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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
22 February 1978

EXAMINER HEARING

IN THE MATTER OF:)	
)	
Application of Read & Stevens, Inc.)	CASE
for a unit agreement, Chaves County,)	6154
New Mexico.)	
)	

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:	For the Applicant:
Lynn Teschendorf, Esq.	R. M. Richardson, Esq.
Legal Counsel for the	P. O. Box 819
Commission	Roswell, New Mexico
State Land Office Bldg.	
Santa Fe, New Mexico	

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I N D E X

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MR. STAMETS: Call now Case 6154.

MS. TESCHENDORF: Case 6154. Application of Read & Stevens, Inc., for a unit agreement, Chaves County, New Mexico.

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

I have one witness.

MR. STAMETS: If you'll stand and be sworn, please.

(Witness sworn.)

KAY C. HAVENOR

being called as a witness on behalf of the Applicant, and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. RICHARDSON:

Q. Mr. Havenor, will you please state your name and present occupation?

A. My name is Kay C. Havenor. I'm a consulting geologist in Roswell, New Mexico.

Q. A copy of the unit agreement has already been furnished the Commission and I have now handed you a copy of the geological report. Mr. Havenor has testified several

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1 times before the Commission and if you like, it's been
2 quite awhile, should he be requalified?

3 MR. STAMETS: I don't believe that's necessary.
4 I am somewhat familiar with Mr. Havenor's professional
5 qualifications. If you'd just have him recite what he is
6 for the record I think that would be sufficient.

7 MR. RICHARDSON: Okay, fine.

8 Q. (Mr. Richardson continuing.) Would you state
9 your present occupation? And professional background which
10 would enable you to testify, and how you have gotten into
11 being an expert witness in this case?

12 A. I'm a consulting geologist in Roswell, New
13 Mexico, and have been working in petroleum geology in New
14 Mexico since 1958. I've been involved in this particular
15 area in geological studies since, well, for approximately
16 ten years.

17 Q. Well, are you familiar with this proposed
18 Calumet Ranch Unit Area and all the matters contained in
19 the application to the Commission for approval of the unit
20 agreement?

21 A. Yes, I am.

22 Q. Is the form of unit agreement that prescribed
23 by federal regulations?

24 A. Yes, it is.

25 Q. Has the unit area been designated by the United

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1 States Geological Survey as an area logically suitable for
2 development under a unit plan of development?

3 A. Yes, sir, it has been preliminarily approved
4 by the Roswell office and forwarded to the Denver office
5 for approval.

6 Q. Can you please tell the Commission the total
7 amount of acres within the unit area, the number of patented
8 lands, federal lands, and state lands?

9 A. Yes, sir, there are a total of five thousand
10 seven hundred and sixty point zero acres total, of which
11 twenty point eight-three percent being one thousand two
12 hundred even acres of federal lands; seventy point one-four
13 percent state lands, being four thousand and forty acres,
14 and nine point zero three percent patented fee lands,
15 totalling five thousand two -- excuse me, five hundred and
16 twenty acres, again for a total of five thousand seven
17 hundred and sixty acres.

18 Q. Would you now please refer to the geological
19 report, which has been handed to the Examiner, and marked
20 as Exhibit One. Was this report prepared by you or under
21 your supervision?

22 A. It was prepared by me.

23 Q. Would you please now briefly review the report,
24 mentioning the maps, the name, and indicating its signifi-
25 cance; the maps and the cross sections?

1 A. The report covers a summary of the geology of
2 the Calumet Ranch Unit in Township 12 South, Range 27 East,
3 Chaves County, New Mexico. It briefly discusses the surface
4 formation and shallow horizons present, and discusses in
5 some detail the presence of Pennsylvanian Sands in the
6 Lower Pennsylvanian Age formations, which are considered
7 potentially productive of gas and/or liquid hydrocarbons.

8 Two figures are presented with the geological
9 report. Figure Number One being a cross section from north-
10 west to southeast, immediately to the north of the unit
11 area. This cross section represents primarily the Pennsyl-
12 vanian Sands or shows the presence of the Pennsylvanian
13 Sands in relation to potential faulting or inferred faulting
14 on the northwest edge of the proposed unit. The sands are
15 present in some wells and on the uplifted side of the fault
16 outside of the unit area are absent, and this is in summary
17 the basis for the exploratory unit.

