

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 30, 1974

EXAMINER HEARING

-----)
 IN THE MATTER OF:)
)
 Application of Petroleum)
 Reserve Corporation for a)
 unit agreement, Eddy County,)
 New Mexico.)
)
 -----)

Case No. 5159

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the Com-
mission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

R. M. Richardson, Esq.
Roswell, New Mexico

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E X H I B I T S

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MR. NUTTER: Call Case 5159. Application of Petroleum Reserve Corporation for a unit agreement, Eddy County, New Mexico.

(Witness sworn.)

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

A copy of the unit agreement has already been furnished to the Commission and I have just handed the Examiner a geological report marked as Exhibits 1 through 6.

FREDERICK M. JULIAN

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

DIRECT EXAMINATION

BY MR. RICHARDSON:

Q Mr. Julian, state your name and present occupation?

A My name is Frederick M. Julian. I'm a geologist for Petroleum Reserve Corporation, Tulsa, Oklahoma.

Q Would you please state your educational and professional background which would enable you to testify as an expert in this case?

A I have a Bachelor of Science degree in geology from the University of North Dakota. I have 17 years varied experience in the oil and gas business.

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Q Are you familiar with the Wood Canyon Unit Area and a matter containing the Application to the Commission for approval of the unit agreement?

A Yes.

MR. RICHARDSON: Are the qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. RICHARDSON:

Q Is the following unit agreement best described by Federal regulations?

A Yes.

Q Has the unit area been designated by the United States Geological Survey as an area logically suitable for development under a unit plan of development?

A Yes.

Q Could you please tell the Commission the total number of acres within the unit area and the number of percentage of area in the Federal fee lands?

A There are 2,560 acres in the unit comprised of 2,200 acres of Federal land, which is 85.94 percent of the area. There are 360 acres of patented lands, which comprises 14.06 percent of the area.

Q There are no State lands within the unit area, is that correct?

A Yes, that is correct.

Q Could you please tell the Commission the Township and Range in which this unit is located and the approximate location with reference to the nearest town?

A The unit is located in Township 24 South, Range 25 East, approximately two miles northwest of White City, New Mexico.

Q Please refer to the geological report which has been introduced in this case, Exhibits 1 through 6. Was this report prepared by you or others directly under your control and supervision?

A Yes, the report was prepared by me.

Q By you?

A Yes.

Q Would you please briefly review the report referring to the maps by name indicating the significance of such maps and cross sections?

A Right. Exhibit No. 1 is the written geologic report which reviews the geology of the area and the history of wells drilled in the immediate area.

Exhibit No. 2 is the Morrow "C" sand isoporosity map. The wells are color coded as to production on the map with Wolfcamp, Strawn and Morrow being productive in the area.

Exhibit 3 is an isoporosity map of the Morrow "B" sand, again, with color coded wells and showing the limits of where we think the "B" sand goes.

I might note here that the Morrow "A" and "B" are both referred to on the cross section which is enclosed as Exhibit 6.

Exhibit No. 4 is a structure-contour map on the top of the Lower Morrow, which the mapping point in this instance was a point at 11,418 feet in the Chaparral No. 1 Juniper Canyon Well in Section 14, Township 24 South, Range 25 East.

Exhibit No. 5 is a lease-ownership map of the proposed Wood Canyon Unit area and Exhibit No. 6 is a cross section of the Morrow Unit area.

Q Would you please tell the Commission your conclusions as to the formations likely to be encountered and considered prospective for production?

A The main objective in the area, of course, is the Morrow sands. The other pays which may be encountered would be the Atoka, Strawn, Canyon and Wolfcamp.

Q Could you please give the Commission the projected depth and location for the initial test well?

A The projected depth well will be approximately 11,800 feet. The location of the well will be in the southwest

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of the northeast quarter of Section 24.

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

A They have.

Q In your opinion, what percentage of the working interest will be committed and what percentage of the royalty will be committed?

A 100 percent of the working interest and 95 percent of the royalty.

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

A Yes.

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

A Yes.

MR. RICHARDSON: We would like to enter the geological report in evidence.

MR. NUTTER: The report, including Exhibits 1 through 6, will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 through 6 were admitted in evidence.)

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MR. RICHARDSON: That was all we had. Do you have any questions?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Julian, you stated that 100 percent of the working interest has been or would be committed to the unit; is this correct?

A That's correct, will be.

Q And 95 percent of the royalty interest?

A Right.

Q The Federal Government has tentatively committed its royalty interest in the unit, I presume?

A They have designated the area, yes.

MR. NUTTER: Are there any further questions of Mr. Julian? You may be excused.

(Witness excused.)

MR. NUTTER: Anything further, Mr. Richardson?

MR. RICHARDSON: Not on this case. I have the next one.

MR. NUTTER: Does anyone have anything to offer in Case 5159? Take the case under advisement.

