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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, June 6, 1973

EXAMINER HEARING

_____	)	
IN THE MATTER OF:	)	
	)	
Application of Brunson	)	
and McKnight for a unit	)	Case No. 4982
agreement, Lea County,	)	
New Mexico.	)	
_____	)	

BEFORE: Richard L. Stamets  
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: Call next Case 4982.

2 MR. CARR: Case 4982, application of Brunson and  
3 McKnight for a unit agreement, Lea County, New Mexico.

4 MR. RICHARDSON: Randolph M. Richardson, Roswell,  
5 New Mexico, appearing on behalf of the Applicant.

6 BYRON MC KNIGHT,

7 was called as a witness and after being duly sworn, according  
8 to law, testified as follows:

9 MR. RICHARDSON: We have a geological report  
10 consisting of six parts which has been marked Exhibits 1  
11 through 6 which we would like to submit with this case.

12 MR. CARR: Do you have another copy of the exhibits.

13 MR. RICHARDSON: Yes. He has one to testify from.

14 MR. CARR: Okay. Fine, thank you.

15 DIRECT EXAMINATION

16 BY MR. RICHARDSON:

17 Q Mr. McKnight, would you please state your name and present  
18 occupation?

19 A Byron McKnight an independent oil and gas producer in  
20 Hobbs, New Mexico.

21 Q Will you please state your educational and professional  
22 background which will enable you to testify as an expert?

23 A I'm a graduate of the University of Texas with a BS  
24 Degree in Geology and worked for Humble Oil and Refining  
25 Company for several years and been independant for six

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1 years.

2 Q Are you familiar with the Ojo-Chiso area and the matters  
3 of approval of the unit agreement?

4 A Yes, I am.

5 MR. RICHARDSON: Are the qualifications acceptable?

6 MR. STAMETS: They are.

7 Q Is it a form of unit agreement prescribed by the Federal  
8 Regulations and as recently approved by the Commissioner  
9 of Public Land?

10 A Yes.

11 Q Has the unit area been designated by the USGS as an area  
12 logically suitable for development under a unit map of  
13 development?

14 A Yes, it has.

15 Q Will you please tell the Commission the total number of  
16 acres within the unit area and the number and percentage  
17 of Federal lands and State lands?

18 A The total unit acreage is 5120 acres consisting of 3,840  
19 acres of Federal lands and 1,280 acres of State land.

20 Q And the State land is what, 75, 25 percent of the total  
21 area?

22 A Represents 25 percent of the total unit area.

23 Q And the Federal land is 75 percent?

24 A Seventy-five.

25 Q Would you please tell the Commission the Township and Range

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1 in which the unit is located and the approximate distance  
2 to the nearest town?

3 A The unit is located in Township 22 South, Range 34 East,  
4 Lea County, New Mexico, and is some 16 miles West of  
5 Eunice, New Mexico.

6 Q Would you please refer to your geological report at this  
7 time which has been marked Exhibits 1 through 6? Was  
8 this report prepared by you or others directed under your  
9 control and supervision?

10 A Yes, it was.

11 Q Now, would you please review the report going through the  
12 name and stating the significance of such maps and cross  
13 section and --

14 A The written report discusses the various maps for the  
15 number going from shallow to deep being the Yates, Strawn,  
16 Bone Springs, and Devonian structure maps; and we have  
17 a cross section which depicts the structural and  
18 stratigraphic relationship between the nearby producing  
19 fields and the prospect area.

20 I direct your attention to the Yates structure map  
21 which is the most well-controlled structure map that we  
22 have more well-control in shallow wells.

23 Q That is Exhibit Number 2?

24 A The location of the proposed well will be 1980 feet from  
25 the North line and 660 feet from the West line of Section

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23 which you will note is on the crest of the Yates structure and will be subsequently demonstrated on the crest of the other structures.

This is basically a seismic prospect. The seismic work was done by Mr. MacMillan consulting geologist of Roswell, New Mexico; and I did the geological work that was involved with it.

The next map with depth is the Bone Spring map. This is a seismic map giving that we have no, virtually no well-control in the prospect area. We feel that we can get structurally high to the Phillips dry hole located in Section 26 on the prospect area.

Q The Bone Springs map is marked Exhibit Number 4.

A The Strawn map has been prepared for your examination.

MR. STAMETS: Exhibit Number 3 is labeled Strawn.

MR. RICHARDSON: Right. Exhibit Number 4 was Bone Springs. We got them out of order.

A The Strawn map depicts the structural configuration of the Strawn formation which will be the first or at least one of the major objectives of this test.

MR. STAMETS: We already discussed the Strawn map back in Exhibit 3. Except I think we called it Bone Springs.

THE WITNESS: Well, there is a Strawn map and there is a Bone Springs map.

1 MR. STAMETS: Which one is Exhibit 3?

2 MR. RICHARDSON: The Strawn. The Bone Springs should  
3 be Number 4.

4 MR. STAMETS: Okay. Which exhibits were you  
5 discussing now?

6 THE WITNESS: We previously discussed the Bone Springs  
7 which is Exhibit 4, and now we are discussing the Strawn  
8 which is Exhibit 3.

