

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1894: Application of Robert N. Enfield for designation of a unit area. Applicant in the above-styled cause, seeks a designation of the following-described 560 acres as the Southwest Mescalero Unit Area: Section 32, E/2 NE/4; Section 33, S/2 and NW/4, Township 10 South, Range 32 East, Lea County, New Mexico.

State Corporation Commission
Hearing Room
Capitol Building
Santa Fe, New Mexico
February 25, 1960

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order. We will take up Case 1894.

MR. FLINT: Case 1894. Application of Robert N. Enfield for designation of a unit area.

MR. NEWMAN: Kirk Newman of Atwood and Malone, Roswell, New Mexico representing the Applicant. We will have two witnesses.

(Witnesses sworn.)

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ROBERT ENFIELD

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

DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and occupation, please, sir?

A Robert Enfield, independent oil operator from Roswell, New Mexico.

Q Mr. Enfield, are you familiar with and have you worked on the southwest Mescalero unit, the subject of this application?

A Yes, I commenced work on November of this last year on it.

Q Do you have a plat showing the ownership of the proposed unit area, and is that plat the same one that is attached to your application in this case?

A Yes, it is.

Q Would you state to the Commission in detail the ownership of the unit area?

A The acreage is divided between four company: Sunray Mid Continent owns the east half of the northeast of Section 32, 10, 32; the northwest quarter of Section 33, 10, 32; the northwest southeast of said Section 33, Texas Gulf Producing Company in Midland owns the northeast of the southwest of Section 33,



Vicker, Ashman, Hilyer, et al on the west half, west half of the southwest and the southeast southwest, and the northeast southeast of Section 33, and Manzano Oil Company owns the south half southeast of said Section 33.

Q Are those all State leases you refer to as these companies owning?

A Yes, they are all State leases.

Q Mt. Enfield, have you acquired from these companies any interest in this area?

A Subject to approval of the unit and the drilling of the Devonian well, I have acquired the interest of the Texas Gulf; Vicker, Ashman, Hilyer et al; and Manzano. Sunray Mid Continent has retained their interest and is a party to the unit agreement.

Q What type of unit is this?

A Fully participating State unit for the exploration for oil.

Q What is the form of the unit agreement?

A It is on the recommended or approved State form unit agreement as proposed by the State Land Commission.

Q Has the proposed unit agreement been submitted to the Commissioner of Public Lands?

A Yes, it has. It was submitted with my application.

Q What percentage ownership of working interest do you have committed to this unit if it is approved by the Commission?



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A One hundred percent, assuming approval by the Commission.

Q And what is your overriding royalty?

A Eighty-nine percent of all overriding royalty owners have committed their interest to the unit.

Q And what size overriding royalty interest is involved in this? What percent of production of the total unit? Of the uncommitted?

A Approximately one percent. One percent uncommitted.

Q Have all owners of overriding royalty interests been offered an opportunity to participate in the unit?

A All owners of overriding royalty interests have been contacted personally and have been offered the opportunity to participate.

Q You have a unit operating agreement, do you?

A Unit operating agreement has been signed, but I do not have it with me, and I would like to stipulate that I will furnish it at a later date, and the working interest owners have agreed and have executed the working interest agreement.

Q One more question, under the terms of the unit agreement, unit operating agreement, are the correlative rights of all parties overriding royalty and working interest protected?

A Yes, I believe all correlative rights under the State agreement are protected.

Q Is there any discrimination in this agreement between



tracts so that the different State institutions owning the royalty under the tracts could be prejudiced in any way?

A No, all State tracts would share proportionally across the whole unit.

Q What are the drilling under the--

A The drilling agreement calls for the drilling of initial well after six day approval by the State and six months after initial completion of the second well to commence.

Q What about further development if your development is based on a continuous six months drilling program?

MR. FLINT: Do you intend to offer the unit agreement in evidence?

MR. NEWMAN: Yes.

MR. UTZ: Do you have a geologist who will testify?

MR. NEWMAN: Yes, sir.

MR. UTZ: Are there any question of the witness?

CROSS EXAMINATION

BY MR. FLINT: . . .

Q Mr. Enfield, what will be the treatment of the overriding royalty interest owners who have not joined in this?

A They would retain under the specific tracts that they are under, and would, of course, participate to the full extent override under the tract.

Q ~~Allocated~~ ^{Allocated} on the basis of acreage if--

A If they join it on the basis of acreage with the



overriding royalty owners that do not joint, they will receive no payment unless the well is drilled specifically on their tract, and then they would receive their total override. There is only one specific tract where they have not joined, and all others--

MR. UTZ: What was that tract again?

