

dearnley, meier & associates

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

May 23, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Clayton W.
Williams, Jr. for a unit
agreement, Eddy County,
New Mexico.

Case No. 4973

BEFORE: Elvis A. Utz,
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Case 4973: Application of Clayton W.
2 Williams, Jr. for a unit agreement, Eddy County, New Mexico.

3 MR. EATON: Paul Eaton, of the firm of Hinkle,
4 Bondurant, Cox and Eaton, Roswell, representing the Applicant.
5 We have two witnesses.

6 MR. UTZ: The same two witnesses?

7 MR. EATON: One is the same.

8 MR. UTZ: Let the record show that Mr. Griffin
9 was sworn in the previous case.

10 * * * *

11 KENNETH GRIFFIN,
12 was called as a witness, and having been already duly sworn
13 according to law, testified as follows:

14 DIRECT EXAMINATION

15 BY MR. EATON:

16 Q Will you state your name and occupation, please?

17 A K. H. Griffin, independent petroleum landman.

18 Q Have you been employed by Clayton W. Williams, Jr. in
19 this matter?

20 A Yes.

21 Q You are familiar with this application, Mr. Griffin?

22 A Yes, I am.

23 Q What does the Applicant seek by this application?

24 A He seeks to form a Federal and State exploratory type
25 unit in Township 22 South, Range 31 East, Eddy County,

1 New Mexico.

2 Q Directing your attention to Exhibit One, please explain
3 that exhibit.

4 A Exhibit One is a plat, a land plat, showing the area,
5 the outlined area proposed for unitization. In
6 addition in the extreme northwest portion of the map,
7 there is a dotted line through Section 6. This is
8 the oil-potash area as defined in Orders R-111-A
9 through R-111-H.

10 The R-111-A area is to the west of this line.
11 It shows the northwest portion of the unit proposal
12 as completely outside of the R-111-A area.

13 Q What is the orange dot on the exhibit?

14 A That's the tentative well location.

15 Q Directing your attention to Exhibit Two, please explain
16 that exhibit.

17 A Exhibit Two is a chart of ownership showing the land
18 ownership, the leasehold ownership, the basic royalty--
19 overriding royalties, the lessee of record, and the
20 working interest percentage for each tract involved.

21 Q What is the breakdown between Federal land?

22 A In this case, there are twelve Federal tracts totalling
23 93.7 percent of the area. There are two State tracts,
24 or 6.3 percent, for a grand total in the unit of
25 10,158.23 acres.

- 1 Q There are no private tracts in here?
- 2 A No, not in this particular unit.
- 3 Q Has this proposed unit area been informally approved
- 4 by the Commissioner of Public Lands?
- 5 A Yes, it has, and that is evidenced by Exhibit Three.
- 6 Q Has the proposed unit been approved by the U.S.G.S.?
- 7 A Yes, by letter dated May 15th, 1973.
- 8 Q Is that Exhibit Four?
- 9 A Yes.
- 10 Q Has the unit agreement been prepared?
- 11 A Yes, the unit agreement has been prepared.
- 12 Q Is that Exhibit Five?
- 13 A Yes, correct.
- 14 Q Has this form of agreement previously been used by
- 15 the U.S.G.S. and Commissioner of Public Lands?
- 16 A They have given it their tentative approval.
- 17 Q Who is the designated operator?
- 18 A Clayton W. Williams, Jr. of Stockton, Texas.
- 19 Q Does the unit agreement unitize all formations?
- 20 A Yes, to all depths.
- 21 Q What are the provisions with respect to the initial
- 22 test well?
- 23 A The standard provisions from the Federal unitization
- 24 form which requires six months-- it must be commenced
- 25 within six months of the date of approval. As a

