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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, October 31, 1973

IN THE MATTER OF:

Application of Cities Service Oil
Company for a unit agreement, Eddy
County, New Mexico. Azotea Mesa
Unit of Township 23 South, Range
24 East, Eddy County, New Mexico.

Case No. 5094

BEFORE: RICHARD L. STAMETS,
Examiner

TRANSCRIPT OF EXAMINER HEARING

dearnley, meier & associates

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MR. STAMETS: Back on the record. We will call Number 5094.

MR. DERRYBERRY: Application of Cities Service Oil Company for a Unit Agreement, Eddy County, New Mexico.

MR. STAMETS: Call for appearances.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, Santa Fe, New Mexico appearing on behalf of the Applicant Cities Service Oil Company and I have one witness to be sworn.

MR. STAMETS: Any other appearances in this case?

(No response.)

MR. STAMETS: Witness, stand and be sworn, please.

ROBERT CRAWFORD,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are employed, and in what capacity?

A Robert Crawford. I am employed by Cities Service Oil Company, capacity of land man.

Q Have you previously testified before this Commission and had your qualifications accepted as a matter of record?

A No, sir.

1 Q Would you please state briefly what your educational
2 background is and employment experience?

3 A I have a BA degree in History and LLB from the
4 University of Texas Law School. I have been employed
5 by Cities Service since 1967, have been located in the
6 Midland Office for the past three and one-half years.

7 Q Have you had any previous experience in organizing
8 and preparing and producing to writing Unit Agreements?

9 A Yes, sir.

10 Q And have you had previous experience in Eddy County, New
11 Mexico?

12 A Yes.

13 MR. KELLAHIN: We submit the witness's
14 qualifications.

15 MR. STAMETS: The witness is qualified.

16 Q Would you please refer to what has been marked as
17 Applicant's Exhibit Number 1, your Unit Agreement, and
18 would you state briefly what that exhibit is?

19 A This is the Federal Unit Agreement for the Azotea Mesa
20 Federal Unit. This is a 1969 reprint of the proposed
21 form which the USGS has recommended be used for Federal
22 Units.

23 Q Will you please refer to what has been marked as
24 Applicant's Exhibit Number 2 and identify it, please?

25 A This is the Operating Agreement Model 610 Form which has

- 1 been modified for Cities Service's use as an Operating
2 Agreement covering the Azotea Mesa Unit area.
- 3 Q Would you please refer now to what has been marked as
4 Exhibit Number 3 and identify this, please?
- 5 A Yes, this is Exhibit A to the Unit Agreement. This is
6 a plat of the unit area, the Azotea Mesa Unit area.
7 This encompasses nine sections in Township 23 South,
8 Range 24 East, being Sections 4, 5, 6, 7, 8,9, 16, 17,
9 and 18. On this plat Section 16 is designated as state
10 land. The rest of the acreage is Federal land.
- 11 Q Does your proposed unit area contain any fee land?
- 12 A No, sir.
- 13 Q You have described the tracts. Now, what area of
14 ownership do you have signed up or ratified to your
15 agreement?
- 16 A Tract 16 is uncommitted to the unit. This is the
17 Dalport Oil tract in the South Half of Section 5
18 Tract 16. They are uncommitted. Getty Oil Company
19 which owns Tracts 5, 10, 12, and 13 have agreed by their
20 local office to farm out to the unit. However, they are
21 still seeking final management approval, actual
22 percentage figures on this.
- 23 Q What are the percentage figures for Dalport Oil?
- 24 A Dalport owns 4.9.
- 25 Q And Getty Oil?

1 A Getty owns 9.9.

2 Q Are there any other participants that have not ratified
3 the agreement?

4 A They have not ratified in writing, however, all of the
5 other participants have agreed orally to the agreement.

6 Q Have you obtained the minimum approval of the USGS for
7 this particular unit?

8 A Yes, sir, by letter of September 18, 1973 the USGS did
9 preliminarily approve this agreement.

10 Q And for this unit what is the unitized formation?

11 A The Morrow formation.

12 Q In your Operating Agreement now that has been identified
13 as Exhibit 2, would you please indicate for me who has
14 been designated as operator of the unit?

