

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1512

TRANSCRIPT OF HEARING

OCTOBER 2, 1958

DEARNLEY - MEIER & ASSOCIATES  
GENERAL LAW REPORTERS  
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BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
OCTOBER 2, 1958

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IN THE MATTER OF: :

CASE 1512 Application of Humble Oil & Refining Company:  
for approval of a unit agreement. Applicant: :  
in the above-styled cause, seeks an order :  
approving its Bandana Point Unit Agreement :  
embracing approximately 14,293 acres of Fed- :  
eral, state and fee acreage in Township 22 :  
South, Range 23 East, and Township 23 South, :  
Ranges 23 East and 24 East, all in Eddy :  
County, New Mexico. :  
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BEFORE:

Mr. Elvis A. Utz, Examiner.

T R A N S C R I P T     O F     P R O C E E D I N G S

MR. UTZ: Next case on the docket will be Case 1512.

MR. COOLEY: Case 1512. Application of Humble Oil &  
Refining Company for approval of a unit agreement.

MR. HINKLE: Mr. Examiner, I am Clarence Hinkle, Hervey,  
Dow & Hinkle, appearing on behalf of the Humble Oil & Refining  
Company. We have one witness, Mr. Johnson. We would like to have  
him sworn.

MR. UTZ: Are there any other appearances in this case?  
If not, you may proceed.

(Witness sworn)

WILLIAM J. JOHNSON,

called as a witness, having been first duly sworn on oath, testified

as follows:

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please.

A William J. Johnson.

Q Are you a graduate geologist, Mr. Johnson?

A Yes. I graduated with a Bachelor of Science degree in petroleum engineering in 1956.

Q Whom are you employed by?

A Humble Oil Company.

Q How long have you been employed?

A Approximately two and a half years.

Q What has been the nature of your employment?

A I have been working for Humble in the districts that include Eddy and Chaves Counties.

Q Have you been in New Mexico all of the time?

A Yes, sir.

Q Have you made any particular study of the area in which the proposed Bandana Point Unit area is located?

A Yes, I have.

Q Have you made a geological survey of that area?

A Yes. It is contained in this report of the Bandana area.

MR. HINKLE: Are the witness' qualifications acceptable?

MR. UTZ: Yes, sir, they are.

Q State to the Commission the description of the proposed

Bandana Point Unit area?

A It is all contained in Eddy County in New Mexico, Township 22 South, 23 East; all of Sections 34, 35 and 36, and 23 South, 23 East; all of Sections 1, 2 and 3, and 10 through 15, and 22 through 27.

Q How many acres does that --

A Well, that is not quite all, sir, Township 23 South, Range 24 East, Section 6, Lots 3,4,5,6 and 7, SE/4 NW/4 and the E/2 of the SW/4; all of Sections 7, 18, 19 and 30.

Q Of that land, how many acres are Federal land?

A There are 12,212.80 acres of Federal land.

Q How many acres of state land?

A 1,680.

Q Are there any fee lands involved?

A Yes, sir, 400 acres.

Q Do you know whether or not Humble has made application to the U. S. Geological Survey for the designation of this area as one suitable and proper for unitization?

A Yes, sir, they have.

Q Are you familiar with that application?

A Yes, sir, I am.

Q Do you know what the date of approval by the U. S. G. S. is?

A I think it is April the 27th of this year.

Q To refresh your memory, I believe that is August, --

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A August. Beg your pardon.

Q -- 1958. Do you know whether a geological report was submitted with that application?

A Yes, it was.

Q Did you have anything to do with preparing that report?

A Yes, I prepared the report.

Q Refer to Humble's Exhibit A -- is that marked A-1?

Will you refer to Humble's Exhibit 1 and explain to the Commission what it is and what it shows?

A To begin with, there is a small map showing the relation of the proposed unit outlined to the major geologic features of this area, and following the introduction, a section on the sub-surface stratigraphy of the general area. Following that, a description of the structure on which the unit outlined is based, proposed unit outline is based, and the economic consideration, in which it is stated that the primary objective of a well drilled in the unit would be the Siluro-Devonian formation with primary secondary objectives at Bone Spring and Permo-Penn carbonites and Bend Sand.

Q Refer to the structural map in the report and explain to the Commission what it shows.

A This is a geophysical map contoured near the top, or contour on reflection from near the top of the Ellenburger formation.

Q Does it show the approximate depth there of the Ellenburger?

A No, it does not.

Q But it does in the report?

A Yes, sir.

Q What are the probable oil producing formations in the area and the probable depths as shown by the report?

