

O I L   C O N S E R V A T I O N   C O M M I S S I O N

S T A T E   O F   N E W   M E X I C O

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TRANSCRIPT OF PROCEEDINGS

in

CASE NO. 247

April 24, 1951

BEFORE THE  
OIL CONSERVATION COMMISSION  
State of New Mexico

April 24, 1951

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CASE NO. 247: This case involves the Gallegos Canyon Unit Agreement which has been continued twice to allow the operators to secure necessary signatures.

MR. J. Q SETH: I would like to have Mr. Greer sworn.

(Mr. Greer sworn as a witness.)

ALBERT R. GREER,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q State your name, please.

A Albert R. Greer.

Q What is your occupation?

A Petroleum Engineer, currently working part-time doing consulting work.

Q Will you state your training?

A I was graduated from New Mexico School of Mines in 1943, with the Bachelor of Science Degree in Petroleum Engineering.

Q You have testified before this Commission before, have you not?

A Yes, sir.

Q Are you familiar with the socalled Gallegos Canyon Unit in San Juan County, New Mexico?

A I have made a careful study of this particular area, in regard to the geology and possibilities of oil and gas production.

Q Have there been some geo-physical work done on the area?

A Some geo-physical work has been done in the form of a gravity meter survey.

Q I hand you a map which I would like to have marked as Exhibit 1.

(Map, marked as "Exhibit 1" for identification.)

Q Does that represent the results of that gravity meter survey?

A This is a correct copy of the results of the gravity meter survey on which we base the unit area.

Q What do the red lines drawn on the map represent?

A The red lines signify the outline of the proposed unit area. They are the boundaries.

Q We offer this map, "Exhibit 1", in evidence.

CHAIRMAN SHEPARD: It will be accepted.

Q Based on that map and your study of the area, will you give your opinion as to what<sup>is</sup>/the advisability of including the area outlined in red in a unit for development purposes?

A We believe that this gravity map represents a reflection of deep formations which we hope and believe carries upward through the Dakota Formation and to which depth we propose to drill in testing this structure.

Q Go ahead.

A In studying the area we believe the Dakota will be found at approximately 6000 to 6500 feet. In the terms of the unit agreement we propose to drill and test this formation .

Q It is your opinion that the indications are such that the development of the area as a unit would tend to promote the conservation of oil and gas?

A We definitely believe that unitization promotes the conservation of oil and gas and particularly in an area where we may condensate production or a gas cap with flanking oil production.

Q Do you believe that the development of this particular area here involved would promote the conservation of oil and gas and the better utilization of unit reservoir energy.

A I do.

Q There is some state land in the area, would you believe that the development of it on a unit basis as provided in this unit agreement would insure this state of New Mexico receiving its fair share of the oil and gas?

A Yes, sir, the State of New Mexico, will receive its fair share of oil and gas.

