

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.  
PHONE 325-1182

ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
February 27, 1962

EXAMINER HEARING

IN THE MATTER OF:

Application of Shell Oil Company for approval of the Royal Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Royal Unit Agreement embracing 1078.49 acres, more or less, of State and fee lands in Sections 24 and 25, Township 10 South, Range 34 East, and Sections 19 and 30, Township 10 South, Range 35 East, all in Lea County, New Mexico.

BEFORE:

ELVIS UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2499.

MR. SETH: We have the same appearances in this case and the same witnesses in this case.

MR. UTZ: Would the record show that these witnesses have been sworn?

O. V. LAWRENCE,  
called as a witness herein, having been first duly sworn on oath,  
was examined and testified as follows:

(Whereupon Shell's Exhibit 1  
marked for identification)



DIRECT EXAMINATION

BY MR. SETH:

Q For the record, will you state again your name and position and your connection with this Application?

A O. V. Lawrence, Roswell, Division Land Manager for Shell Oil Company.

Q Are you familiar with the Application and the Unit Agreement involved in this case?

A Yes, sir, I am.

Q Tell us first about the lands that are unitized, what classification are they?

A The unit area covers 1,078.49 acres. Of this land 879.28 acres are state land or 81.53 percent. 199.21 acres are fee land which would be 18.47 percent.

Q There is no federal lands in that Unit?

A No.

Q How many working interest owners are there?

A There are four working interest owners. I might add that the unit area covers portions of Section 24 and 25 in Township 10 South, Range 34 East and also portions of Sections 19 and 30 in 10 South, 35 East. All of this land is in Lea County, New Mexico.

Q Have the working interest owners indicated there intention to join the Unit?

A Yes, sir, all four working interest owners have agreed

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to join the Unit subject to the approval of form of the Unit Agreement and Unit Operating Agreement.

Q Now, what is the proposed form of the Unit Agreement?

A The form of Unit Agreement is the suggested form which has been approved by the State Land Office. We have made no alterations whatsoever in this suggested form.

Q Tell us about the expansion and contraction in the participating areas.

A This form does not have an expansion provision being a fixed participation type of unit. Contraction, yes, we do have that in a sense that if the unit is not ordinarily developed in a reasonable manner, the Commission of Public Lands may terminate the unit as to all state lands that are in a proration or spacing unit. This act of course would in a sense be a contraction provision.

Q What is the first well obligation?

A The first well is to be commenced within sixty days after the effective date of the Unit Agreement. The well proposed for this unit is a 10,300 foot approximately, Pennsylvanian test.

Q Generally, does the Unit Agreement, in your opinion, is it in the best interest of the State and will the State receive its fair share of recoverable oil?

A Yes, sir.

Q Is Shell the operator of the proposed unit?

A Yes, sir.

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Q Do you have any other information to give us about the Unit Agreement?

A Yes, sir, I might add that all depths will be unitized in this unit.

Q Do you have a form of Unit Agreement to submit to the Commission at this time?

A Yes, sir, I do.

Q And will you substitute or introduce that at a later date, the full executed copy?

A Yes, sir, I will.

MR. SETH: We would like to offer the Unit Agreement, Exhibit No. 1.

MR. UTZ: Without objections Exhibit No. 1 will be entered into the record in this case.

(Whereupon Shell Oil Company's Exhibit No. 1 admitted in evidence)

Q (By Mr. Seth) Do you have any further statements?

A No, sir.

MR. UTZ: Are there any questions of the witness? The witness may be excused. Will you call your next witness.

(Witness excused)

M. L. ROBINSON,  
called as a witness herein, having been first duly sworn on oath,  
was examined and testified as follows:



DIRECT EXAMINATION

BY MR. SETH:

Q Would you state your name, Mr. Robinson?

A Yes, sir, M. L. Robinson, Division Exploration Manager, Shell Oil Company, Roswell.

Q Are you familiar with the Application in this Case, 2499?

A Yes, sir.

