up the necessary instrument today?

MR. GUTHMANN: I think they have all been drawn up actually, and sent out, the changes, and it is a matter now of contacting the Ohio, Cities Service, and Shell and getting their signed copies back and furnishing one to the Oil Conservation Commission and one to the State Land Office.

EXAMINER NUTTER: The signed copy is 'nt due the Oil Conservation Commission until thirty (30) days after the effective date of the order.

MR. GUTHMANN: Well, if we get the signed copies back and furnish it to the Land Office with one that will take care of the changes that we have discussed.

EXAMINER NUTTER: Yes, sir.

MR. GUTHMANN: Now, that can be done, can't it?

MR. BAIN: Yes, sir.

MR. GUTHMANN: And I think if you could phone them and have them airmail them in, you should have them in two or three days shouldn't you?

MR. BAIN: They're supposed to be here by now.

MR. GUTHMANN: We will act with dispatch in attempting to get those from the various companies and I don't see why we can't have them by Monday.

EXAMINER NUTTER: Well, we likewise will act with dispatch and attempt to get an order in as soon as possible. If there is nothing further in this case, we will take the case under advisement and the hearing is adjourned.

STATE OF NEW MEXICO)

:

ss

COUNTY OF SANTA FE)

I, Doris Arnold, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Commission Examiner at Santa Fe, New Mexico, is a true and correct record, to the best of my knowledge, skill and ability.

Dated at Santa Fe, New Mexico on this 16th day of October, 1956.

Doris Arnold

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 9, 1956

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Mr. H. J. Guthmann
P.O. Box 487
Santa Fe, New Mexico

Dear Sir:

On behalf of your client, Enterprise Oils, Inc., we enclose a copy of Order R-897 issued October 8, 1956, by the Oil Conservation Commission in Case 1160, which was heard on October 4th at Santa Fe. We will send you a fully signed copy of the order as soon as it is available.

Very truly yours,

A. L. Porter, Jr.
Secretary - Director

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Encl.