A Well, the Bone Spring would be the first one which would have some possibility of production from the sand and carbonate in stratigraphic traps, which would be topped at a depth of about 2200 feet, and Permo-Penn carbonate, which would be encountered from a depth of approximately 7,000 feet to about 8,700 feet, and the Bend sand stone which would occur somewhere between 8,700 feet, and --

MR. UTZ: What kind of sand stone?

A Bend sand, Lower Pennsylvanian. And, of course, the primary objective would be the Siluro-Devonian formation with a depth of approximately 10,600 feet.

Q Does the structure map, as shown on the report there, represent the interpretation of Humble of the seismographic work that has been done in the area?

A Yes, it does.

Q Does the proposed structure there cover most of the proposed area?

A Yes, sir, it does.

Q Are you familiar with the application of Humble which has been filed for approval with the Oil Conservation Commission?

A Yes, sir.

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

A Yes, sir, I am.

Q Under the terms of that agreement, who is designated as the operator?

A Humble Oil Company.

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

A Yes, sir, within six months after the date of approval.

Q And does it specify any depth it is to drill to?

A Sufficiently to test the Siluro-Devonian formation, not to extend 11,500 feet.

Q In other words, the operator is not required to go more than 11,500?

A Yes, sir.

Q Is this substantially the same form as heretofore approved by the Commission and by the Commissioner of Public Lands and by the U.S.G.S in similar units?

A Yes, sir, it is.

Q Has this particular form been approved by the U.S.G.S. and by the Commissioner of Public Lands?

A Yes, sir, it has.

Q Now, in the event unitized substance should be discovered in the unit area, state whether or not the unit agreement would be in the interest of conservation and prevention of waste.

A Yes, sir, it would.

Q In the event unitized substance should be discovered in the unit area, state whether or not the unit agreement would provide the greatest ultimate recovery of the unitized substance.

A Yes, sir.

Q Has the unit agreement been signed at the present time?

A No, sir, I don't think it has.

Q Have you contacted the principal parties involved, holding interest in the area?

A Yes. I think parties have been contacted and there was only one definite rejection of an 80-acre tract.

Q Do you anticipate that you will have a large percentage of the owners of the area join in the unit agreement?

A Yes, sir.

MR. HINKLE: I believe that's all. I would like to offer in evidence Humble's Exhibit 1, and I would like to have permission, after the time of appeal has elapsed, to withdraw this report and be treated as confidential. Of course, it will probably be public until that time, but we would like to withdraw it.

MR. COOLEY: Did you say after the time of an appeal?

MR. HINKLE: Yes.

MR. COOLEY: That is acceptable.

MR. UTZ: Without objection, the Exhibit will be accepted until after the time of appeal, at which time it shall be withdrawn as confidential.

MR. HINKLE: I believe that's all we have.

MR. UTZ: Any questions of the witness? Mr. Cooley.

CROSS EXAMINATION

BY MR. COOLEY:

Q Does the proposed form of unit agreement provide for expansion or contraction of the unit if it subsequently became necessary?

A Yes, sir, it does.

Q Does it provide for the periodic submission of reports of development?

A Yes, I think so.

Q Unitized substances include all oil and gas encountered in any formation?

A That's right.

✓ Q Will separate participation in interest be established for each individual source of supply?

A Yes, sir, that's my understanding.

Q Do you have anything on percentage of commitment to date on the unit?

A No, I don't.

MR. HINKLE: I believe he testified that it has not been signed at all, but they have contacted the different owners in there, and they have an indication that they will have a large percentage. They didn't want to circulate it until such time as it has been approved.

MR. COOLEY: That's all the questions I have. Thank you.

MR. UTZ: Any other questions of the witness?

QUESTIONS BY MR. UTZ:

Q Mr. Johnson, does the last page of Exhibit 1 correctly show the proposed location of the well?

A Yes, sir.

Q That will be known as the Humble Bandana No. 1?

A Bandana Unit No. 1.

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

(Witness excused)

MR. UTZ: Any other statements to be made in this case? The case will be taken under advisement.

C E R T I F I C A T E

STATE OF NEW MEXICO )  
                               : ss  
 COUNTY OF BERNALILLO )

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 2<sup>nd</sup> day of October, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

J. A. Trujillo  
 Notary Public

My Commission Expires:

October 5, 1960.

I do hereby certify that the foregoing is a true and correct copy of the proceedings in the New Mexico Oil Conservation Commission, heard by me on 10-2 1958.  
John A. Trujillo, Examiner  
 New Mexico Oil Conservation Commission