15 A Cities Service Oil Company.

16 Q If you will refer to what has been marked as Applicant's
17 Exhibit Number 4, please describe what this exhibit
18 contains?

19 A Exhibit B to the Unit Agreement lists all of the tracts,
20 all of the acreage to be considered to the unit area.
21 It lists the number of acres in each tract, the serial
22 number and date of expiration, the royalty ownership,
23 the percent of royalty, the leases of record, and the
24 overriding royalty owners and their percent thereof
25 and the working interest and their percent.

1 Q And it indicates the participation percentage, does it
2 not?

3 A No, sir, not on Exhibit B I don't believe.

4 Q That is the next exhibit. I'm sorry. On your Exhibit
5 B now, are there any additions or corrections to this
6 exhibit?

7 A Yes, sir, there are several corrections which we have
8 made which are not contained.

9 Q Let's refer to those corrections if you would, please.

10 A Okay, sir. On your Exhibit B, the section on Tract
11 Number 2, Thomas Allen, should be shown as having an
12 overriding royalty of five percent there.

13 Q Five percent?

14 A Yes. On Tract Number 9 the overriding royalty owners
15 are J. M. Dunbar one percent, Victor Huggins two
16 percent, Judith Holcolm two percent.

17 MR. STAMETS: Now, you are referring to the Exhibit
18 B that is in the Unit Agreement, not Exhibit B which is
19 your Exhibit 4?

20 Q Exhibit 4 is the corrected attachment to the Unit
21 Agreement?

22 A Right. Also on Tract 11 we have had a sale of that
23 override. On Tract 11, S. R. Hall owns three-quarters
24 of a percent. Thomas Allen now owns three and one-
25 quarter percent.

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MR. STAMETS: S. R. Hall owns how much?

A Three-quarters of one percent.

MR. STAMETS: And Thomas Allen owns three and one-quarter.

Q Are there any other additions or corrections?

A Yes, sir. On Tract Number 19 the overriding royalty owner is the Weiser Oil Company, five percent.

Q Are those all the corrections on your Exhibit B?

A Yes, sir.

Q Would you now, please, refer to what has been marked as Applicant's Exhibit Number 5 and identify that for us, please?

A Yes, sir. This is Page 2 of Exhibit A to the Azotea Mesa Operating Agreement, Page 2 of this agreement showing the consideration and interest of the part under the agreement. It sets out the formula for which the working interest owners will bear the cost and also receive the revenue from the wells drilled on this unit.

Q Are there any additions or corrections to that exhibit?

A No, sir, I believe this exhibit is correct as presented.

Q Would you please state briefly for me what will be the pattern of development or where will you locate your first proposed well?

A The initial test well will be located in Section 8 on Tract Number 11.

1 Q Just a moment.

2 A Section 8, Tract Number 11. The location as listed in
3 the Unit Agreement was 1,990 from the West line and
4 1,980 from the South line. That has been changed
5 slightly and it will now be located 2,280 from the West
6 line, 1,780 from the South line. That is still a legal
7 location.

8 MR. STAMETS: 1,780 and 2,280?

9 A Yes, sir.

10 Q Have these additions and corrections to the Operating
11 Agreement and the Unit Agreement been agreed to by all
12 the participants?

13 A The location has been agreed to. The changes in the
14 overriding royalty owners are just a matter of record.

15 Q In your opinion will the approval of this application
16 result in the prevention of waste and the protection of
17 relative rights?

18 A Yes, sir.

19 MR. KELLAHIN: The Examiner, please, we move the
20 introduction of Applicant's Exhibits 1 through 5.

21 MR. STAMETS: Without objection, these exhibits
22 will be admitted into evidence.

23 (Whereupon, Exhibits 1 through 5 were offered and
24 admitted.)

25 MR. KELLAHIN: That concludes our examination.

dearnley, meier & associates

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MR. STAMETS: Are there any questions of Mr. Crawford? If not, he may be excused. Do you have anything further to offer in this case?

MR. KELLAHIN: No.

