

RS

STANOLIND OIL AND GAS COMPANY

February 29, 1952

File: GBJ-41.490

AFF 9645

Re: Folecat Canyon Unit
Chaves County
New MexicoCommissioner of Public Lands
State of New Mexico
Santa Fe, New MexicoDirector of New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

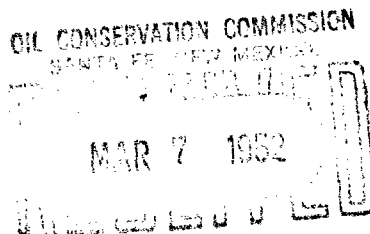
We submit to each of you for your inspection the enclosed copy of the Folecat Canyon Unit agreement together with a Geological Memorandum and a plat of the area. This Unit has been given preliminary approval by the U.S.B.S. as to area, test well depth and form of agreement.

Your informal comments on the above proposal will be greatly appreciated at this time to diminish the possibility of revision after execution of the unit is completed.

Yours very truly,

Original
Signed by C. B. JENKINSON
G. B. JenkinsonJH:as
Enclosures

COPY



C.I.L CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

April 2, 1952

**Mr. Oliver Seth
SETH & MONTGOMERY
Santa Fe, New Mexico**

Dear Mr. Seth: RE: OGC Cases 358 and 359

You will note that the Guadalupe Foothills and Polecats Canyon Unit Agreements (Stanolind Oil and Gas Company applications) have been set for hearing on April 15, 1952, as Cases 358 and 359, respectively.

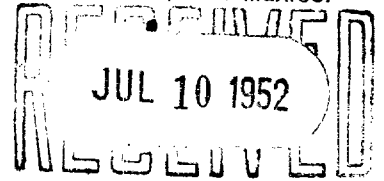
Enclosed is an informal docket sheet listing cases and continuations for the April 15 session.

Very truly yours,

**W. B. MACEY,
Chief Engineer**

WBM:mr

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SETH AND MONTGOMERY
ATTORNEYS AND COUNSELORS AT LAW
111 SAN FRANCISCO ST.
SANTA FE, NEW MEXICO

J. O. SETH
A. K. MONTGOMERY
OLIVER SETH
WM. FEDERICI
JUSTIN T. REID

July 10, 1952

359

Oil Conservation Commission
Santa Fe
New Mexico

Re: Polecat Canyon Unit
Agreement

Gentlemen:

Please find enclosed herewith an executed and approved copy of the Polecat Canyon Unit Agreement which was approved by the Commission by Order No. R-150, Case No. 359.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Oliver Seth".

OS/mds

Enc

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

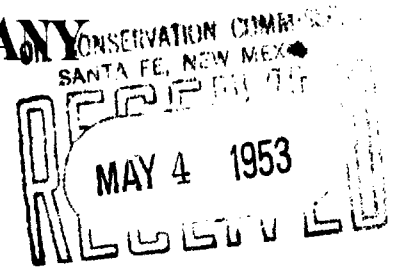
FORT WORTH, TEXAS

C. F. BEDFORD
DIVISION PRODUCTION SUPERINTENDENT

May 1, 1953

File: JTM-7125-216.99

Subject: Polecat Canyon Unit,
Chaves County, New Mexico



Oil Conservation Commission
State of New Mexico
Santa Fe, New Mexico

Gentlemen:

Attached are two copies of a letter to the Supervisor of the United States Geological Survey at Roswell, New Mexico, together with two copies of an Application wherein Stanolind Oil and Gas Company, as Unit Operator, is making application for a six-month deferment on the commencement date of a second well in the Polecat Canyon Unit Area. We believe this letter is self-explanatory. Copies of the letter and the Application are also being sent to the State Land Commission of the State of New Mexico for approval.

We would appreciate being advised of your reaction toward this deferment at your earliest convenience.

