

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 27, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Frank Darden for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Cowtown Unit Area comprising 280 acres, more or less, of State land in Sections 13 and 24, Township 18 South, Range 28 East, Eddy County, New Mexico.

Case No. 3059

BEFORE: Elvis A. Utz, Examiner.

TRANSCRIPT OF HEARING

DEARNLEY-MEIER REPORTING SERVICE, Inc.

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PHONE 325-1182

**SANTA FE, N. M.
PHONE 983-3971**

ALBUQUERQUE, N. M.
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MR. UTZ: The hearing will come to order, please.

Mr. Morris, is it your intention to request the consolidation of these next few cases?

MR. MORRIS: No, sir, we would like to present them separately. Off the record just a minute.

(Whereupon, a discussion was held off the record.)

MR. UTZ: Let's call Case 3059. If you wish to make a motion on 3060 you can do it at the time we call it.

MR. DURRETT: Application of Frank Darden for a unit agreement, Eddy County, New Mexico.

MR. MORRIS: If the Examiner please, I am Richard Morris of Seth, Montgomery, Federici and Andrews, Santa Fe, New Mexico, appearing on behalf of the Applicant, Frank Darden. Mr. Darden is present and I ask that he be sworn at this time, please.

(Witness sworn.)

FRANK DARDEN

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

DIRECT EXAMINATION

BY MR. MORRIS:

(Whereupon, Applicant's Exhibit No. 1 was marked for identification.)

Q Mr. Darden, please state your name and where you live.



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A My name is Frank Darden. I live in Fort Worth, Texas.

Q What is your profession, Mr. Darden?

A Petroleum engineer.

Q How are you employed at the present time?

A I'm a consulting petroleum engineer for myself.

Q Have you previously testified before this Commission or one of its Examiners?

A Yes, sir.

Q In what connection, Mr. Darden?

A As Manager of Operations for Newmont Oil Company.

Q Since the time you last testified before the Commission you have become a consulting engineer?

A That's correct.

Q Are you here before the Commission on your own behalf or in some representative capacity at this time?

A I am here in my own behalf and also representing the other working interest owners under the proposed unit.

Q What is it that is sought by the application in Case 3059, Mr. Darden?

A We are seeking approval of the Cowtown Unit Area, which comprises 280 acres, more or less, of State land in Sections 13 and 24, Township 18 South, Range 28 East in Eddy County, New Mexico.

Q Referring to what has been marked as Exhibit No. 1



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in this case, what is that exhibit, Mr. Darden?

A That is a map which shows -- oh, excuse me, that's the unit agreement for the proposed unit.

Q Refer to Exhibit A, which is an attachment to the unit agreement, Mr. Darden, and state what that is.

A That is a map which shows the location of the proposed unit acreage in relation to other producing properties in the Artesia Pool.

Q Is the unit area outlined on that plat?

A Yes. It's outlined in a dark, heavy line.

Q Are the locations of existing wells also shown?

A They are.

Q Referring now to Exhibit B to the unit agreement, would you go through that exhibit and name the working interest owners in your proposed unit area?

A As shown in Exhibit B, the working interest owners are as follows: Frank Darden, A. E. Daaman, G. E. Engleman, Clark B. Cummins, I. L. Van Sant and Myron A. Smith. The Exhibit B shows the percentage of working interest which each of these individuals own in each tract.

Q Of the working interests in your proposed unit, Mr. Darden, how many are firmly committed to this unit?

A One hundred percent of the working interest has executed



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the unit agreement.

Q Now, the land in this unit is all State land, is that correct?

A That's correct.

Q Has the form of your unit agreement been submitted to the State Land Office for approval?

A It has.

Q What's been the result of that submission?

A It has been approved as to form.

Q Concerning overriding royalty interest in this unit, could you go through tract by tract and give the Examiner some idea of the participation to be expected and the commitment to the unit at this time?

A Yes, sir. At this time Tract No. 1 has only 2.79577 percent of the unit participation not committed. Tract No. 2 has no participation which is not committed. Tract No. 3 has .99031 percent of the participation not committed. Tract No. 4 has 1.50473 percent of participation not committed. Tract No. 5 has .2166 percent of participation not committed. The total uncommitted participation for the unit area is 5.5074 percent.

Q Of the overriding royalty interest not committed at this time, have any interests actually refused to join your unit?

A No, sir.



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Q Do you still hope to get them?

A We expect to have all of the overriding royalty interest committed but there has been some delay in receiving some of the approvals.

Q Referring now to the unit agreement itself, Mr. Darden, who is designated as unit operator?

A Frank Darden is designated as unit operator in Article No. 5 of the unit agreement.

Q What are the unitized formations?

A The unitized formation is all productive zones to a depth of 400 feet below the top of the San Andres. This is further described in Article No. 4 and Article No. 1-D of the unit agreement.

Q Are there provisions contained in the unit agreement concerning tract qualifications?

A Yes, Article 12 of the unit agreement determines the terms necessary for qualification of a tract.

Q That's based upon percentage of working interest and royalty interest in each given tract, is that correct?

A Yes, sir.

Q Based upon the provisions of Article 12, what is the status of each tract in the unit agreement as to its qualification at this time?



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A All tracts are qualified with the exception that we are presently securing approval by the lessee of record of one tract, who owns no working interest in the tract, but is still carried as lessee of record. All tracts are qualified as pertaining to the percentage of working interest and overriding royalty which is necessary.

Q And this is all conditioned upon your obtaining final approval of the State Land Office?

A That's correct.

Q Are there provisions in the unit agreement with respect to the effective date of the agreement?

A Yes, sir. Article No. 23 specifies the effective date of the unit, which will be at 7:00 A.M. on the first day of the month following approval of the unit agreement by the Land Commissioner.

Q And upon other conditions therein specified?

A Yes.

Q For what purpose do you intend and wish to unitize this area, Mr. Darden?

A We want to form this unit in order that we may institute a workable waterflood development plan and protect correlative rights of one and two-well leases that will be encompassed by the unit.



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Q In your opinion will the formation of the unit accomplish those purposes and enable you to conduct the waterflood project in this area protecting correlative rights?

A Yes, sir.

Q Was the unit agreement, being Exhibit No. 1, prepared either by you or under your direction?

A It was.

MR. MORRIS: We offer Exhibit 1 into evidence at this time.

MR. UT1: Without objection, Exhibit 1 will be entered into the record in this case.

(Whereupon, Applicant's Exhibit No. 1 was admitted in evidence.)

MR. MORRIS: That's all I have at this time.

MR. UT2: Any questions of the witness? The witness may be excused.

(Witness excused.)

MR. UT2: Are there any statements in this case? The case will be taken under advisement.



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

I, ADA DEARNLEY, 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 8th day of June, 1964.

Ada Dearnley
NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is a complete record of the proceedings in the New Mexico hearing of Case No. 3059, heard to me on *May 27*, 1964.

Ernest A. [Signature], Examiner
New Mexico Oil Conservation Commission

