

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Griffin & Burnett, Inc.) CASE
for a unit agreement, Lea County,) 5647
New Mexico.)

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 F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Robert C. Bledsoe, Esq.
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1 MR. NUTTER: We will call Case Number 5647.

2 MR. CARR: Case 5647, application of Griffin &
3 Burnett, Inc. for a unit agreement, Lea County, New Mexico.

4 MR. BLEDSOE: If you please, Mr. Examiner, my name
5 is Bob Bledsoe of the firm of Cotton, Bledsoe, Tighe, Morrow
6 and Dawson of Midland, Texas representing BTA Oil Producers
7 in this matter. Griffin & Burnett, Inc. filed the application
8 in behalf of BTA Oil Producers and we will have two witnesses
9 today, Mr. Griffin and Mr. McKenzie.

10 MR. NUTTER: What did you say your first name is,
11 Mr. Bledsoe?

12 MR. BLEDSO: Bob.

13 MR. CARR: Mr. Examiner, the record should also
14 reflect that Mr. Bledsoe is a member of the New Mexico Bar.

15 MR. NUTTER: All right.

16 (THEREUPON, the witnesses were duly sworn.)
17

18 KEN GRIFFIN

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

21

22 DIRECT EXAMINATION

23 BY MR. BLEDSOE:

24 Q The first witness will be Mr. Griffin. Would you
25 state your name, please, sir?

1 A. My name is Ken Griffin.

2 Q. What is your occupation?

3 A. I'm an independent consulting landman with the firm
4 of Griffin & Burnett in Midland, Texas.

5 Q. Have you previously testified before this Commission?

6 A. I have.

7 Q. Are those qualifications a matter of record before
8 the Commission?

9 A. Yes.

10 Q. And you have been employed by BTA Oil Producers in
11 connection with the pending matter?

12 A. I have.

13 MR. BLEDSOE: Are Mr. Griffin's qualifications
14 acceptable to the Examiner?

15 MR. NUTTER: Yes, they are.

16 Q. (Mr. Bledsoe continuing.) I will ask Mr. Griffin to
17 please refer to what has been marked for identification, sir,
18 as Exhibit One and identify that exhibit, please?

19 A. Exhibit One is the proposed unit agreement for the
20 operation of the A. Good Unit area in Lea County, New Mexico.

21 Q. Are there two separate attachments in addition to
22 the unit agreement itself?

23 A. To the unit agreement is attached Exhibit A and
24 Exhibit B, Exhibit A being a plat of the unit area, Exhibit B
25 being a scheduled ownership.

1 Q Is there a break down of the Federal and State
2 acreage in the unit?

3 A Exhibit B, at the bottom of Exhibit B, outlines
4 the tract numbers within the unit, by serial number, by acreage
5 content for the total.

6 Q Is there any fee acreage in the unit?

7 A There is no fee acreage in the unit.

8 Q Mr. Griffin, has the proposed unit area been designated
9 by the USGS as logically subject to exploration and development
10 under the unitization provisions of the Minerals Leasing Act?

11 A Yes, it has.

12 Q Has the proposed unit area been filed with the
13 Commissioner of Public Lands?

14 A It has been filed with the Commissioner of Public
15 Lands and tentative approval has been obtained.

16 Q Is this form of unit agreement which is marked as
17 Exhibit One, the type that has previously been approved by the
18 USGS and the Commissioner of Public Lands and the Commission?

19 A This unit agreement is the 1968 reprint with the
20 appropriate amendments to allow for approval by the Commissioner
21 of Public Lands.

22 Q Who is the designated unit operator?

23 A BTA Oil Producers will be the operator.

24 Q Are all of the formations to be unitized, Mr. Griffin?

25 A All of the formations will be unitized.

1 Q Will you briefly relate the provisions relating to
2 the initial test well?

3 A The unit agreement provides that we have six months
4 after approval of the unit area by both the Director, by the
5 Supervisor and the Commissioner that at that point a location
6 approved by the Supervisor if on Federal lands or by the
7 Commissioner if on State lands, will be commenced within six
8 months from that date of approval.

9 Q What is the plan of unit development subsequent to
10 the initial test well?

11 A The 1968 reprint has the standard provisions for
12 filing of six months plans of development for the operation
13 and development of the unit after the initial well is drilled.

14 Q What is the present status of the commitment to the
15 unit agreement of working interest in the proposed unit area?

16 A At this point we have one hundred percent agreement
17 among the working interest owners to the formation of this
18 unit.

19 Q Mr. Griffin, was Exhibit One prepared by you or
20 under your direct supervision?

21 A It was.

22 MR. BLEDSOE: Mr. Examiner, I move to introduce
23 Exhibit Number One.

24 MR. NUTTER: Exhibit One will be admitted into
25 evidence.

1 (THEREUPON, Applicant's Exhibit One
2 was admitted into evidence.)

3 Q (Mr. Bledsoe continuing.) In your opinion, sir, is
4 this unit agreement in the interest of conservation and will it
5 prevent waste and protect correlative rights?

6 A In my opinion it will.

7 MR. BLEDSOE: I have no further questions of the
8 witness, Mr. Examiner.

9

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Griffin, when you say you have a hundred percent
13 working interest, you have obtained tentative approval from
14 the Land Commissioner?

15 A Right.

16 Q And I missed the status of it as far as the USGS
17 is concerned.

18 A The USGS has actually issued that regular designation
19 letter that they issue and it is an area suitable for
20 unitization.