A Let's see, Vicker, Ashman, Hilyer tract, tract number 1, there is approximately one percent on that lease that is not committed.

Q (By Mr. Flint) Is that the only one?

A Yes.

Q I'm not quite clear on the--has the eighty-nine percent committed referred to, that's the percentage?

A Of the total overrides on the whole unit. In other words, Gulf on tract number 2 has an override, and tract number 1 has an override, and those are the only overrides on the unit are those two tracts, total they amount to sixteen percent, about seventeen percent.

MR. UTZ: Are there any other questions of the witness? If no, the witness may be excused.

(Witness excused.)

WILLIAM BARNHILL

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



DIRECT EXAMINATION

BY MR. NEWMAN:

Q Would you state your name and occupation, please, sir?

A My name is William Barnhill, Consulting Geologist, Roswell, New Mexico.

Q Have you previously testified before this Commission?

A No, I have not.

Q Mr. Barnhill, will you state briefly your educational and professional background?

A I received a B. S. degree in geology from the Texas School of Mines in El Paso, and later did my graduate work at the University of Texas in Austin, where I received an M. A. degree in geology. Upon conclusion of my school work, I went to work for the Texas Oil Company, Texaco, in Midland, Texas for approximately three years, then I left them and went to work for the Wilshire Oil Company of California, an independent company OF California, for a couple of years in Wichita Falls in West Texas and New Mexico in which they sold their production and were absorbed by the Monterey Company. At that time I was their chief geologist in Texas for West Texas and New Mexico. After a short stay with them, I went into the consulting phase of geology.

Q And you have been consulting in Roswell for the last three years, have you?



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A The last three years I have done consulting in geology in Roswell, New Mexico.

Q You got your M. A. in geology in 1950?

A 1950, yes, sir.

Q And since that date, you have worked as a geologist in the West Texas-New Mexico area?

A That is correct.

MR. NEWMAN: Are the witness' qualifications accepted?

MR. UTZ: Yes, sir, they are.

Q (By Mr. Newman) Mr. Barnhill, you have a contour map which is the same map attached to the application. Would you state to the Commission what this shows?

A This is a contour map, a seismographic work, reflects seismograph map on the Devonian in Section 32 and 33, Township 10 South, 32 East.

Q This plat is the unit area outlined on this plat indicated?

A Yes, it is. The unit area is outlined and covers it.

Q With the hatched--

A With the hatched mark covering the structure, and it's complete.

MR. UTZ: Do you have another copy of that?

Q (By Mr. Newman) What is the contour interval on that?

A This contour interval is one hundred feet, approx-



imately two hundred foot of closure is shown on the Devonian reflex.

Q Is this particular interpretation your first acquaintance with this prospect?

A No, it is not. With my employment with the Texas Company early in 1950 and '51, Texas Company had done a lot of reconnaissance shooting in the area, and they later discovered the Moore Field which is approximately four miles to the south, the acreage site there was of a nature that Texas Company could not acquire any acreage, and this area has been of particular interest to me from that time. The Mescalero Field is approximately a mile, mile and a half to the north which produces from the Wolfcamp, Pennsylvanian and Devonian as the Moore Field does to the south. This area should encounter the same type of production from the Wolfcamp, the Pennsylvanian and Devonian. Having done quite a bit of subsurface work in there, I went to Sunray Mid Continent and they have part of the acreage in question which they would not farm it out, but they were interested in joining a unit if one could be committed for the area.

Q Did they have seismic work on this area?

A Yes, they have, and upon the review of the records of Sunray Mid Continent, they have excellent control in there and show the closure as represented on the attached plat.

Q Is this substantially the same picture that you had from your prior experience?



A Very similar.

Q In your opinion, does the prospective producing limit of the structure you have shown on your plat coincide with the limits as outlined of the unit area?

A Yes, it does completely.

Q Do you consider that part of the probable productive limits of this pool will be outside of the unit area?

A No, I do not. From the subsurface relationship of the Mescalero Field to the north, and the Moore Field to the south, they are quite small, particularly Mescalero, and I would not anticipate production outside of the limits of the designated unit here.

Q Mr. Barnhill, in your opinion, will the granting of this application for the unit permit orderly development, and thereby prevent waste of reservoir energy and physical waste?

A Yes, I think so.

MR. NEWMAN: I believe that's all the questions I have.

MR. UTZ: Any questions of the witness?