MR. STAMETS: Take the case under advisement.

(Whereupon, the case was concluded.)

* * * * *

I, PEGGY COLLAROS, a Court Reporter, 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.

Peggy Collaros

COURT REPORTER

I do hereby certify that the foregoing is a true and correct copy of the transcript of the hearing held on Oct 31, 1973.
Richard L. Hunt

Examiner
New Mexico Oil Conservation Commission

dearnley, meier & associates

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I N D E X

<u>WITNESS</u>	<u>PAGE</u>
ROBERT CRAWFORD	
Direct Examination by Mr. Kellahin	2

E X H I B I T S

	<u>OFFERED</u>	<u>ADMITTED</u>
Applicant's Exhibit 1	8	8
Applicant's Exhibit 2	8	8
Applicant's Exhibit 3	8	8
Applicant's Exhibit 4	8	8
Applicant's Exhibit 5	8	8

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BEFORE: RICHARD L. STAMETS,
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2 Number 5094.

3 MR. DERRYBERRY: Application of Cities Service Oil
4 Company for a Unit Agreement, Eddy County, New Mexico.

5 MR. STAMETS: Call for appearances.

6 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox,
7 Santa Fe, New Mexico appearing on behalf of the Applicant
8 Cities Service Oil Company and I have one witness to be
9 sworn.

10 MR. STAMETS: Any other appearances in this case?

11 (No response.)

12 MR. STAMETS: Witness, stand and be sworn, please.

13 ROBERT CRAWFORD,

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

16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 Q Would you please state your name, by whom you are
19 employed, and in what capacity?

20 A Robert Crawford. I am employed by Cities Service Oil
21 Company, capacity of land man.

22 Q Have you previously testified before this Commission
23 and had your qualifications accepted as a matter of
24 record?

25 A No, sir.

dearnley, meier & associates

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- 1 Q Would you please state briefly what your educational
2 background is and employment experience?
- 3 A I have a BA degree in History and LLB from the
4 University of Texas Law School. I have been employed
5 by Cities Service since 1967, have been located in the
6 Midland Office for the past three and one-half years.
- 7 Q Have you had any previous experience in organizing
8 and preparing and producing to writing Unit Agreements?
- 9 A Yes, sir.
- 10 Q And have you had previous experience in Eddy County, New
11 Mexico?
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- 13 MR. KELLAHIN: We submit the witness's
14 qualifications.
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17 Applicant's Exhibit Number 1, your Unit Agreement, and
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20 Federal Unit. This is a 1969 reprint of the proposed
21 form which the USGS has recommended be used for Federal
22 Units.
- 23 Q Will you please refer to what has been marked as
24 Applicant's Exhibit Number 2 and identify it, please?
- 25 A This is the Operating Agreement Model 610 Form which has

1 been modified for Cities Service's use as an Operating
2 Agreement covering the Azotea Mesa Unit area.

3 Q Would you please refer now to what has been marked as
4 Exhibit Number 3 and identify this, please?

5 A Yes, this is Exhibit A to the Unit Agreement. This is
6 a plat of the unit area, the Azotea Mesa Unit area.
7 This encompasses nine sections in Township 23 South,
8 Range 24 East, being Sections 4, 5, 6, 7, 8, 9, 16, 17,
9 and 18. On this plat Section 16 is designated as state
10 land. The rest of the acreage is Federal land.

11 Q Does your proposed unit area contain any fee land?

12 A No, sir.

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14 ownership do you have signed up or ratified to your
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17 Dalport Oil tract in the South Half of Section 5
18 Tract 16. They are uncommitted. Getty Oil Company
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20 local office to farm out to the unit. However, they are
21 still seeking final management approval, actual
22 percentage figures on this.

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5 other participants have agreed orally to the agreement.

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7 this particular unit?

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9 preliminarily approve this agreement.

10 Q And for this unit what is the unitized formation?

11 A The Morrow formation.

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14 been designated as operator of the unit?

15 A Cities Service Oil Company.

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17 Exhibit Number 4, please describe what this exhibit
18 contains?