21 Q Well, the unit agreement itself they have not approved?

22 A Not approved, but it is their form that with the
23 only one insertion necessary under the equal opportunity
24 provisions you have to insert the "as amended".

25 Q And the unit agreement you are offering here today

1 as an exhibit does designate BTA as the unit operator, is
2 that correct?

3 A. That is correct.

4 MR. NUTTER: And the other witness, Mr. Bledsoe,
5 will testify as to the acreage, structure and development of
6 the exploratory well?

7 MR. BLEDSOE: Yes, sir.

8 MR. NUTTER: Are there any further question of this
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. NUTTER: Would you call your next witness, please?

12 MR. BLEDSOE: Yes, sir. Mr. McKenzie.

13
14 CHESLEY McKENZIE

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

17

18 DIRECT EXAMINATION

19 BY MR. BLEDSOE:

20 Q Mr. McKenzie, would you state your name, occupation
21 and by whom you are employed?

22 A Chesley Mckenzie, occupation, Chief Geophysicist,
23 employed by BTA Oil producers.

24 Q Have you ever testified before this Commission?

25 A No, I have not.

1 Q For the benefit of the Examiner, sir, would you
2 please state your educational background and experience?

3 A I have a college degree, B.S. and I've been in the
4 seismic business for about thirty years.

5 Q Are you presently in seismic work with BTA Oil
6 Producers?

7 A Yes, I am.

8 MR. BLEDSOE: Are the witness's qualifications
9 acceptable?

10 MR. NUTTER: Yes, they are.

11 Q (Mr. Bledsoe continuing.) Mr. McKenzie, have you
12 caused a geologic study of the proposed unit area to be made?

13 A Yes, I have.

14 Q What was the result of that study and what data did
15 you consider in connection with it?

16 A The exhibit we have made here is a Devonian map
17 showing an anticlinal feature of some six hundred feet of
18 closure, bounded on the east down to the east fault and
19 controlled on the northwest and the south by a dip. The
20 seismic lines are indicated on the map, an east-west seismic
21 line and a north-south seismic line showing Devonian values.

22 Q Are the results of your study indicated by Exhibit
23 Two which has been marked for identification, sir?

24 A Yes.

25 Q What other conclusions do you draw from this exhibit

1 Mr. McKenzie?

2 A. Well, we feel that we have an anticlinal feature
3 here in line with the Crittenden Field and Texas to the south
4 and also the Everetts Field further to the south on a trend
5 here, a good trend.

6 Q. What is your primary objective in this initial well?

7 A. The Atoka, the Devonian, the Fusselman and the
8 Ellenburger.

9 Q. When do you estimate the test well will be
10 commenced, Mr. McKenzie?

11 A. As soon as practical after approval is received.

12 Q. How long would you estimate that it will take to
13 drill this well?

14 A. Approximately six or seven months.

15 Q. Have you calculated the approximate cost of such a
16 well to, I think it's nineteen thousand, five hundred feet,
17 isn't it, the projected depth?

18 A. Right, it's around two million.

19 Q. In your opinion, Mr. McKenzie, is there a reasonable
20 expectation that this unit area would contain recoverable oil
21 or gas reserves?

22 A. Yes, it is my opinion.

23 Q. Was this Exhibit Two prepared by you or under your
24 direct supervision?

25 A. It was.

1 MR. BLEDSOE: Mr. Examiner, I move the introduction
2 of Exhibit Two.

3 MR. NUTTER: Applicant's Exhibit Two will be
4 admitted into evidence.

5 (THEREUPON, Applicant's Exhibit Two was
6 admitted into evidence.)

7 Q (Mr. Bledsoe continuing.) Will the proposed unit
8 promote conservation, prevent waste and protect correlative
9 rights, in your opinion?

10 A Yes, it will.

11 MR. BLEDSOE: I have no further questions, Mr.
12 Examiner.

13

14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. McKenzie, that first field you mentioned to the
17 south, what was the name of it?

18 A Crittenden Field, sir.

19 Q And what formation does that produce from?

20 A From the Atoka sand and I believe there is one
21 Ellenburger well in there.

22 Q Gas or oil.

23 A This is gas.

24 Q Now, the seismic structure is fairly well covered
25 by the size of the unit, is that it?

1 A. Yes, sir.

2 Q And there would be a fault on the east side there,
3 a north-south fault?

4 A. Yes, sir, we feel that there is.

5 MR. NUTTER: Are there further questions of the
6 witness? He may be excused.

7 (THEREUPON, the witness was excused.)

8 MR. NUTTER: Do you have anything further, Mr.
9 Bledsoe?

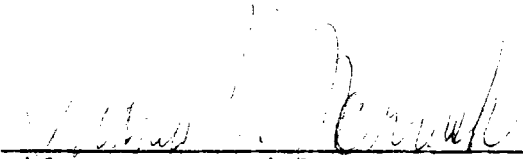
10 MR. BLEDSOE: No, sir.

11 MR. NUTTER: Does anyone have anything they wish
12 to offer in Case 5647?

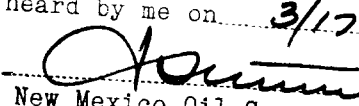
13 We will take the case under advisement and a fifteen
14 minute recess.

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 3647
heard by me on 3/17, 1976.


Examiner
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