Very truly yours,

JTM/ek

STANOLIND OIL AND GAS COMPANY
FORT WORTH, TEXAS

May 1, 1953

File: JDM-7126-216.99

Subject: Polocat Canyon Unit,
Chaves County, New Mexico

AIRMAIL - SPECIAL DELIVERY

Mr. John A. Anderson
Regional Oil and Gas Supervisor
United States Geological Survey
P. O. Box 997
Roswell, New Mexico

Dear Sir:

Stanolind Oil and Gas Company, as Unit Operator of the Polocat Canyon Unit, Chaves County, New Mexico, completed the first obligatory well in the Unit on November 13, 1952, this well being a dry hole to the Siluro-Devonian formation. This well was drilled in accordance with Section IX of the Unit Agreement, and formations down to and including the Siluro-Devonian were found to be non-productive.

Prior to plugging and abandoning this well, Stanolind ran a velocity survey. At the present time, information obtained as a result of this survey is being used to re-interpret the seismic data in this area; however, such work has not been completed but should be completed in the near future. Upon completion of this work, Stanolind, as Unit Operator, will then be in a position to determine whether further development is warranted in this Unit.

Section IX of the Unit Agreement further provides that the Director and Commissioner may modify drilling requirements of the Unit Agreement by granting reasonable extensions of time when, in his opinion, such action is warranted. Stanolind Oil and Gas Company, as Unit Operator, is hereby making application for a six-month deferment of the commencement date of the second test well in the Unit, as required by Section IX of the Unit Agreement. We are attaching six copies of this Application.

As the commencement date for this second well in the Polocat Canyon Unit Area is May 13, 1953, we would appreciate being advised of your decision on this matter at your earliest convenience.

Very truly yours,

COPY

to
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New Mexico
OIL CONSERVATION COMMISSION

GOVERNOR EDWIN L. MECHEM
CHAIRMAN
LAND COMMISSIONER E.S. WALKER
MEMBER
STATE GEOLOGIST R.R. SPURRIER
SECRETARY AND DIRECTOR



P. O. BOX 871
SANTA FE, NEW MEXICO

May 4, 1953

MEMORANDUM

To: Mr. Spurrier
From: George Graham
Re: Polecat Canyon Unit, Chaves County.

The Polecat Canyon Unit is in the general vicinity of the Red Store covering what has long been known locally as Polecat Canyon where the Roswell-Tatum highway goes up the hill.

The Oil Conservation order approving the unit was dated May 1, 1952 - the Land Office certificate was dated April 17, 1952 and the U.S. Geological Survey approved it on June 13, 1952. Six months after the latter date, Stanolind, the operator, should have commenced the first well which they recite that they did; drilled at something over 11,000 feet to the Siluro-Devonian formation. The well was a dry hole. The operator asserts that this well was completed November 13, 1952. The second well, under the terms of the agreement is therefore to be commenced May 13, 1953 under the provisions of Sec. 10 of the agreement.

Stanolind of course spent considerable money on this dry hole and are now trying to re-interpret the seismic, geophysical, data and determine whether or not with-in the applied for 6 month extension they wish to continue the unit.

Examination of the plat indicates that about 80% of the area is state land, 10% privately owned, 10% Federal.

For your information we were unable to find in our files the C-101 or any other information with reference to the well supposed to be in the SE/4 SE/4 of Section 28, Twp. 10S, Rge. 31E.

A casual examination of the area indicates that most of the state acreage covered by "B" leases, will doubtless expire in the near future.

The seismic maps indicate that Stanolind has drilled on the lower anomaly for a dry hole. There are two more closures northward within the unit, the upper of which is apparently on state land.

Memo. to Mr. Spurrier, p. 2

I am not informed as to the policy of the Commissioner as to his present practice of extending these units under authority of Sec. 10 but, since the operator has spent considerable money on the dry hole and doubtless will elect to drill on the upper end of the unit within the requested 6 month extension, I do not feel that it will be objectionable to approve the extension subject of course to the Land Commissioner and the U. S. G.S. approval.

It is doubtful if the operator could actually commence a well legitimately between now and the 13th of this month. Failure to commence before that date in absence of a requested extension would of course terminate the unit.