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20 all of the acreage to be considered to the unit area.
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22 number and date of expiration, the royalty ownership,
23 the percent of royalty, the leases of record, and the
24 overriding royalty owners and their percent thereof
25 and the working interest and their percent.

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1 Q And it indicates the participation percentage, does it
2 act?

3 A No, sir, not on Exhibit 3 I don't believe.

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5 3 now, are there any additions or corrections to this
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8 made which are not contained.

9 Q Let's refer to those corrections if you would, please.

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11 Number 2, Thomas Allen, should be shown as having an
12 overriding royalty of five percent there.

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15 are J. M. Dunbar one percent, Victor Higgins two
16 percent, Judith Holcomb two percent.

17 MR. STAMETS: Now, you are referring to the Exhibit
18 3 that is in the Unit Agreement, not Exhibit 4 which is
19 your Exhibit 4?

20 Q Exhibit 4 is the corrected attachment to the Unit
21 Agreement?

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23 override. On Tract 11, S. E. Hall owns three-quarters
24 of a percent. Thomas Allen now owns three and one-
25 quarter percent.

1 MR. STAMETS: S. R. Hall owns how much?

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4 quarter.

5 Q Are there any other additions or corrections?

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7 owner is the Weiser Oil Company, five percent.

8 Q Are those all the corrections on your Exhibit B?

9 A Yes, sir.

10 Q Would you now, please, refer to what has been marked
11 as Applicant's Exhibit Number 5 and identify that for
12 us, please?

13 A Yes, sir. This is Page 2 of Exhibit A to the Azotea
14 Mesa Operating Agreement, Page 2 of this agreement
15 showing the consideration and interest of the part
16 under the agreement. It sets out the formula for which
17 the working interest owners will bear the cost and also
18 receive the revenue from the wells drilled on this unit.

19 Q Are there any additions or corrections to that exhibit?

20 A No, sir, I believe this exhibit is correct as presented.

21 Q Would you please state briefly for me what will be the
22 pattern of development or where will you locate your
23 first proposed well?

24 A The initial test well will be located in Section 8 on
25 Tract Number 11.

1 Q Just a moment.

2 A Section 8, Tract Number 11. The location as listed in
3 the Unit Agreement was 1,990 from the West line and
4 1,980 from the South line. That has been changed
5 slightly and it will now be located 2,280 from the West
6 line, 1,780 from the South line. That is still a legal
7 location.

8 MR. STAMETS: 1,780 and 2,280?

9 A Yes, sir.

10 Q Have these additions and corrections to the Operating
11 Agreement and the Unit Agreement been agreed to by all
12 the participants?

13 A The location has been agreed to. The changes in the
14 overriding royalty owners are just a matter of record.

15 Q In your opinion will the approval of this application
16 result in the prevention of waste and the protection of
17 relative rights?

18 A Yes, sir.

19 MR. KELLAHIN: The Examiner, please, we move the
20 introduction of Applicant's Exhibits 1 through 5.

21 MR. STAMETS: Without objection, these exhibits
22 will be admitted into evidence.

23 (Whereupon, Exhibits 1 through 5 were offered and
24 admitted.)

25 MR. KELLAHIN: That concludes our examination.

dearnley, meier & associates

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MR. STAMETS: Are there any questions of Mr. Crawford? If not, he may be excused. Do you have anything further to offer in this case?

MR. KELLAHIN: No.

MR. STAMETS: Take the case under advisement.

(Whereupon, the case was concluded.)

* * * * *

I, PEGGY COLLAROS, a Court Reporter, 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.

Peggy Collaros
COURT REPORTER

I do hereby certify that the foregoing is a true and correct copy of the transcript of the hearing held on Oct 31 1953 at 5094 15 03
Richard J. Starnes Examiner
New Mexico Oil Conservation Commission

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ROBERT CRAWFORD

Direct Examination by Mr. Kellahin

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E X H I B I T SOFFEREDADMITTED

Applicant's Exhibit 1

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Applicant's Exhibit 2

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Applicant's Exhibit 3

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Applicant's Exhibit 4

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Applicant's Exhibit 5

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