CROSS EXAMINATION

BY MR. FLINT:

Q Mr. Barnhill, I believe you mentioned that the nearest Wolfcamp production was about a mile to the north?

A I better say a mile and a half. It is the Mescalero Field.

Q What about the other formations that you anticipate



might be productive?

A The Pennsylvanian is a good producer in the Moore Field, and also produces in the Mescalero. Wolfcamp, Pennsylvanian, and Devonian to the north and south of this area.

Q This question might more probably be directed to the other witness, and if you are not able to answer it, I'll ask him. Does this unit agreement provide for decreasing the unit size in the event a dry hole is drilled?

A I better refer that question to the other witness.

MR. ENFIELD: No, it does not. It is on the State form which does not provide for that specifically on a fully participating unit. It is only five hundred sixty acres with two working interest owners, myself and Sunray.

Q And the reverse would be true: It does not provide for expanding it either?

MR. ENFIELD: It does not provide for expanding it either.

MR. UTZ: Are there any other questions? If there are not, the witness may be excused.

(Witness excused.)

MR. NEWMAN: We would like to offer these plats which were attached, and we will furnish more copies of these.

MR. UTZ: We won't need any more copies.

MR. NEWMAN: We would like to have those marked Exhibits 1 and 2.

MR. UTZ: You want the plat Exhibit 1 and the structure

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map Exhibit 2?

MR. NEWMAN: (Yes.

(Whereupon, Applicant's Exhibits
Nos. 1 and 2 were marked for
identification and received
in evidence.)

(Whereupon, the hearing was concluded.)

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ALBUQUERQUE, NEW MEXICO



C E R T I F I C A T E

STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

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 15th day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

James A. Trujillo
 NOTARY PUBLIC

My commission expires:

October 5, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Hearing Room of the New Mexico Oil Conservation Commission, No. 894, heard by me on Feb. 25, 1960.

James A. Trujillo, Examiner
 New Mexico Oil Conservation Commission

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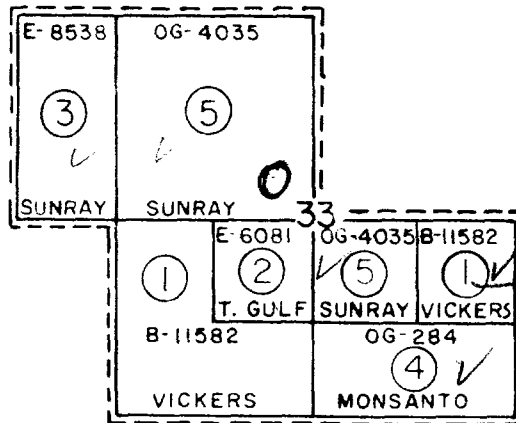
ALBUQUERQUE, NEW MEXICO



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| BEFORE EXAMINER UTZ | |
| OIL CONSERVATION COMMISSION | |
| EXHIBIT NO. | 1 |
| CASE NO. | 1894 |

EXHIBIT "A"

SOUTHWEST MESCALERO UNIT

LEA COUNTY, NEW MEXICO

SCALE : 2" = 1 MILE

BEFORE EXAMINER UTZ
OIL CONSERVATION CORPORATION
Subs. EXHIBIT NO. 2
CASE NO. 1894



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1894: Application of Robert N. Enfield for designation
of a unit area.

TRANSCRIPT OF HEARING

FEBRUARY 10, 1960

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1894: Application of Robert N. Enfield for designation of a unit area. Applicant, in the above-styled cause, seeks a designation of the following-described 560 acres as the Southwest Mescalero Unit Area: Section 32, E/2 NE/4; Section 33, S/2 and NW/4, Township 10 South, Range 32 East, Lea County, New Mexico.

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: The Hearing will come to order, please.

The next case that we will take up will be case 1894.

MR. PAYNE: Case 1894: Application of Robert N. Enfield for designation of a unit area.

Mr. Examiner, the Applicant in this case has moved for a continuance to the Examiner hearing on February 25. The case has been readvertised for that day.

MR. NUTTER: Case 1894 will be continued to February 25.

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ALBUQUERQUE, NEW MEXICO



STATE OF NEW MEXICO)
)
 COUNTY OF BERNALILLO) ss

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 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 23rd day of February, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Jose A. Trujillo
 Notary Public

My Commission Expires:

October 5, 1960

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1894 heard by me on 2-10, 1960.
Jose A. Trujillo, Examiner
 New Mexico Oil Conservation Commission

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