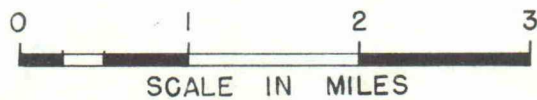
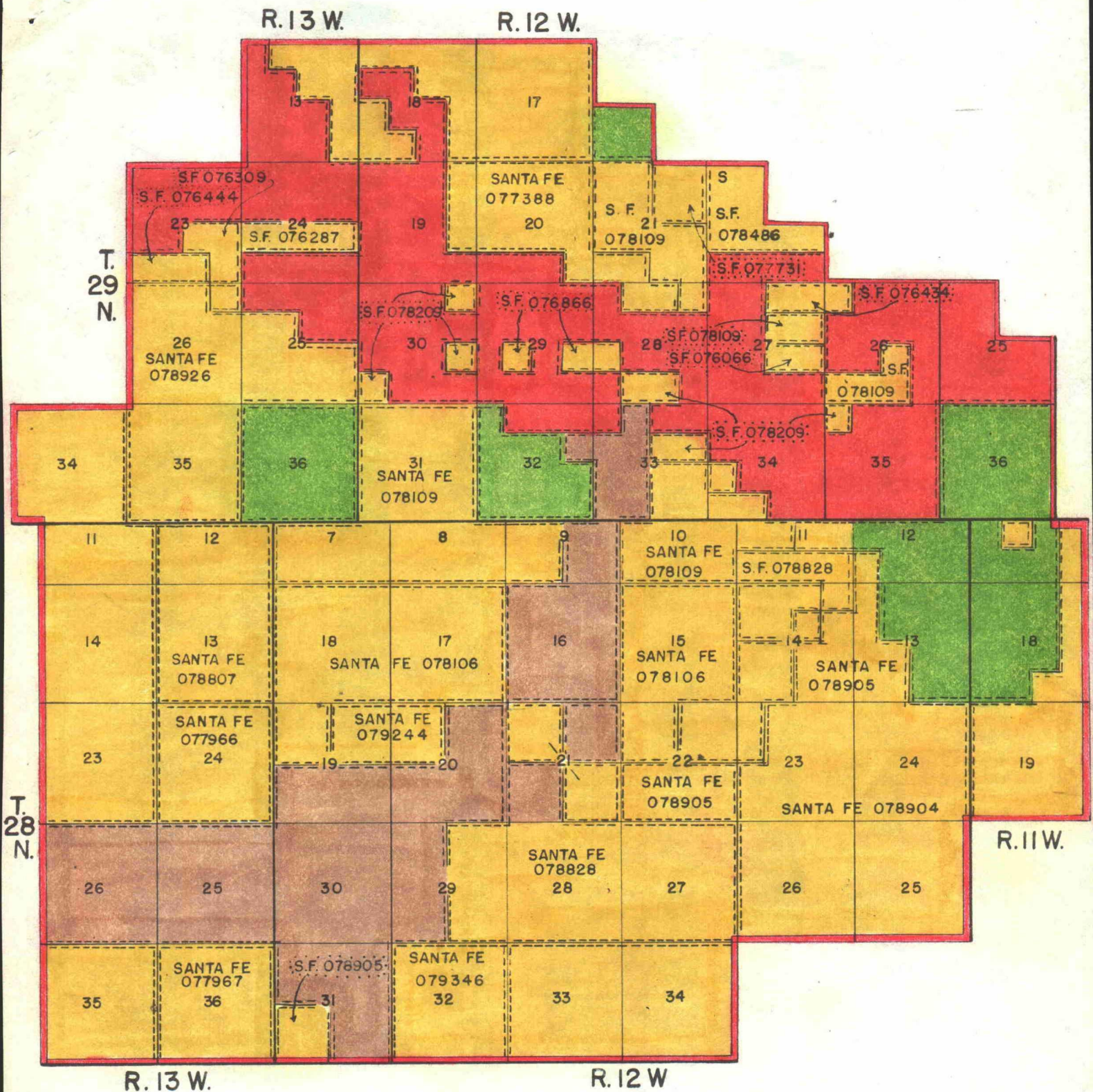
Q Do you believe that the approval of the unit agreement and the operation of the property under it would be for the best interest of the State of New Mexico?

A I do.

Q Now, has this unit agreement been submitted to the Geological Survey of the United States?

A The United States Geological Survey has given its prelimi-





- UNIT AREA
- LEASE BOUNDARY
- FEDERAL LAND
- NAVAJO INDIAN ALLOTTED LAND
- STATE LAND
- PATENTED LAND

PROPOSED UNIT

**GALLEGOS CANYON AREA**

SAN JUAN COUNTY, NEW MEXICO

nary approval of the unit agreement and has designated the area as being logically subject to unitization.

Q Have you with you the executed copies of the unit agreement?

A We have an executed copy of the unit agreement.

Q Have you the numerous copies - get one of them - that is the one we want. Before we go into that, will you state in a general way, have you attached to the application the schedule showing the various ownerships in the area or attached to the unit agreement submitted. Is that statement correct?

A Yes, sir. This is Exhibit B to the unit agreement.

MR. SETH: I would like to definitely offer it in evidence at this time.

MR. SHEPARD: It will be accepted.

A We have an up-to-date copy. I am afraid that one is out of date.

Q Get one. I don't mean what is committed. This shows the actual ownership.

A That is out of date.

Q Yes.

A We have the correct one in this agreement here.

MR. SETH: Mark those Exhibits 2 and 3 if you please.

(Documents, marked "Exhibits 2 and 3", for identification.

A Mark Exhibit 4, also.

MR. SETH: Exhibits 3 and 4 are maps.

(Map, marked as "Exhibit 4", for identification.)

Q I hand you Exhibit 2 and ask you to state if that represents the various interests that have been committed to the unit agreement that was signed up?

A Exhibit 2 is a schedule showing interest committed to the unit and is broken down by royalty interest, working interests fully committed interests for each tract.

Q By fully committed, you mean both royalty and working interests?

A Both royalty and working interests.

Q On the last page is there a summary?

A There is one qualification that we need to make.

Q All right.

A In a few cases, the record lease owner is not the same as the working interest owner and we do not have all of the commitments from the lease owners of record. This is just a formality but we probably will have them within a week or so.

Q You have the real working interests, however?

A We have the real working interest owners committed.

Q Will you give the tabulation at the end of it without reading the whole thing.

