

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Hobbs, New Mexico
April 17, 1968
REGULAR HEARING

IN THE MATTER OF:

Application of Humble Oil & Refining
Company for a unit agreement, Eddy
County, New Mexico.

Case 3745

BEFORE:

A.L. "Pete" Porter, Secretary-Director
Guyton B. Hayes, Land Commissioner
David F. Cargo, Governor

TRANSCRIPT OF HEARING

MR. PORTER: We will proceed to Case Number 3745.

MR. HATCH: Case 3745. Application of Humble Oil & Refining Company for a unit agreement, Eddy County, New Mexico.

MR. HINKLE: If the Commission please, Clarence Hinkle, Hinkle, Bondurant, and Christy, appearing on behalf of the Humble Oil & Refining Company. We have two witnesses, I would like to have sworn.

(Witnesses sworn)

MR. HINKLE: We have four exhibits which we would like to have identified.

(Whereupon, Applicant's
Exhibits 1 through 4
marked for identification)

MR. PORTER: You don't plan to post any of the exhibits on the wall?

MR. HINKLE: Well, unfortunately, these are relatively small exhibits and we only have three copies of them. They didn't realize that we needed more.

MR. PORTER: I was going to suggest that if you need to, you can tape an exhibit on the wall if you have to refer to one during the testimony, but that probably won't be necessary. You may proceed.

H. WALTER PRAETORIAS

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name.

A H. Walter Praetorias.

Q By whom are you employed?

A Humble Oil.

Q In what capacity?

A As District Exploration Manager of the Midland District.

Q Have you ever previously testified before the Oil Conservation Commission?

A No.

Q Are you a graduate geologist?

A Yes, I received a --

Q Give the Commission a resume of your educational background briefly.

A I received a Bachelor of Science Degree in Geology from Washington State University and a Master of Science Degree in Geology from the University of Colorado.

Q Have you practiced your profession since graduation?

A Yes, I was employed by Ohio Petroleum Company for one year and I have been employed by Carter Oil and Humble Oil for ten years.

Q Are you familiar with Humble's operations in New Mexico?

A Yes, sir, I am.

Q Have you made a study of this particular area that is involved in the application of Humble?

A Yes, I have.

Q Are you familiar with the application of Humble in this case?

A I am.

Q What is Humble seeking to do by the application?

A Humble is seeking to form a unit for exploration of Pennsylvanian horizons for oil and gas production.

Q Refer to Exhibit 1 and explain what it is and what it shows?

A Exhibit Number 1 is a map showing the area around the proposed unit. The proposed unit is outlined in red. It's located some ten miles southwest of the city of Carlsbad and --

MR. PORTER: The small one?

A This one right here -- and five miles north of

the town of White City. The penetrations of wells in this vicinity are coded on the exhibit. The red circles indicate wells which have penetrated into the Morrow series of Pennsylvanian age and the blue circles indicate wells which have penetrated only to the Strawn series of Pennsylvanian age.

Q Has this area been designated by the United States Geological Survey as an area suitable and proper for unitization?

A Yes, it has.

Q Refer to Exhibit 2 and explain what that is.

A Exhibit 2 is a letter signed by the acting director of the United States Geological Survey, indicating that this is a logical and acceptable designation for a unit area.

Q Does it also approve the form of unit agreement?

A Yes, it does.

Q Now, refer to Exhibit 3 and explain what that shows.

A Exhibit 3 is a structural contour map, contoured on the top of the Pennsylvanian Strawn. The scale here is one inch equal 4,000 feet, again the unit area is shown by the red outline. The proposed test is shown within

that outline by the red circle. This structural map shows a pronounced southeastwardly plunging structural nose and the proposed outline is located -- the proposed unit is located along the axis of this nose.

Also indicated by the northeast-southwest trending lines here are the approximate limits of porosity development expected in the Pennsylvanian Strawn horizon.

Q Does Exhibit 3 indicate the location of your initial test well?

A Yes, it is located in Section 31 of Township 23 South, Range 26 East, the location within that section is 660 feet from the north line and 1,980 feet from the west line.

Q To what depth does Humble propose to drill the well?