Case 359

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

May 5, 1953

C
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Stanclind Oil & Gas Company
P. O. Box 1410
Ft. Worth, Texas

Attention: Mr. C. F. Bedford

Gentlemen:

RE: Extension, Polcat Canyon Unit,
Chaves County, New Mexico

Please be advised that I have carefully examined your application for six months extension of time for commencement of a second well on the Polcat Canyon Unit.

Subject to the approval of the Land Commissioner and the Oil and Gas Supervisor, I approve this particular application for the following reasons:

1. An expensive first well on the southernmost closure within the unit resulted in a dry hole on state lands.
2. The geological evidence adduced at the hearing of the original case indicates that there are two additional closures which have possibilities of production lying north of the dry hole which should be tested in the interest of state land exploration.

It is assumed that this office will be provided within a reasonable time the pertinent results of the study you are making to reinterpret the seismic data of the unit; and, if the same offers no encouragement, the unit will be voluntarily terminated.

Very truly yours,

R. R. Spurrier
Secretary - Director

RRS:mr

cc: State Land Commissioner, Santa Fe
U. S. Geological Survey, Roswell

STANOLIND OIL AND GAS COMPANY

OIL AND GAS BUILDING

FORT WORTH, TEXAS

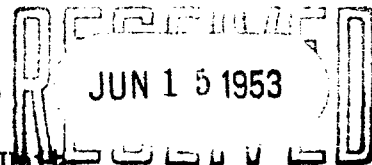
C. F. BEDFORD
DIVISION PRODUCTION SUPERINTENDENT

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO.

June 11, 1953

File: JTM-7172-216.99

Subject: Polecat Canyon Unit,
Chaves County, New Mexico



Mr. R. R. Spurrier
Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Dear Sir:

Attached is an approved copy of an application for
six-months' extension of time for commencement of a second test
well under the Polecat Canyon Unit Agreement, Chaves County,
New Mexico.

Very truly yours,

JTM/ek
Attachment

STANOLIND OIL AND GAS COMPANY

STANOLIND BUILDING

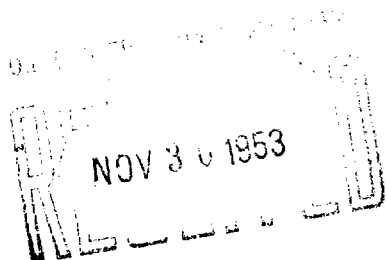
TULSA, OKLAHOMA

PRODUCING DEPARTMENT
G. B. JENKINSON
UNITIZATION MANAGER

November 20, 1953

File: GBJ-41.490

Re: Polecat Canyon Unit
Chaves County,
New Mexico
AFE-9645



Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

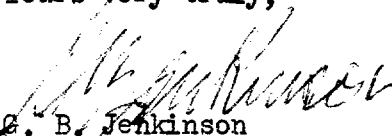
Attention: Mr. R. R. Spurrier, Secretary

Gentlemen:

Please find herewith six sets of counterparts of eight copies each of an "Application for Approval of Termination of the Polecat Canyon Unit Agreement I-Sec. No. 947", which is self-explanatory. You will note that all parties named in the application except Gulf Oil Corporation have executed counterparts of the application. The parties whose signatures are in evidence represent more than seventy-five per cent (75%), which is satisfactory compliance with Section 20 of the Unit Agreement.

Approval by the Commission and the Commissioner of Public Lands of this application is therefore respectfully requested.

Yours very truly,


G. B. Jenkinson

JM/gjc
Enclosures

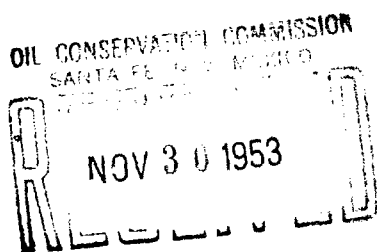
cc: Mr. E. S. Walker
Commissioner of Public Lands

*Approved 1-11-54
1-11-54
1-11-54
1-11-54*

STANOLIND OIL AND GAS COMPANY

P. O. Box 899
Roswell, New Mexico

November 27, 1953



Re: Polecat Canyon Unit
Chaves County, New Mexico
AFE-9645

Oil Conservation Commission
of the State of New Mexico
Santa Fe, New Mexico

Attention: Mr. R. R. Spurrier

Gentlemen:

Please find herewith six sets of counterparts of eight copies each of an "Application for Approval of Termination of the Polecat Canyon Unit Agreement I-Section No. 947", and letter dated November 20, 1953, from Mr. G. B. Jenkinson to Mr. Spurrier.

