

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 24, 1962
EXAMINER HEARING

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IN THE MATTER OF: :

Application of Union Oil Company of California :
for approval of the Red Tank Unit Agreement, : CASE 2485
Lea County, New Mexico. Applicant, in the :
above-styled cause, seeks approval of the Red :
Tank Unit Agreement embracing 3,680 acres, more :
or less, of Federal lands in Sections 14, 15, :
22, 23, 26, 27 and 28, Township 22 South, Range :
32 East, Lea County, New Mexico. :

----- :
BEFORE:

ELVIS UTZ, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 2485.

MR. MORRIS: Application of Union Oil Company of California
for approval of the Red Tank Unit Agreement, Lea County, New Mexico.

MR. HINKLE: Clarence Hinkle representing Union Oil
Company. We have one witness and three Exhibits.

MR. UTZ: Are there any other Appearances in this case?

MR. MORRIS: Will you stand and raise your right hand,
please? (Witness complies.) Do you solemnly swear that the
testimony you are about to give will be the truth, the whole truth,
and nothing but the truth, so help you God?

MR. PEARSON: I do.

JOHN C. PEARSON,

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, please?

A I am John Pearson.

Q Are you a graduate geologist?

A Yes, I have a Bachelor of Science Degree from Stanford University, in Geology, 1948, and a Master of Science, Stanford in 1951.

Q Have you been practicing your profession since your graduation?

A Yes, I worked for Radio American Oil Company as a geologist, from 1948 to 1950 and since '51, I have been employed by the Union Oil Company as a Geologist.

Q What is your present position?

A For the past year I have been District Engineer for Union Oil in the Southern New Mexico District.

Q Are you familiar with their operations in southeast New Mexico?

A I am.

Q Are you familiar with the Application which has been filed in this case by Union for approval of the Red Tank Unit?

A I am.

Q ~~Are you familiar with the development in that particular~~

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area and have you made a study of the geology in that area?

A Yes, I have.

Q Do you know whether or not the proposed Unit Area has been approved by the U.S.G.S.?

A It has been approved by the U.S.G.S.

(Mark Exhibit 1 for identification.)

Q Refer to Exhibit No. 1 and explain what this is.

A Exhibit No. 1 is a letter from the United States Department of Interior of the U.S.G.S. designating the Red Tank Unit.

Q What is the date of the letter? A September 19, 1961.

Q Do they designate it as an area logically subject to unitization? A They do.

Q Do they also approve the form of unit agreement?

A Yes.

(Mark Exhibit 2 and 3 for identification.)

Q Refer to Exhibit No. 2 which purports to be a geological report with the contour map attached and I will ask you whether or not that is the same report that was filed with the Application to U.S.G.S. for designation of the area?

A Yes, it is.

Q Will you explain that report, and the contour map which is attached, to the Commission?

A Briefly, the prospect involved in this plat is a stratigraphic trap involving a wedge out in the Middle Delaware sand, permeability across the structure of the nose. The map marked



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~~A is centoured on the top of the Lamar limestone, which is the~~
uppermost member of the Delaware Mountain formation or group, because of the possibility of deep wells in this area, this is the deepest horizon that can be mapped adequately for structure in this area. As shown on Exhibit A, the sub-surface data indicates the presence of an incline or plunging nose centered around Section 21 and 22A of Township 22 South, Range 32 East. There is only one deep well within the mapped area. This is a Union No. 1 Gilmore-Federal, located in Section 22 South, 32 East.

Q Did you get a showing of oil in that well?

A This well tested, at 330 feet, of heavy oil and gas cut mud on a drill stem test of the Middle Delaware Sand, 6,990 to 7,042 feet. The shut in pressure recorded on this drill stem test, 15 minute shut in pressure, came to 1,080 pounds. This is about one half the normal formation of pressure for Delaware Sand at this depth and for this reason we believe that this well, the Union No. 1 Gilmore, represents the updip regional limit of a regional permeability wedgeout of the Middle Delaware Sand within the interval involved. We also believe that this regional wedgeout of permeability transverse north, south and crosses the structure shown on Exhibit A, thus forming a stratigraphic trap, which we believe should be productive within the area of the unit outlined.

Q Is the unit outline shown on Exhibit A, which is attached to the geological report that you referred to?



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A Yes, it is,

Q Are all the lands involved, Federal or State lands or what?

A All the lands involved are Federal lands.

Q Do you propose to drill or cause to be drilled a test well in the unit area?

A We propose to cause a well to be drilled 7500 feet in the Middle Delaware. This test is to be drilled in the southwest of the northwest of Section 22, 22 South, 32 East.

Q In your opinion, is 7500 feet sufficient to test the Middle Delaware formation?

A In my opinion it is.

Q Is there any other comment you would like to make with respect with this Exhibit No. 2?

A I don't believe so at this time.

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

A I am.

Q Who is designated as the unit operator?

A John Trigg of Roswell, New Mexico.

Q What is the reason it wasn't Union?

A The unit outlined on this map consists of a very large number of lease holds scattered among a large number of operators. It appeared to us to be the most feasible way of testing this structure, would be to form a Federal unit and farm out to Mr. Trigg the



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proposed test we would like to have drilled.

Q Does the Unit Agreement provide for the drilling of the test well which you have mentioned?

A Yes, it does.

Q And it is to be commenced when, within six months?

A Within six months, yes.

Q Does the Unit Agreement provide for the contraction and enlargement of the unit area? A Yes.

Q Do you know whether or not all of the owners, who hold lease interests within the proposed unit area have contacted to see whether or not they would commit their acreage?

A All lease holders and I believe that approximately 95 per cent in the unit is presently committed to the Unit.

Q You can expect that much or more?

A We can expect more probably.

Q In your opinion, does the unit area cover all, or substantially all, of the geophysical anomaly involved?

A I believe that the unit involved covers it substantially.

Q And in the event of production, it would give effective control of the unit area?

A Yes, I believe it would,

Q In the event this Unit is approved and you should be successful in discovering production, state whether or not, in your opinion, it would be in the interest of conservation and prevention



of waste?

A In my opinion, it would be in the interest of conservation.

Q The production obtained, is it your opinion that under the Unit Agreement, it would promote the greater ultimate recovery of oil and gas?

A Yes, it is my opinion that it would promote the greater ultimate recovery of oil and gas.

MR. HINKLE: That is all.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Pearson, this caption down here "Proposed Antelope Ridge Unit", what does that refer to?

A That is a typographical error. Initially, when we set up the formation, or formation of this unit, we proposed to call it Antelope Ridge. It was a substitute to the Red Tank Unit and I am afraid Antelope Ridge is an error.

MR. UTZ: Are there any other questions?

MR. MORRIS: I have a few questions.

CROSS EXAMINATION

BY MR. MORRIS:

Q Mr. Pearson, do I understand that Mr. John Trigg is to be the operator of the entire Unit or just the operator of the one test well?

A He is to be the operator of the entire Unit.

MR. MORRIS: Thank you.



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

(Witness excused.)

MR. UTZ: Do you wish to enter your Exhibits?

MR. HINKLE: Yes, I would like to offer Exhibits 1, 2 and 3 in evidence.

MR. UTZ: Exhibits 1, 2, 3 will be entered into the record.

(Whereupon Red Tank Unit Exhibits 1,2,3 were admitted in evidence.)

(Five Minute recess)

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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.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this _____ day of February, 1962.

Katherine Peterson
 NOTARY PUBLIC - COURT REPORTER

My Commission expires:

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2485, heard by me on Jan. 24, 1962.

John G. [Signature], Examiner
 New Mexico Oil Conservation Commission

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