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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

19 December 1984

EXAMINER HEARING

IN THE MATTER OF:

|   |              |
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| Application of McClellan Oil Cor-<br>poration for a unit agreement,<br>Chaves County, New Mexico. | CASE<br>8427 |
|---|--------------|

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

|                                       |  |
|---------------------------------------|--|
| For the Oil Conservation<br>Division: | Jeff Taylor<br>Attorney at Law<br>Legal Counsel to the Commission<br>State Land Office Bldg.<br>Santa Fe, New Mexico 87501 |
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| For the Applicant: | Randolph M. Richardson<br>Attorney At Law<br>Roswell, New Mexico 88201 |
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I N D E X

GARNER L. WILDE

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|--------------------------------------|---|
| Direct Examination by Mr. Richardsor | 3 |
| Cross Examination by Mr. Quintana    | 7 |

E X H I B I T S

|  |   |
|--|---|
| McClellan Exhibit One, Plat            | 5 |
| McClellan Exhibit Two, Map             | 5 |
| McClellan Exhibit Three, Structure Map | 5 |
| McClellan Exhibit Four, Structure Map  | 5 |
| McClellan Exhibit Five, Cross Section  | 5 |
| McClellan Exhibit Six, Geologic Report | 5 |

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3 MR. QUINTANA: We'll call next  
4 Case 8427.

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

8 And I'll hand you the geologi-  
9 cal report, as well as the revised Exhibits A and B for the  
10 unit agreement.

11 Mr. Wilde has already been  
12 sworn and qualified. Do you want to re-swear him?

13 MR. QUINTANA: No.

14 MR. RICHARDSON: He's consid-  
15 ered under oath still.

16 GARNER L. WILDE,  
17 being called as a witness and having been previously sworn  
18 upon his oath, testified as follows, to-wit:

19 DIRECT EXAMINATION

20 BY MR. RICHARDSON:

21 Q Mr. Wilde, is the form of unit agreement  
22 for the Flying H Unit as prescribed by Federal regulations  
23 and as recently approved by the Commissicner of Public  
24 Lands?

25 A Yes.

Q Has the unit are been designated by the

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Bureau of Land Management as an area logically suitable for development under a unit plan of development?

A Yes. The unit area has been designated by the BLM.

Q Has the Commissioner of Public Lands for the State of New Mexico approved this unit?

A The Commissioner has approved the unit agreement as to its form and content.

Q Would you please tell the Division the townships and ranges in which this unit is located and the approximate location with reference to the nearest town?

A The unit area is located in the southeast portion of Township 14 South, Range 19 East, and the east half of Township 15 South, Range 19 East, and in the southwest portion of Township 15 South, Range 20 East, New Mexico Post Meridian, Chaves County, New Mexico.

The unit area is approximately 35 miles southwest of the town of Roswell.

Q Could you please tell the Division the total number of acres within the unit area and the number and percentage of acreage of Federal, State, and fee land?

A The unit area contains 18,301.69 acres of which 13,810.68 acres, or 75.46 percent are Federal land; 3,291.01 acres, or 17.98 percent are State land; and 1,200 acres, or 6.56 percent are fee or private land.

Q Could you please refer to the geological report which has been handed to the Examiner and marked Ex-

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hibits One through Six? Was this report prepared by you?

A Yes. The report was prepared by me with cooperation from other Harper employees and McClellan Oil Corporation.

Q Could you please briefly review the report, referring to the maps by name, indicating the significance of such maps?

A Exhibit One is a land plat showing the outline of the unit and the proposed location.

Exhibit Two is a geological map for the Snake Eyes and the Flying H Ranch Federal Units area.

Exhibit Three is a structure map on top of the Tubb formation for the Flying H Ranch Federal Unit; contour interval 100 feet.

Exhibit Four is a structure map, also on top of the Tubb, with the same contour interval of 100 feet. This covers the entire southwest Chaves County prospect area, the two units.

And Exhibit Five is a structural cross section A-A', essentially east/west, that goes across each of the two prospective areas.

Exhibit Six is a brief geological report for the Flying H Ranch Federal Unit.

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

A The formations to be encountered would be

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the entire Paleozoic section beneath the San Andres and each would be prospective in its own right; however, we would be targetting Abo formation, Pennsylvanian formations, and the Fusselman Montoya section.

Q Could you tell the Division the projected depth and location for the initial test well?

A It would be a 5000-foot well located 660 feet from the north line, 660 feet from the west line of Section 24, Township 15 South, Range 19 East.

Q Can you please tell the Division the working interest ownership and percentages within the unit area, and have these owners been contacted?

A McClellan Oil Corporation has 37.41 percent; Harper Oil Company, 30.33 percent; ANR Production Company, 10.55 percent; Gulf Oil Corporation, 6.59 percent; and other small owners total 15.12 percent.

And, yes, all working interest owners have been contacted.

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

A The working interest will be 90 percent committed and it's estimated that 90 percent of the royalty will be committed.

If Gulf Oil Corporation should finally decide to commit to this unit, the unit would be 97 percent committed as to working interest and royalty interest.

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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, it would.

Q Will the different institutions of the State, if any, receive their fair share of production, if established?

A Yes, they would.

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

A Yes.

MR. RICHARDSON: I have no further questions.

I'd like to move the geological report be admitted into evidence.

MR. QUINTANA: Exhibits One through Six will be entered in evidence.

MR. TAYLOR: Do you have the tentative approval by BLM and the State Land Office in writing? Did they write to you or is that just oral?

MR. RICHARDSON: I have the State letter.

MR. TAYLOR: Could you provide those to us?

MR. RICHARDSON: I will. I don't think I brought them with me.

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MR. TAYLOR: Okay, just send them.

MR. RICHARDSON: And the Federal is in the mail now. I talked to them yesterday and he is sending that on to me or mailed it yesterday.

MR. TAYLOR: You could just send us a copy of it.

MR. RICHARDSON: The Feds, I think, will send you one anyway, but I'll -- I'll send you one, also.

And that's for both units.

MR. QUINTANA: Are there further questions of the witness?

If not, he may be excused.

Case 8427 will be taken under advisement.

(Hearing concluded.)

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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8426 heard by me on DEC. 19 1984.

Gilbert P. Quintana Examiner  
Oil Conservation Division