The Termination Agreements of this unit were inadvertently furnished the U. S. G. S. and they requested, in view of the large percentage of State lands, that we obtain approval from the State prior to approval by the Federal government.

Mr. Jenkinson states in his letter that all working interest owners have executed by counterpart the Termination Agreement. However, since this letter was written, we have been furnished executed copies by Gulf Oil Corporation and they are attached to the enclosed Termination Agreements.

After you have noted your records and approved these agreements, we respectfully request that you return the approved agreements to the undersigned at the above address. Furthermore, the U. S. G. S. advises that they require five counterparts properly approved by the State and we would appreciate if at all possible, your compliance with this request.

Very truly yours,

STANOLIND OIL AND GAS COMPANY

W. A. Blankenship, Jr.
W. A. Blankenship, Jr.

SCH/ao
Encls.

cc: Mr. E. S. Walker,
Commissioner of Public Lands

New Mexico
OIL CONSERVATION COMMISSION



GOVERNOR EDWIN L. MECHAM
CHAIRMAN
LAND COMMISSIONER E.S. WALKER
MEMBER
STATE GEOLOGIST R.R. SPURRIER
SECRETARY AND DIRECTOR

P. O. BOX 871
SANTA FE, NEW MEXICO

January 8, 1954

Memo to R. R. Spurrier and W. B. Macey

RS

Re: Polecat Unit Termination

Standind has the approval of 5760.83 acres or 92.3% of the leaseholders so there is nothing to do but approve this termination since this is in compliance with the last paragraph of Section 30.

Elvis A. Utz

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

Case 351

January 12, 1954

Re: Polecat Canyon Unit
Chaves County
New Mexico
AFE-9645

Stanolind Oil and Gas Company
Stanolind Building
Tulsa, Oklahoma

Attention: Mr. G. B. Jenkinson

Gentlemen:

We are enclosing herewith five sets of counterparts of eight copies each of an "Application for Approval of Termination of the Polecat Canyon Unit Agreement I-Sec. No. 947" which has been approved as of January 11, 1954.

Very truly yours,

R. R. SPURRIER
Secretary and Director

RRS:vc
Encls.

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STANOLIND OIL AND GAS COMPANY

MAIN OFFICE OCC

STANOLIND BUILDING

TULSA, OKLAHOMA

PRODUCING DEPARTMENT
G. B. JENKINSON
UNITIZATION MANAGER

1954 MAR 15 AM 8:42

March 16, 1954

359

File: GBJ-41.490

Re: Notice of Termination
Polecat Canyon Unit
Chaves County
New Mexico

New Mexico Oil Conservation Commission (2)
Santa Fe, New Mexico

Gentlemen:

Supplementing our Notice of Intention to terminate date November 6, 1954, we wish to advise that on March 3, 1954, effective March 1, 1954, Acting Director of the Geological Survey, Thomas B. Nolan, approved the termination of the Polecat Canyon Unit Agreement, New Mexico, I. Sec. No. 947 pursuant to the last paragraph of Section 20 thereof.

The New Mexico Oil Conservation Commission approved the termination January 11, 1954 and the New Mexico State Land Office approval is dated February 17, 1954.

We wish to thank you for your cooperation in this venture.

Yours very truly,


G. B. Jenkinson

Page 359

May 7, 1953

Stanolind Oil and Gas Company
P.O. Box 1410
Fort Worth, Texas

Attention: Mr. C. F. Bedford

Gentlemen: RE: Extension, Polceat Canyon Unit,
Chaves County, New Mexico

This will acknowledge receipt of your letter dated May 1, 1953, and your application for six months extension of time for commencement of a second well on the Polceat Canyon Unit Agreement in Chaves County, New Mexico.

