



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



FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M PHONE 243-6691 to join the Unit subject to the approval of form of the Unit Agreement and Unit Operating Agreement.

Now, what is the proposed form of the Unit Agreement? 0

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

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

This form does not have an expansion provision being a 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?

А 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.

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

> A Yes, sir.

Is Shell the operator of the proposed unit? Q.

Yes, sir. А



DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M. PHONE 243-6691

ARMINGTON, N. M. PHONE 325-1182

PHONE

Do you have any other information to give us about the Q Unit Agreement? A Yes, sir, I might add that all depths will be unitized л. м. -1182 in this unit. FARMINGTON, N PHONE 325-1 Do you have a form of Unit Agreement to submit to the Q Commission at this time? Α Yes, sir, I do. And will you substitute or introduce that at a later Q date, the full executed copy? A · Yes, sir, I will. MR. SETH: We would like to offer the Unit Agrement, 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) 0 (By Mr. Seth) Do you have any further statements? No, sir. A к. м. MR. UTZ: Are there any questions of the witness? The ALBUQUERQUE, PHONE 243. 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:

DEARNLEY-MEIER REPORTING SERVICE, Inc.



BY MR. SETH:

ລ

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,

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?



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.



FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M. PHONE 243-6691 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 love 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.



FARMINGTON, N. M. PHONE 325-1182

	FARMINGTON, N. M. PHONE 325-1182	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:
nc.	PHON	Q Mr. Robinson, do you have any other control in this
E, I		area outside of your seismic data?
VIC		A No, sir.
Y-MEIER REPORTING SERVICE, Inc.		Q Do you have any dry hole control at all?
G S		A No, sir, none.
TIN		MR. MORRIS: That is all.
OR'		MR. UTZ: Are there any other questions? The witness
REP		may be excused.
RI		(Witness excused)
EIE		MR. UTZ: Are there any other statements in this case?
Y-M.		The case will be taken under advisement.
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DEARNLEY-MEIER REPORTING SERVICE, Inc.



CERTIFICATE PAGE

STATE OF NEW MEXICO SS COUNTY OF BERNALILLO)

FARMINGTON, N. M. PHONE 325-1182

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.

Malcad COURT REPORTER

I do hereby certify that the foregoing is a complete recard of the proceedings in the Environ hoaring of Case No.2499. heard by ne on 6.7. um Examiner **.**... New Mexico Oil Conservation Commission



DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M. PHONE 243.6691

		BEFORE THE
		OIL CONSERVATION COMMISSION
		February 27, 1962
		EXAMINER HEARING IN THE MATTER OF:
Inc.		Application of Shell Oil Company for approval of the doyal Unit Agreement,
		Lea County, New Mexico. Applicant, in
SERVICE,		the above-styled cause, seeks approval : of the Hoyal Unit Agreement embracing :
Ŋ		LUIU. HY AGTES, BOLE OF LARK OF SHAHA
\mathbf{A}		1 904 100 100 10 Sections 24 and 35
ER		Township 10 South, Range 34 East, and Sections 19 and 30, Township 10 South,
		1 Start J Garde, Bill in Log Country Martin
9		Mexico.
IN		· · · · · · · · · · · · · · · · · · ·
L.		BEFORE:
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[P		ELVIS UTZ, Examiner
EY-MEIER REPORTING		TRANSCRIPT OF HEARING
IE		MR. UTZ: Case 2499.
-ME.	Z. M. 669 I	MR. SETH: We have the same appearances in this case
ΕY		and the same witnesses in this case.
		MR. UT2: Would the record show that these witnesses
DEARNL		have been sworn?
	RQUE, 243.	O. V. LAWRENCE,
	ALBUQUERQUE	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)

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PAGE 2

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A Yes, sir.

Q Is Shell the operator of the proposed unit?

A Yes. sir.



	Q Do you have any other information to give us about the			
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FARMINGTON, N. M. PHONE 325-1182	in this unit.			
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	Q (By Mr. Seth) Do you have any further statements?			
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DEARNLEY-MEIER REPORTING SERVICE, Inc.



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

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FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M PHONE 243-6691

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FARMINGTON, I PHONE 325-DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M PHONE 243.6691

TON, N. M. 325-1182

MR. UTZ: How about the east side?

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FARMINGTON, N. M. PHONE 325-1182 DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M PHONE 243-6691

		MR. SETH: I believe that is all the direct.
		MR. UTZ: Are there any questions of the witness?
		MR. MORRIS: Yes, sir.
	и. м. 1182	CROSS-EXAMINATION
	FARMINGTON, N. M. PHONE 325-1182	BY MR. MORRIS:
Inc.	FARMI	Q Mr. Robinson, do you have any other control in this
		area outside of your seismic data?
VIC		A No, sir.
ER		Q Do you have any dry hole control at all?
G S		A No, sir, none.
Y-MEIER REPORTING SERVICE,		MR. MOnnIS: That is all.
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CEATIFICASE FAGE

STATE OF YOM MEXICO នន COUNTY OF BERNALILLO

I, KATHERINE PETERSON, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Maxico 011 Conservation Coumission at Janta Fe, New Mexico, is a true and correct record to the best of my knowledge, skill, and ability.

DEARNLEY-MEIER REPORTING SERVICE, Inc. ALBUQUERQUE, N. M. PHONE 243-6691

RETALLA

COURT REPORTER

I do hereby certify that the foregoing is a complote resord of the proceedings in the Exercicer hearing of Case No. 2. 499. heard by no on 62. un Examiner New Mexico Oil Conservation Comm ssion