- 1 factual matter, it will be started much sooner.
- 2 Q What is the objective depth of the formation?
- 3 A Fifteen thousand five hundred feet to the Saluro-
- 4 Devonian.
- 5 Q What is the plan for development after the test well
- 6 is completed?
- 7 A The six-month plan of development has been filed with
- 8 both the supervisors and the Commissioner for their
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- 10 development until the area is fully tested during its
- 11 life as outlined in the contract.
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- 13 unit agreement of the working interest owners in the
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- 15 A We have 9,278.35 acres representing 91.3375 percent
- 16 of the unit area.
- 17 Q Do you feel that this commitment will afford effective
- 18 control of the unit area?
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- 20 Two shows one tract as being open Federal land, which
- 21 in fact is not open until the last day of this month,
- 22 but it will be before the actual commencement of this
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- 24 Q Which tract number is that?
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2 Q In your opinion, Mr. Griffin, will the unit agreement
3 prevent waste and protect correlative rights and be
4 in the interest of conservation?

5 A Yes.

6 Q Were Exhibits One, Two and Five prepared by you or
7 under your supervision?

8 A Yes.

9 MR. EATON: We tender Applicant Exhibits One, Two,
10 Three, Four and Five into evidence.

11 MR. UTZ: Without objection, Applicant's Exhibits
12 One through Five will be entered into the record.

13 (Whereupon Applicant's Exhibits One through Five
14 were entered in evidence.)

15 MR. EATON: I have no further questions of Mr.
16 Griffin.

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18 CROSS EXAMINATION

19 BY MR. UTZ:

20 Q What is the total percentage joined in the unit at
21 the present time?

22 A Ninety-one point three three seven five percent.

23 MR. UTZ: Are there any other questions of the
24 witness?

25 (No response)

1 MR. UTZ: If not, the witness may be excused.
2 (Witness excused.)
3 MR. EATON: I will now call Mr. O'Brien.
4 * * * * *
5 JAMES R. O'BRIEN,
6 was called as a witness, and after being duly sworn according
7 to law, testified as follows:
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9 BY MR. EATON:
10 Q State your name and your occupation and by whom you
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12 A James R. O'Brien, I'm a petroleum consultant in Midland,
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15 Q What is your educational background?
16 A I think I have already been qualified. My educational
17 background is I have a bachelor of science degree in
18 petroleum geology from Texas A and M in 1957.
19 Q Now, have you previously testified before the Commission
20 as a geologist?
21 A Yes, I have.
22 Q Are you familiar with the application in this case?
23 A Yes, I am.
24 MR. EATON: Are the witness' qualifications
25 acceptable?

1 MR. UTZ: Yes, they are.

2 Q (By Mr. Eaton) Mr. O'Brien, directing your attention
3 to what has been marked for identification as Exhibit
4 Six, will you please explain this exhibit?

5 A Exhibit Six is a map that covers our proposed unit
6 area in Eddy County, New Mexico. The map centers on
7 Township 22 South, Range 31 East, in Eddy County.

8 The map is principally a structural contour map
9 utilizing both geology and geophysics. It is contoured
10 on the Lower Saluro-Devonian formation. In addition,
11 we have isopack contours of the Morrow sand. We have
12 a read-out line on the map that outlines our proposed
13 unit area, and the principal, key control wells are
14 indicated on the map in little red circles.

15 We have left off all other shelf control on the
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17 The map, as I have stated, is contoured on the
18 Lower Saluro-Devonian. The contour is almost entirely
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20 supervision and the contours were drawn by myself.

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22 with approximately 450 feet of closure. I interpret
23 the closing contours as being approximately minus
24 11,950 feet sub-C depth. The anticline is generally
25 east to west more or less parallel to the dip into

1 the Delaware Basin.

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3 sufficiently complete. We have velocity data, and
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12 and the Strawn algae mound exist, as I have interpreted
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1 Permean Basin, particularly in the Pennsylvanian and
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3 I have studied the rock sections encountered,
4 for instance, in the Phillips No. 1 James Ranch and
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6 Phillips well and in the south in the wells that have
7 been drilled there.