A The summary of the land committed royalty interest, 33,649.60 acres; working interest, 35,120.25 acres; fully



committed interest, 33,649.60 acres. The unit area embraces a total of 39,324.351 acres, which gives the following percentage commitments: Royalty interest, 85.6%; working interest, 89.3%; fully committed interest, 85.6%.

Q Are there some additional acreage fully committed that signatures are on the way and not yet received?

A We have additional commitments of 618 acres from companies and individuals whose papers we understand are in the mail to us now. That gives a total of 90.9% working interest commitments and 87.1% fully committed interest.

Q We offer in evidence this Exhibit 2.

CHAIRMAN SHEPARD: It will be accepted.

Q I hand you Exhibit 3 and ask you to state is that a map of the area and does it show the working interest committed to the unit?

A Exhibit No. 3 is a map of the unit area and is colored in yellow to designate commitments of working interest owners.

MR. SETH: We offer this in evidence.

CHAIRMAN SHEPARD: It will be accepted.

Q Exhibit 4, that represents the fully committed interests does it not, is that map, with some exceptions.

A Exhibit 4 is a map of the unit area colored by land classifications and is cross-hatched to show fully committed interests with a few minor exceptions.

Q Will you give those exceptions, please?



A The first exception is in regard to certain lease owners of record which we discussed awhile ago. Then the following tracts: Tract No. 2, Summitt Oil Company whose papers will be in shortly; Tract No. 29 and 30, whose papers we understand will be in Santa Fe this afternoon; Tract 38, a Navajo Indian has eighteen and a half acres out of 640 acres. We have been unable to -

Q (Interrupting) He is an heir of a deceased Indian isn't he?

A Yes, he has a very minor interest. Tract 43, another Navajo Indian recently died and the will has not been probated and that represents fifty-three and a half acres out of 640 acres; Tract 44, John Bleson, another Navajo Indian has 160 acres out of 640 acres. We have located him in Utah and believe we will have him shortly. Tract 45, the same Indian who we don't have signature for under 38 has 5.33 acres out of 320. Tract 138 and 140, the papers have been executed and have been mailed to our Dallas office. Tract 142, there are 80 royalty acres out of 240 that we have not received commitment to. Tract 145, 65 royalty acres out of 106. Tract 146, 128 royalty acres out of 320. Tract 150, 30 royalty acres out of 50. Each of those last four tracts we believe that in time we will get the balance of those commitments.

MR. SETH: We offer Exhibit 4, there are exceptions of partial interest outstanding that he has referred to.

CHAIRMAN SHEPARD: It will be accepted.

Q Have you handled the procuring of signatures on these unit agreements?

A I have handled most of the correspondence and under my direction we have had representatives contact either personally or by correspondence each of the owners of interest within a unit area.

Q Everyone that has an interest either working or royalty has been given an opportunity to -

A That's correct. Even the patented land owners who have not leased their lands have an opportunity to join the unit as a working interest owner and as a royalty owner and we have several of those people who have joined the unit.

MR. SETH: I would like to have this marked please, as an exhibit.

(Document, marked as "Exhibit 5", for identification)

Q When you were testifying as to the geological situation, I intended to ask you, did you make a report on this area as to whether it was advisable to unitize it?

A I prepared a brief geological report about a year ago and set out in it some of the geological information and some of the reasons why I believe the area should be unititized.

Q Is this Exhibit 5 your report?

A Exhibit 5 is a copy of that report.

MR. SETH: We offer it in evidence.

CHARIMAN SHEPARD: It is accepted.

Q In connection with this area are there some <sup>acres</sup> 40/of state lands in this unit that have not been leased?

A There are several 40 acre tracts within the unit that have not been leased.

Q What is your intention with respect to them?

A It was our intention to ask the state to put these leases up for sale subject to the unitization.

Q In other words, they are in a restricted area. I believe all that area is restricted now.

CHAIRMAN SHEPARD: Yes, sir.

A Yes, sir.

Q And if the state wanted to go along as an operator, you are willing to give them a chance?

A I presume they have that privilege. I am afraid that is a question I can't answer.

Q You have an executed copy of the unit agreement here?

A Yes, sir, we have an executed copy.

Q It is the custom, I believe, Commissioners, to withdraw this but I want to ask him some question about it.

CHAIRMAN SHEPARD: Yes, sir.

Q I notice that you have joined in this file here the so-called operating agreement.

A Yes, sir. Ordinarily we understand the Commission does not require that the operating agreement or account agreement be filed with them.

Q That is merely an agreement between the interested parties as to the handling of the expenses and the reimbursement and the like?

A That's correct. But we had some working interest owners who requested that this agreement be filed with the Commission so we are doing that.

Q And it is made a part of this unit agreement?