In view of the reasons presented in the application, I have no objection to the requested extension, and hereby consent to the six months extension of time for commencement of a second well on the Polceat Canyon Unit on or before May 13, 1953; provided, however, like consent therefor is had and obtained from the United States Geological Survey and duly filed in this office.

Very truly yours,

E. S. WALKER
Commissioner of Public Lands

cc: U. S. Geological Survey
Roswell, New Mexico

Oil Conservation Commission
Santa Fe, New Mexico ✓

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BEFORE THE
OIL CONSERVATION COMMISSION
STATE OF NEW MEXICO
Santa Fe, New Mexico

TRANSCRIPT OF PROCEEDINGS

CASE NO. 359

Regular Hearing

April 15, 1952

BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
April 15, 1952

In the Matter of:

Stanolind's application for approval
of Polecat Canyon Unit Agreement
embracing 6,240.83 acres in Township
10 South, Range 31 East, Chaves
County, New Mexico.

Case No. 359

(Notice of Publication read by Mr. Graham.)

MR. SETH: Seth and Montgomery appears on behalf of
Stanolind Oil and Gas Company. Application in the usual form
for the approval of the unit agreement. The only unusual thing
being the name of the unit agreement.

T O M L. I N G R A M,
having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q You are the same Mr. Tom Ingram that testified in Case
358, is that correct?

A I am.

Q Are you familiar with the geology in the area which is
known as the Polecat Unit area?

A I am.

Q Would you state to the Commission the source of the geological information on this area?

A The area is located approximately 40 miles east of Roswell in Township 9 and 10, South, Range 31 East, in east central Chaves County. It is also some 13 miles northwest of the

Bagley field which is producing from the Permo Pennsylvanian and Siluro Devonian formations. It is also 12 miles north and slightly west of the Amerada No. 1 ECA. The Siluro Devonian discovery is the well in the East Caprock field which was completed for initial flowing potential of 549 barrels of oil per day. The field or the area is some five miles north and slightly east of the Hunt No. 1 Elliott currently drilling test which is making good shows of gas and distillate from the base of the Pennsylvanian. The Stanolind Seismic exploration in the area has delineated an anti clinal monal approximately five and one-half miles long and one and one-half miles wide trending in a general south direction with 150 feet of closure.

Q Does this indicate a structure within the unit boundaries?

A Yes, the outlines of the area are based on the Seismic contour as contoured on the top of the Mississippi.

Q Would you state what formations are expected to be encountered and what is the ultimate test?

A Anticipate the Cretaceous and Triassic from zero to 950 feet, Rustler-Salado from 1290 to 2020, Guadalupe 2020 to 3200, Leonard 3790, Wolfcamp from 3790 to 8570, Pennsylvanian from 8570

to 9500, Mississippian from 9500 to 10,150 feet, and the Siluro-Devonian from 10,150 to 10,620. And we believe a test drilled to a maximum of 11,000 should be sufficient to test the Siluro Devonian. These estimates are based on Amerada No. 1 ECA and the Magnolia No. 1 Lightcap.

Q Well, the Seismic data and other indication do you believe that there is a reasonable expectation of encountering production in the unit area?

A Yes, I do.

Q Is there any other testimony that you would like to give on the specific geology in the area?

A Well, by testing, by setting up a test for 11,000 feet it will not only evaluate the possibilities of the shallow horizons that are known to carry oil and gas in this area but it will also evaluate the Wolfcamp Pennsylvanian and Siluro Devonian.

Q In your opinion will the operation in this area of development as a unit lead to the greatest ultimate recovery and the best utilization of the reservoir energy?

A Yes, it will.

Q Do you believe that the operation in this area as a unit will permit the state to receive its fair share of the oil and gas that is recoverable?

A It will.

Q Do you also believe that it will promote the rapid and orderly development of the area according to the best geological

information?

A Yes, sir.

Q Is there anything further you would like to add?

A No.

MR. SETH: That is all the questions of this witness.

MR. SPURRIER: Any questions of the witness? If not,
the witness may be excused.

(Witness excused.)

E L M E R J A C K S O N,

having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. SETH:

Q Would you state your name, please, Mr. Jackson.