A Humble proposes to drill the well to 11,500 feet in the Morrow horizon.

Q What probable producing formations will be penetrated in the drilling of this well?

A The producing horizons would be the Strawn and the Morrow.

Q Upon what information do you base your structural map?

A This map is based on the subsurface or well information in the immediate vicinity.

Q Now, refer to Exhibit 4 and explain what this shows.

A Exhibit 4 is a cross section and this cross section is indexed on Exhibit 3 from A to A prime with A being on the northwest and A prime on the southeast. This is a cross section prepared from electric logs and radioactive logs of the wells indicated on the cross section. Shown on it in blue is the limestone development expected in the Strawn horizon which is the primary objective of this test.

Q Does the proposed unit area cover all or substantially all of the geological feature or anomaly involved?

A Yes, it does.

Q In the event of production, would it give effective control of the field or pool?

A It would.

MR. HINKLE: I would like to offer in evidence Exhibits 1 through 4.

MR. PORTER: If there are no objections, the exhibits will be admitted. Does anyone have a question

of this witness?

(Whereupon, Applicant's Exhibits 1 through 4 were offered and admitted in evidence.)

MR. PORTER: Witness may be excused.

(Witness excused)

JOHN S. CRON

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name.

A John Cron.

Q By whom are you employed and in what capacity?

A I am Unitization Land Man with Humble Oil and Refining Company.

Q How long have you been with Humble?

A Approximately ten years.

Q Are you familiar with their development --

A Yes.

Q In southeastern New Mexico?

A Yes.

Q Are you familiar with the proposed unit area that's involved in this application?

A Yes, I am.

Q Are you familiar with Humble's application in this case?

A Yes, sir.

Q Has it been your duty to get together this unit agreement?

A Yes.

Q The forms of unit agreement have been filed with the application, have they not?

A Yes, they have and they are substantially the form that you approved before.

Q This is substantially the same form as the U.S.G.S. and the Commissioner of Public Lands have approved?

A Correct.

Q Where both fee, state and federal lands are involved?

A Yes, sir.

Q Who is designated as the operator of the unit agreement?

A Humble is designated as the operator.

Q Does the unit agreement provide for the drilling of an initial test well?

A Yes, Section 9 of the unit agreement provides for the drilling of the initial test well to a depth sufficient to test the Morrow series of Pennsylvanian age provided the operator is not required to drill deeper than 11,500 feet.

Q Are you familiar with the character of the lands that are within the unit area and the ownership of the oil and gas leases?

A Yes, sir. Exhibit A attached to the unit agreement shows the ownership of all the leasehold interests. There is 68 per cent Federal lands, 25 per cent State lands, and approximately 6 per cent fee lands. The working interest is owned approximately 56.25 per cent by Humble, eight and a half per cent --

MR. PORTER: What was that percentage by Humble?

A Humble 56.25 per cent.

MR. PORTER: Of the working interest?

A Yes, sir.

MR. PORTER: Go ahead.

A Pan American 8.55 per cent, Midwest 7.03 per cent, Sun 6.25 per cent, Union Oil Company of California 21.89 per cent.

Q Has Humble contacted all of the working interest

owners and invited them to participate in this unit?

A Yes, we have. We have contacted all of them.

Q Do you have any idea as to what percentage of the leasehold interests will be committed to the unit, at this time?

A We anticipate 100 per cent agreed to join.

Q In the event of discovery of unitized substances in paying quantities, in your opinion would this unit agreement be in the interest of conservation, the prevention of waste and promote the greatest recovery of unitized substance?

A Yes, I feel so.

MR. HINKLE: That's all we have.

MR. PORTER: Does anyone have a question of the witness? He may be excused.

(Witness excused)

MR. PORTER: I believe he testified that a copy of the unit agreement was attached.

MR. HINKLE: It is filed with the application.

MR. PORTER: That concludes the testimony of the Applicant?

MR. HINKLE: That concludes the testimony.

MR. PORTER: Does anyone else have anything to offer in this case Number 3745? Commission will take

the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, KAY EMBREE, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 29th day of April, 1968.


NOTARY PUBLIC

My Commission Expires:

November 19, 1971