A Yes, made a part of the unit agreement.

MR. SETH: I would like to have it marked temporarily. It will have to be withdrawn. It might as well be marked on the inside as Exhibit No. 6.

(Document, marked "Exhibit No. 6" for identification.)

Q This unit agreement in the main follows the form that has been approved by the Commission, does it not?

A Yes, sir, it does. The form of the unit agreement has been approved by the State Land's Commissioner.

Q It contemplates the drilling of a well and thereafter the development plan to be agreed upon by both State and Federal does it not?

A That's correct.

MR. SETH: I believe that is all.

CHAIRMAN SHEPARD: Any questions, Mr. Morrell?

MR. MORRELL: No questions.

CHAIRMAN SHEPARD: No questions. You will be excused. Thank you.

(Witness excused.)

MR. SETH: That is all the evidence we want.

MR. BOND: I would like to make a statement in regard to this case. L. H. Bond, with Stanolind Oil and Gas

Company. Stanolind has committed a large number of leases to this unit. Our interest being approximately the same as Benson and Montin. I would like to add, Stanolind's request to that of Benson and Montin for the Commission's approval of this unit.

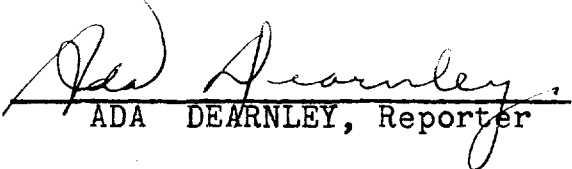
(Recess.)

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STATE OF NEW MEXICO    )  
                              :   SS.  
COUNTY OF BERNALILLO   )

I HEREBY CERTIFY, that the foregoing and attached transcript of hearing in Case No. 247, before the Oil Conservation Commission on April 24, 1951, at Santa Fe, New Mexico, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, this 8th day of May, 1951.

  
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ADA DEARNLEY, Reporter

BEFORE THE  
OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO  
PROCEEDINGS

The following matter came on for consideration before a hearing of the Oil Conservation Commission of the State of New Mexico, pursuant to notice at Santa Fe, New Mexico on December 28, 1950 at 10:00 a.m.

NOTICE OF PUBLICATION  
STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

The State of New Mexico by its Oil Conservation Commission hereby gives notice pursuant to law and the Rules and Regulations of said Commission promulgated thereunder, of the following public hearing to be held December 28, 1950, beginning at 10:00 o'clock A. M. on that day in the City of Santa Fe, New Mexico, in the Capitol (Hall of Representatives).

STATE OF NEW MEXICO TO:

All named parties in the following  
case and notice to the public:

Case 247:

In the matter of the application of Earl A. Benson and William V. Montin for the approval of the Gallegos Canyon Unit Agreement embracing 39,324.51 acres of land in Township 28 North, Ranges 11, 12 and 13 West and Township 29 North, Ranges 12 and 13 West, N.M.P.M., San Juan County, New



Mexico.

GIVEN under the seal of the Oil Conservation Commission  
of New Mexico, at Santa Fe, New Mexico, on December 4, 1950.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

SEAL

/s

R. R. Spurrier  
R. R. SPURRIER, SECRETARY

BEFORE:

Honorable R. R. Spurrier, Secretary.

- - - - -

MR. SPURRIER: Let the record show that I am sitting  
for the purpose of taking the record only and that Mr. Oliver  
Seth is present for the applicant.

MR. SETH: I move that the hearing be continued until the  
25th day of January 1951 at which time all the necessary  
information will be compiled and ready for presentation to  
the Commission.

MR. SPURRIER: In other words, you are making the motion  
to continue for reason of lack of information?

MR. SETH: Yes, in order to secure additional information  
to complete the case.

MR. SPURRIER: I will recommend to the Commission that  
the case be continued to the regular January hearing which  
will be January 25, 1951.

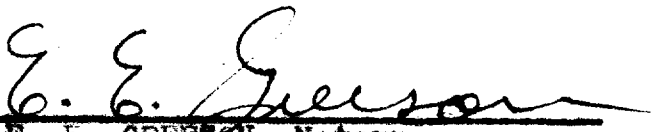
That is all.

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STATE OF NEW MEXICO     )  
                                  ) SS  
COUNTY OF BERNALILLO    )

Before me personally appeared, Ada Dearnley, who having been first duly sworn states that the foregoing and attached transcript of the proceedings of the Oil Conservation Commission on December 28, 1950 at Santa Fe, New Mexico, is a true and correct record of such proceedings to the best of her skill and ability.

DATED at Albuquerque this 4th day of January, 1951.

  
E. E. GREESON, Notary.

My commission expires:  
August 4, 1952.