

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 16, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corpor-) CASE
ation for a unit agreement, Eddy) 6061
County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: A. J. Losee, Esq.
LOSEE & CARSON
Attorneys at Law
300 American Home Building
Artesia, New Mexico

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1 MR. STAMETS: Call next case, Case 6061.

2 MS. TESCHENDORF: Case 6061, application of Yates
3 Petroleum Corporation for a unit agreement, Eddy County,
4 New Mexico.

5 MR. LOSEE: A. J. Losee, appearing on behalf of
6 the applicant and we have one witness.

7 (THEREUPON, the witness was sworn.)

8

9 GERALD W. BOOK

10 was called as a witness by the applicant, and having been
11 first duly sworn, testified upon his oath as follows, to-wit:

12

13 DIRECT EXAMINATION

14 BY MR. LOSEE:

15 Q. Would you state your name, please?

16 A. My name is Gerald Book.

17 Q. Do you live in Artesia?

18 A. Yes, sir.

19 Q. And what is your occupation?

20 A. I am a geologist with Yates Petroleum Corporation.

21 Q. You have not previously testified before this
22 Commission as an expert witness?

23 A. No, sir, I have not.

24 Q. Where did you attend college for your higher
25 education?

1 A. I attended Southern Colorado State College, Pueblo,
2 Colorado, where I received a Bachelor's Degree -- Bachelor of
3 Science Degree in 1971, in Geology.

4 I attended Texas Tech in June of 1971, through
5 September of 1973, in the Department of Geo-Sciences.

6 Q. And you are a candidate for a Masters?

7 A. Yes, I am. I am enrolled right now.

8 Q. Since graduating from Texas Tech in 1973, in what
9 line of work have you been engaged?

10 A. I have worked for Yates Petroleum since January of
11 1974, as a geologist.

12 Q. In southeastern New Mexico?

13 A. Yes, southeastern New Mexico.

14 MR. LOSEE: Mr. Examiner, are Mr. Book's qualifications
15 acceptable?

16 MR. STAMETS: The witness is considered qualified.

17 Q. (Mr. Losee continuing.) Are you familiar with the
18 Stinking Draw Unit area and the matters contained in this
19 application for approval of the unit?

20 A. Yes, I am.

21 Q. Is this form of unit agreement the one prescribed
22 by the Bureau of Land Management, Department of Interior?

23 A. Yes, it is.

24 Q. Has the unit area been designated by the U. S.
25 Geological Survey as logically suitable for development under

1 a unit plan?

2 A. Yes, it has. Exhibit Number Three is a letter from
3 the U. S. Geological Survey approving the Stinking Draw
4 Unit as a logical unit area and approving the unit agreement
5 which is Exhibit Number One.

6 Q. Has the Commissioner of Public Lands of the State of
7 New Mexico approved the form of the unit agreement?

8 A. Yes, he has. Exhibit Number Two is a letter from
9 the New Mexico Commissioner of Public Lands, Phil R. Lucero,
10 approving the unit agreement as to form and content.

11 Q. How many acres in the unit area are federal lands
12 and how many are state lands, or percentage, either way?

13 A. The total acreage in the unit is two thousand eight
14 hundred and eighty acres, more or less, and two thousand
15 five hundred sixty point six-four acres being federal land
16 and being eighty-eight point eight-nine percent of the unit
17 area.

18 The State of New Mexico lands are three hundred and
19 twenty acres being eleven point eleven percent of the unit
20 area.

21 Q. Okay. Now, does Exhibit A to the unit agreement
22 -- is that a map of the unit area?

23 A. Yes, it is. Exhibit A shows the Stinking Draw
24 Unit in Sections 3, 4, 9 and 10 and the north half of 16 of
25 Township 21 South, Range 22 East, in Eddy County, New Mexico.

1 Exhibit B of the unit agreement is -- the unit
2 agreement is Exhibit Number One -- is a schedule of land
3 and leases in the Stinking Draw Unit with a number of
4 leases corresponding to the tract number on Exhibit Number
5 Eight.

6 It is expected that there will be one hundred percent
7 of the working interests committed to the unit.

8 Q Now, Exhibit Four, being the geologic report on this
9 unit was that prepared by you?

10 A Yes, it was.

11 Q Would you tell the Examiner, briefly, what formations
12 might -- possible productive formations -- might be encountered
13 in drilling the initial test well?

14 A Okay. The productive formations -- the most
15 promising productive horizon in the area is the Morrow Clastics
16 zone.