18 The second figure is a subsurface map on the
19 Devonian, which is inferred from aerial magnetics and from
20 shallow subsurface control. Detailed shallow mapping shows
21 a closure in and about Section 21 of Township 12 South,
22 Range 27 East, and is the basis for projecting a deeper
23 closed structure. The Devonian is used in this case be-
24 cause Pennsylvanian horizons are inconsistent and discon-
25 tinuous and difficult to map.

1 Q. Could you please tell the Commission your con-
2 clusions as to the formations which are possibly productive
3 in this immediate area?

4 A. The Devonian has some weak potential. The
5 primary producing objectives will be the Lower Pennsyl-
6 vanian, sands in the Lower Pennsylvanian, and there are ad-
7 ditionally -- there is an additional pay zone in the San
8 Andres, which is potentially oil productive.

9 Q. Could you give the Commission the projected
10 depth and location of the initial test well?

11 A. The initial test well is proposed as being in
12 the south half of Section 21 or the north half of Section
13 28. It is projected to a total depth of 6,700 feet or the
14 top of the Mississippian, whichever occurs at a lesser
15 depth.

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

18 A. Yes, they have.

19 Q. In your opinion what percentage of working in-
20 terests will be committed to the unit and what percentage
21 of a royalty will be committed to the unit?

22 A. We presently estimate that ninety-five percent
23 of the working interest will be committed and eighty percent
24 of the royalty.

25 Q. In your opinion will the operation of this

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1 area under the proposed unit plan of operation be in the
2 interests of conservation and prevention of waste?

3 A. It definitely will.

4 Q. In the event of production will the correla-
5 tive rights of all parties to the unit agreement be pro-
6 tected?

7 A. Yes.

8 MR. RICHARDSON: I would now like to move to
9 enter the geological report into evidence.

10 MR. STAMETS: Exhibit One will be admitted
11 into evidence.

12 MR. RICHARDSON: And that was all I had. Do
13 you have any further questions?

14 MR. STAMETS: Are there any questions of the
15 witness?

16 Ms. Teschendorf?

17 MS. TESCHENDORF: I've got one.

18

19 CROSS EXAMINATION

20 BY MS. TESCHENDORF:

21 Q. There are three sections of the unit agreement
22 that the Oil Commission should probably be included on.

23 One is approval of the expansion and contraction
24 of the unit, in Section Two.

25 In Section Ten the plan for further development

1 and operation.

2 And in Section Eleven the participating areas.

3 And what we usually do is just in our order
4 enter an order that these particular things be submitted
5 to the Oil Commission for approval, also. Will that be
6 done?

7 MR. RICHARDSON: Yes. Is that something new?

8 MS. TESCHENDORF: No. Well, it's --

9 MR. RICHARDSON: That same form of unit agree-
10 ment been in existence for fifty years, I guess.

11 MR. STAMETS: If I might --

12 MR. RICHARDSON: I was wondering if you all
13 had come up with that recently.

14 MR. STAMETS: -- add a little information to
15 this. What's happened is the U.S. Geological Survey has
16 moved their office of review, I think, to Denver, and those
17 people in Denver don't pay as much attention as the people
18 in Roswell used to and the ones in Roswell always caught
19 this and made sure that it was in there. This is the same
20 U.S. Geological form, right, but when fee lands have been
21 involved the local office did require that the Commission
22 be involved in plans of developing the participating areas.
23 But now they have let up on this and so we're having to
24 catch it ourselves.

25 MR. RICHARDSON: So your order will tell us

1 to include that in the unit agreement.

2 Well, very fine, that's perfectly agreeable.

3 MR. STAMETS: Any questions for the witness?

4 MR. RICHARDSON: I have a request. We have
5 approximately eight hundred acres that expire March the
6 19th; consequently, we're running on a darned short fuse,
7 and if the Commission could see fit that the order was
8 entered fairly quickly, well, it would be a big help.

9 MR. STAMETS: Okay, the witness may be excused
10 and we'll see what we can do to expedite the order.

11 MR. RICHARDSON: Thank you.

12 MR. STAMETS: This case will be taken under
13 advisement.

14 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, 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 re-
cord of the said proceedings to the best of my knowledge,
skill, and ability.

Sally Walton Boyd
Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
a correct and true transcript of the proceedings in
the New Mexico Oil Conservation Commission Case No. 6154
heard on 2-22, 1978.
Richard L. Stambaugh, Examiner
New Mexico Oil Conservation Commission

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