A Elmer Jackson. I am employed in the unitization section
of Stanolind Oil and Gas Company, Tulsa, Oklahoma.

Q Are you familiar with the Polecat Canyon Unit Agreement,
Mr. Jackson?

A Yes, sir, I am.

Q Would you state, please, in a general term, the essen-
tial provisions of the unit agreement.

A The unit agreement is in the usual form of an agreement
that has heretofore been approved by the Commission for the
exploratory type unit. It provides for participation based on
proven acreage. It provides for the commencement of the initial

test well within six months after final approval. It provides that if the well is dry a second test well will be commenced within six months unless that date is extended or the unit agreement is terminated, in accordance with its own terms. If the well is completed as a producer a plan of development is to be filed to provide for further drilling.

Q Well, first, would you state, please, the acreage in the various classifications within that area? What is the total acreage?

A The total acreage in this unit is 6,240.83 acres. Of this, 640 or 10.26 per cent are federal; 4,960.83 acres or 79.8 per cent are state, and 640 or 10.26 per cent are patented lands.

Q Do you have available a map that shows the ownership within the area?

A I have.

MR. SETH: We would like to offer this as Stanolind's Exhibit No. 1.

MR. SPURRIER: Without objection it will be received.

Q Do you have with you executed copies of the unit agreement, Mr. Jackson?

A I have two copies.

MR. SETH: We would like to offer these two copies, executed copies, to the Commission, reserving the right to withdraw them later and substitute copies not executed.

MR. SPURRIER: Very well.

Q Would you state, Mr. Jackson, please, the proportion in the three categories of acreage committed.

A At present there is 68.6 per cent of the interest committed. We have reasonable expectations that an additional ten and one-quarter per cent will be committed, and we are awaiting decisions on interest covering an additional 10.6 per cent. We have not yet been able to contact the owners of 2.56 per cent, in that they were purchasers at the state sale on April 10 and have not yet been contacted. We have had refusals from 8.33 per cent of the owners in the unit area. I might explain that because of early lease expirations it was necessary to set that matter for hearing a little earlier than we would have liked to and as a result our commitments aren't all in. However, we do have almost 70 per cent committed at this time of the state acreage. There is presently committed 77 per cent, with an additional 6.5 per cent which will probably be committed in the very near future. We are awaiting a decision from the owners of 3 per cent of the state acreage and those parties who have not yet been contacted own $3\frac{1}{4}$ per cent of the state acreage. We have received refusals from $10\frac{1}{2}$ per cent of the state acreage.

Q Does the agreement contain the usual provision that other interested owners may join at later date if they wish to do so?

A It does.

Q Will an opportunity be given to them to join if they

wish?

A It will be.

Q Under the terms of the agreement who is to be the operator?

A Stanolind Oil and Gas Company will be the unit operator.

Q Under the provisions of the agreement as presented will, in your opinion, the state receive its fair share of the oil and gas recoverable?

A It will.

Q Will operation under this unit agreement tend to promote the development of this area and be in the best interest of the State of New Mexico?

A Yes, sir.

Q Do you also believe that the unit operation as provided in this agreement will lead to orderly and rapid development of the area and the best ultimate recovery?

A Yes, sir.

Q Anything further on this agreement that you would like to comment on?

A I think of nothing.

Q Did Mr. Bond name this agreement, do you know?

A I am afraid Mr. Bond is not responsible for that.

MR. SETH: That is all the questions we have.

MR. SPURRIER: Any questions of the witness? If not, the witness may be excused and the case will be taken under

advisement.

The Commission has agreed to recess for that case until tomorrow at 10 o'clock. Therefore, the next case on the Docket is Case 361.

(Witness excused.)

STATE OF NEW MEXICO)
 :
COUNTY OF BERNALILLO)

I HEREBY CERTIFY that the foregoing and attached transcript of hearing in Case No. 359 before the Oil Conservation Commission, State of New Mexico, at Santa Fe, on April 15, 1952, is a true and correct record of the same to the best of my knowledge, skill and ability.

DATED at Albuquerque, New Mexico, this 23rd day of April, 1952.


REPORTER