Q Are you familiar with the geology in the area concerned?

A Yes, sir.

Q Would you tell the Examiner, briefly, the geological conditions there?

A The Royal Unit covers dome anticlinal structure located in northern Lea County twelve miles northwest of Tatum and seven miles northeast of the Pennsylvania field which is the nearest provided. This reflection of the seismic data from a one-mile to one-half mile grid showing an anticline having 100 feet of closure that appears similar to nearby producing structures. We plan a 10,300 foot wildcat to evaluate about 600 feet of Pennsylvanian limestones which have been identified as the A, B, C, D, E, F, G, H, I zones which produced in such adjacent areas as Beau Lane and Four Lakes field. Our first well will be located northeast of southeast in Section 24, Township 10 South, Range 34 East in the center of the proposed unit.

Q Have you indicated on Exhibit No. 1 the contour?

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A Yes, sir, I have indicated that.

Q How is it shown?

A Well, it is that red line.

MR. UTZ: Do you likewise have a seismic picture of this structure also?

A Yes, sir.

MR. UTZ: You can submit it under the same conditions?

MR. SETH: Yes, we would like to do that now.

MR. UTZ: Yes.

Q (By Mr. Seth) Give us a little bit of the details on the seismic picture in general terms, with relation to the unit boundaries?

A Yes, sir, well the increase of the structure as you can see covers the west half of Section 24, the east half of Section 19 extends into the north half of Section 25. I believe that this unit area is not excessively large or excessively small and fairly includes the indicated structure and the potentially productive area.

Q Is there any limiting feature on the north for the productive area, geological feature?

A Yes, sir, I think you can all see there is a syncline at the north end of the unit boundary that we feel is a critical limiting factor on the prospect and as you probably know, that is a regional counter, regional depth, that single line on the north side.



MR. UTZ: How about the east side?

Q (By Mr. Seth) Are there any limiting factors on the east side?

A Well, regional depth and I believe there is also--it goes low over there, structurally low.

Q You believe that the production will extend south and southwest from the contour you have indicated on Exhibit 1?

A Yes, sir, I think it might.

Q Now, was that contour on Exhibit 1, it is on what formation?

A I believe it is Pennsylvanian, I am too far away to read it. Yes, Pennsylvanian level.

Q Do you believe that the unit operation of this area will be in the interest of conservation?

A Yes, sir, I do.

Q Do you think that the area itself has reasonable expectations of production within the unit boundaries?

A Yes, sir.

Q What about your zones of completion, did you indicate that?

A We consider our objective to be this 600 feet of Pennsylvanian limestone which has been previously stated to be A through I zones, however, it is the usual experience in this area that only one of these zones will produce on a given structure so that we'd expect that we would get a single zone well.

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MR. SETH: I believe that is all the direct.

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

MR. MORRIS: Yes, sir.

CROSS-EXAMINATION

BY MR. MORRIS:

Q Mr. Robinson, do you have any other control in this area outside of your seismic data?

A No, sir.

Q Do you have any dry hole control at all?

A No, sir, none.

MR. MORRIS: That is all.

MR. UTZ: Are there any other questions? The witness may be excused.

(Witness excused)

MR. UTZ: Are there any other statements in this case?  
The case will be taken under advisement.





I N D E XWITNESSPAGE

O. V. LAWRENCE

Direct examination by Mr. Seth

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M. L. ROBINSON

Direct examination by Mr. Seth

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Cross-examination by Mr. Morris

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## CERTIFICATE PAGE

STATE OF NEW MEXICO     )  
                                   )   ss  
 COUNTY OF BERNALILLO    )

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

Katherine Peterson  
 COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2499, heard by me on Feb 22, 1962.

Thimoteus Examiner  
 New Mexico Oil Conservation Commission

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 COUNTY OF BERNALILLO    )

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

*Katherine Peterson*

COURT REPORTER

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2489, heard by me on July 22, 1962.

*[Signature]* Examiner  
 New Mexico Oil Conservation Commission

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