8 Sample studies have revealed that in the immediate
9 area of the prospect as being what appears to me to
10 be shelf edge rock, high energy carbonate; and to
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14 The Phillips James Ranch Well had a shale section
15 which was predominantly clean dolomite. I feel the
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17 pounds, and a very good gas show, indicates to me
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19 south, the No. 1 well that was drilled a number of
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23 Morrow sands drain across this area, and are associated
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25 destruction of the marine delta systems both in the

1 northeast and southwest of the prospect area.

2 I anticipate in excess of 100 feet of net clean
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5 A By the terms of our agreement, we propose to commence
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7 Q And do you know how long that will take to drill?

8 A It will take 120 to 160 days, depending upon what
9 kind of trouble we encounter in the area.

10 Q Do you have any opinion to approximate the cost of
11 the well?

12 A Yes, it will be, we anticipate, eight hundred to
13 \$850,000.

14 Q One other question. What considerations lead to the
15 selection of the proposed well site?

16 A We have a seismic line which transverses northeast-
17 southwest over the prospect area, and the quality,
18 as we move into the unit area, gets a little bit
19 poorer as we come up to the top of the structure, and
20 we interpret it as being high in the north half of
21 the northeast.

22 However, our best data is line GPI which
23 transverses northwest-southeast, and our proposed
24 location is between those two spots where I feel the
25 data quality is excellent.

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Q Was this exhibit prepared by you or under your supervision?

A Yes.

MR. EATON: We offer Applicant's Exhibit Number Six into evidence.

MR. UTZ: Without objection, it will be entered into the record.

(Whereupon Applicant's Exhibit Six was entered in evidence.)

MR. EATON: We have no further questions, Mr. Examiner.

MR. UTZ: Are there any questions of the witness?

(No response)

MR. UTZ: He may be excused.

(Witness excused.)

MR. UTZ: Are there any statements in this case?

(No response)

MR. UTZ: Case 4973 will be taken under advisement.

* * * *

I N D E XWITNESSPAGE

KENNETH GRIFFIN

Direct Examination by Mr. Eaton

3

Cross Examination by Mr. Utz

7

JAMES R. O'BRIEN

Direct Examination by Mr. Eaton

8

E X H I B I T SEXHIBITADMITTEDOFFERED

Applicant's #1	Land plat	7	4
Applicant's #2	Chart of ownership	7	4
Applicant's #3	Letter from State	7	5
Applicant's #4	Letter from U.S.G.S.	7	5
Applicant's #5	Unit agreement	7	5
Applicant's #6	Contour map	14	9

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24 location is between those two spots where I feel the
25 data quality is excellent.

dearnley, meier & associates

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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

1 Q Was this exhibit prepared by you or under your
2 supervision?
3 A Yes.
4 MR. EATON: We offer Applicant's Exhibit Number
5 Six into evidence.
6 MR. UTZ: Without objection, it will be entered
7 into the record.
8 (Whereupon Applicant's Exhibit Six was entered
9 in evidence.)
10 MR. EATON: We have no further questions, Mr.
11 Examiner.
12 MR. UTZ: Are there any questions of the witness?
13 (No response)
14 MR. UTZ: He may be excused.
15 (Witness excused.)
16 MR. UTZ: Are there any statements in this case?
17 (No response)
18 MR. UTZ: Case 4973 will be taken under advisement.
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25I N D E XWITNESSPAGE

KENNETH GRIFFIN

Direct Examination by Mr. Eaton

3

Cross Examination by Mr. Utz

7

JAMES R. O'BRIEN

Direct Examination by Mr. Eaton

8

E X H I B I T SEXHIBITADMITTEDOFFERED

Applicant's #1	Land plat	7	4
Applicant's #2	Chart of ownership	7	4
Applicant's #3	Letter from State	7	5
Applicant's #4	Letter from U.S.G.S.	7	5
Applicant's #5	Unit agreement	7	5
Applicant's #6	Contour map	14	9

