

dearnley, meier & associates

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 19, 1973

EXAMINER HEARING

IN THE MATTER OF:)
) Case No. 5065
The Application of Roberts,)
Koch & Cartwright for a unit)
agreement, Eddy County, New)
Mexico)
)
)

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: The next case looks like 5065.

2 MR. DERRYBERRY: Application of Roberts, Koch &
3 Cartwright for a unit agreement, Eddy County, New Mexico.

4 CHARLES KOCH,

5 a witness, having been first duly sworn according
6 to law, upon his oath testified as follows:

7 DIRECT EXAMINATION

8 BY MR. KELLAHIN:

9 Q Would you state your name, please?

10 A Charles Koch.

11 Q Are you a member of the firm Roberts, Koch & Cartwright?

12 A Yes, sir, I am.

13 Q Where are you located?

14 A Midland, Texas.

15 Q Have you testified before the Oil Conservation Commission
16 before?

17 A Yes, sir.

18 Q Made your qualifications a matter of record?

19 A Yes, sir.

20 Q Are you familiar with the Application in Case No. 5065?

21 A Yes, sir.

22 Q What is the applicant proposing in this case?

23 A Proposing to drill an exploration Federal unit comprised
24 of 10,620 acres in Township 20 South, Range 21 East, to
25 a depth of approximately 8700 feet, Upper Mississippian

- 1 Barnett shale formation.
- 2 Q Now, referring to the Exhibit No. 1 which is the form
- 3 of unit agreement, has that unit agreement been used by
- 4 the United Geological Survey Department of Interior?
- 5 A Subject to the approval of the NMOCC in the State of
- 6 New Mexico.
- 7 Q Has the State of New Mexico approved it?
- 8 A Not until I finish with you all.
- 9 Q Do you have preliminary approval?
- 10 A Yes, I do.
- 11 Q All that is waiting for the Oil Conservation Commission?
- 12 A That's correct.
- 13 Q Is there any fee land in the unit?
- 14 A None.
- 15 Q It's all Federal and State?
- 16 A Yes, sir.
- 17 Q Do you have a breakdown of what proportions are Federal
- 18 and what is State?
- 19 A It's Exhibit 1. We have approximately 14.4 percent as
- 20 State land; 85.6 percent is Federal.
- 21 Q Have all the working interest owners signed the unit
- 22 agreement?
- 23 A All except one, Kerr McGee. They have elected not to
- 24 participate in the unit.
- 25 Q Are they making any contribution to the unit?

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1 A They're making a dry hole contribution.

2 Q Does the unit agreement require the drilling of an

3 exploratory well?

4 A Yes, sir. It did.

5 Q What are the terms of drilling that well?

6 A The well is to be located in the northwest quarter,

7 Section 14, Township 20 South, Range 21 East. The footage

8 location is 660 from the west, 1980 from the north line,

9 required depth 8700 feet, test the Upper Mississippian

10 formation Barnett shale at a lesser depth.

11 Q Are there other drilling commitments contained in the

12 unit?

13 A In the unit?

14 Q Yes, sir.

15 A No, sir.

16 Q Are you operating on an agreement?

17 A Continuous development on some of the working interest

18 parties, yes.

19 Q Is that contingent upon drilling a pour on the first well?

20 A Contingent upon drilling a pour on the first well.

21 Q Have you estimated this exploratory unit? Have you made

22 a study of the geological formations involved here?

23 A Yes, sir.

24 Q And is that report contained in the Exhibits 2-A through

25 2-H, inclusive?

1 A Yes, sir.

2 Q Could we just briefly identify those exhibits?

3 A Starting with A, it's a land plat description of the
4 area.

5 Q That shows the Connier Hip Well?

6 A Correct. B is a regional Atoka-Morrow Isopachous map.

7 C is a structural map, base Pennsylvanian.

8 D is a regional cross section across the prospect
9 and so is E.

10 Q Are those based on wells in the vicinity?

11 A In the proximity, prospect. The topographical map would
12 be F. We have logs, description, scout pictures of the
13 existing wells in the proximity and this last is a
14 geological report on the proposed prospect.

15 Q Now, what is the closest well to this prospect?

16 A Producing well?

17 Q Yes, sir.

18 A About 15 miles.

19 Q There have been some dry holes drilled there?

20 A There has been one offsetting the unit within a mile in
21 recent time.

22 Q Now, have all of the overriding royalty owners agreed to
23 this?

24 A All but two.

25 Q Are they on the Kerr McGee lease?

- 1 A No. They are under a lease that they hold.
- 2 Q Do you anticipate that we will get an agreement?
- 3 A I have contacted them numerous times without response,
4 probably not.
- 5 Q What interest do they hold?
- 6 A Mr. Maurice Grundy holds a 3 percent override under
7 approximately 1000 acres. Mr. Ben Brooks has 5 percent
8 override under 280 acres.
- 9 Q Well, is their non-participation in the unit causing any
10 problem to you?
- 11 A No, sir.
- 12 Q Now, the Exhibit No. 1 which is the unit agreement, has
13 that been fully executed?
- 14 A Yes, sir.
- 15 Q This particular copy?
- 16 A Yes, sir.
- 17 Q Is the unit agreement in the form as heretofore been
18 approved by this Commission?
- 19 A Yes, sir.
- 20 Q You are familiar with Exhibit No. 1?
- 21 A Yes, sir.
- 22 Q Were Exhibits 1 and 2-A through 2-H prepared by you or
23 under your supervision?
- 24 A They were prepared by my general partner geologist.
- 25 Q Have you examined them and do they accurately represent

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the geological description?

A That's correct.

MR. KELLAHIN: At this time I'll offer Exhibit 1 and Exhibits 2-A through 2-H.

MR. UTZ: Without objection, Exhibits 1, 2-A through 2-H will be accepted into the record in this case.

Other questions of the witness?

(No response.)

MR. UTZ: The witness may be excused. Statements in the case?

MR. KELLAHIN: If the Commission please, there is a little urgency in getting this approved as soon as possible and we would appreciate if it could be handled as soon as we can.

MR. UTZ: Shouldn't take too long, Mr. Kellahin.

MR. KELLAHIN: Thank you.

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