17 It produces in the Hilliard Federal BF in Section 14.
18 The lower part of the log for the Hilliard Federal is on
19 Exhibit 6, which is a two-well stratigraphic section, AA
20 Prime, on Exhibit Number Five which is a structural map.

21 Other horizons in the area are the Atoka Clastics
22 and the Strawn Clastics which are sporadic sands.

23 Also, carbonate reservoirs can be -- the area is in
24 a suitable stratigraphic position for carbonate reservoirs
25 in the Cisco Canyon and the Wolfcamp.

1 So, there are a number of possible or potential
2 reservoirs along with a favorable structural position of
3 the unit. It is a highly potential hydrocarbon producing
4 area.

5 Q How is the initial test well projected -- the
6 Mississippian formation, the penetration of the Mississippian
7 lime?

8 A The initial test well will be drilled to a depth
9 of approximately ninety-five hundred feet. It will penetrate
10 the San Andres, the Glorieta, Abo and Wolfcamp formations
11 of the Permian Age and the Cisco Canyon, Strawn, Atoka
12 and Morrow of the Pennsylvanian Age and bottom in the upper
13 Mississippian.

14 Q Now, you previously testified, I believe, that you
15 expect one hundred percent of the working interest owners to
16 ratify the unit agreement.

17 Have you given the overriding royalty owners and
18 the royalty owners the opportunity to join the unit?

19 A Yes, both have been contacted.

20 Q In your opinion will the operation of this area, as
21 the proposed unit, be in the interest of conservation and the
22 prevention of waste?

23 A Yes.

24 Q Exhibit Four was prepared by you, the geologic
25 report, was it not?

1 A. Yes, it was.

2 MR. LOSEE: We move the introduction of Exhibits
3 One through Four.

4 MR. STAMETS: These exhibits will be admitted.

5 MR. LOSEE: I have no further questions on direct.

6 MR. STAMETS: Any other questions of the witness?
7 Ms. Teschendorf?

8 MS. TESCHENDORF: In Section 10 of the unit agreement
9 you are talking about plan of further development and
10 operations and your plan says the unit operator shall submit
11 for the approval of the supervisor of the U.S.G.S., Oil and
12 Gas Supervisor, and the State Land Commissioner.

13 I don't see the O.C.C. in there and it seems to me
14 to be a departure from common practice -- why wasn't the Oil
15 Commission included?

16 MR. LOSEE: Well, do you want me to respond or let
17 the witness?

18 MS. TESCHENDORF: I guess the witness, if he knows.

19 A. Could I talk to my lawyer?

20 MR. LOSEE: I don't really think this witness is
21 qualified -- let me see if I can give a shot at it and I really
22 didn't prepare this --

23 I don't want to disagree but I guess I really do --
24 this is a plan of how many wells will be drilled in a calendar-
25 year period. That's what paragraph ten is talking about.

1 At least in those units that I have prepared the
2 concern about the number of wells has been left to the State
3 Land Commissioner if state lands are involved and the federal
4 government if federal lands are involved.

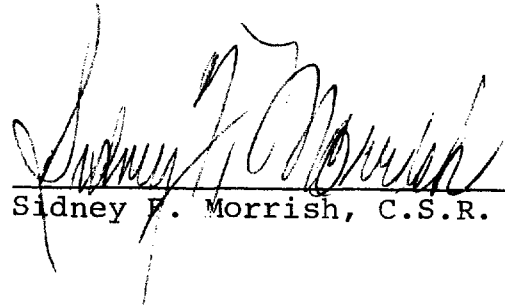
5 The responsibility of the Commission being not the
6 number of wells but the manner in which they are drilled -- I
7 may be wrong -- but I don't think the plan of development --
8 don't misunderstand me, the operator has no objection and
9 he would furnish you a copy if production is obtained.

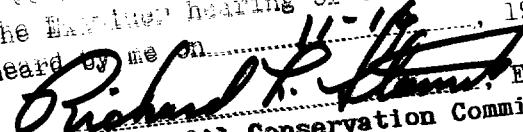
10 MR. STAMETS: Are there any other questions of
11 the witness? Anything further in this case? We will take
12 the case under advisement.

13 (THEREEUPON, the witness was excused and the
14 case was concluded.)

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's hearing of Case No. 6061,
heard by me on 11-16, 1972.

Richard K. Stewart, Examiner
New Mexico Oil Conservation Commission

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