9 MR. STAMETS: Okay.

10 A I placed these maps in stratigraphic order and Mr.  
11 Richardson placed them in a --

12 Q As they came.

13 A The Strawn will be considered one of the major objectives  
14 for the prospect. The last map is the Devonian map which  
15 is Exhibit 5, and it's considered to be the major  
16 objective for the prospect.

17 The cross section which accompanies this report is  
18 rather large. By way of suggestion, I might suggest that  
19 you look at it some other time; but I'll be happy to go  
20 into it. It's about as big as this table, but I'll be  
21 happy to discuss it now if you like.

22 Q Well --

23 MR. STAMETS: What does it depict?

24 THE WITNESS: It depicts the structural and strati-  
25 graphic relationship between the Bell Lake structure

1 to the South which is producing Devonian gas, the Phillips  
2 dry hole in Section 26, the prospect area, and the Grama  
3 Ridge Morrow gas well which is to the North.

4 MR. STAMETS: Is that Grama Ridge Morrow off of this  
5 Exhibit Number 5?

6 THE WITNESS: No. It's the field that you just  
7 pointed to.

8 MR. STAMETS: Up to the Northwest corner of the  
9 exhibit?

10 THE WITNESS: Right.

11 Q (By Mr. Richardson) Did you draw any conclusions from  
12 your cross section?

13 A We can draw the conclusion that we think we can be  
14 structurally high to our three reference points, being  
15 the Bell Lake Field, the Phillips dry hole, and the Grama  
16 Ridge Field. This is, to reiterate, totally based on  
17 seismic.

18 MR. STAMETS: The same information that you based  
19 your structural maps on?

20 THE WITNESS: With the exception of the Yates. We  
21 have well-control for the Yates, but the rest of them are  
22 seismic.

23 Q (By Mr. Richardson) Would you please tell the Commission  
24 of the projected depth of the well?

25 A 14,600 feet. This we believe will put us several hundred

1 feet in the Devonian to adequately test the Devonian  
2 formation.

3 Q Have other working-interest owners within the unit area  
4 been contacted?

5 A Yes, they have.

6 Q Have you received any objections from any of the others?

7 A We have not.

8 Q In your opinion, what percentage of the working-interest  
9 owners will be committed to the unit and what percentage  
10 of the royalty will be committed?

11 A Well, 100 percent of the working-interest owners and all  
12 but about 5 percent of the overriding royalty owners.

13 Q And all the basic royalty will be committed?

14 A 100 percent.

15 Q In your opinion, will the operation of this area under  
16 the proposed unit manner of the operation be in the  
17 interest of conservation and prevention of waste?

18 A Yes, it will.

19 Q Will the different institutions of the State, if any,  
20 receive their fair share of production if established?

21 A Yes, they will.

22 Q In the event of production, will the correlative rights  
23 of all parties in the unit agreement be protected?

24 A Yes, they will.

25 MR. RICHARDSON: That is all I have, sir. Do you



1 have any additional? We would like to introduce the  
2 exhibits into evidence.

3 MR. STAMETS: Without objection, Exhibits one through  
4 six will be admitted into evidence. Are there any  
5 questions of the witness?

6 MR. RICHARDSON: I would like to request, sir, this  
7 unit must be signed up and the well actually drilling by  
8 June the 30th; and if it's possible, we would sure like  
9 to have your order without delay.

10 MR. STAMETS: Okay. We are running real short on  
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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO )

I, JANET RUSSELL, a 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.

*Janet Russell*  
NOTARY PUBLIC

4982  
73  
*June 6*  
*Richard L. Hammett*

I N D E XWITNESSPAGE

BYRON McKNIGHT

Direct Examination by Mr. Richardson

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E X H I B I T SOfferedAdmitted

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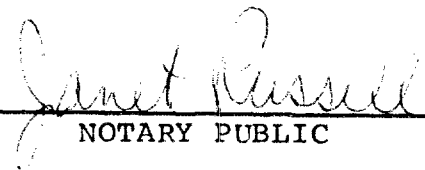
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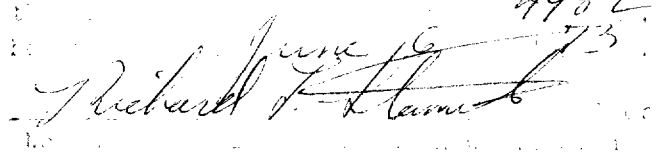
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 ) ss  
 2 COUNTY OF BERNALILLO )

3 I, JANET RUSSELL, a Notary Public, in and for the  
 4 County of Bernalillo, State of New Mexico, do hereby certify  
 5 that the foregoing and attached Transcript of Hearing before  
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 7 me; and that the same is a true and correct record of the  
 8 said proceedings to the best of my knowledge, skill and  
 9 ability.

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 11 NOTARY PUBLIC

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I do hereby certify that the foregoing is a true and correct copy of the original as the same appears in the records of the Commission.  
 4982  
 73  
  
 Richard F. Hume

dearnley, meier & mc cormick

I N D E XWITNESSPAGE

BYRON McKNIGHT

Direct Examination by Mr. Richardson

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