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BEFORE THE NEW MEXICO
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 30, 1966

EXAMINER HEARING

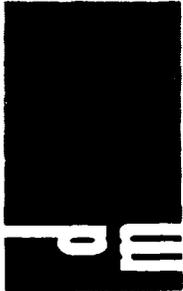
In the matter of:)
)
)
Application of H. N. Sweeney for)
unit agreement, Eddy County, New)
Mexico)
)
)

CASE NUMBER
3493

BEFORE:

DANIEL S. NUTTER, Examiner

TRANSCRIPT OF HEARING



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MR. HATCH: Case 3493 application of H. N. Sweeney for a unit agreement, Eddy County, New Mexico.

MR. MORRIS: May the Examiner please, I am Dick Morris of Montgomery, Federici & Nadrews, Santa Fe, New Mexico appearing for the applicant H. N. Sweeney, We have Mr. Sweeney as our only witness and I ask that he be sworn please.

(Witness sworn)

H. N. Sweeney, called as a witness on behalf of the applicant. Having been first duly sworn was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Sweeney, would you please state your name and where you reside?

A My name is H. N. Sweeney. I reside at 1905 South Washington, Roswell.

Q Are you self-employed, Mr. Sweeney?

A Yes, I am.

Q And what is your profession?

A I am a geologist and independent oil operator.

Q And you have previously testified before the New Mexico Oil Conservation Commission and its examiners and had your qualifications accepted as a matter of record, have you not?

A I have.



(Whereupon applicant's Exhibits
1-5 marked for identification)

Q Mr. Sweeney, in support of your application we have marked the Hale Unit agreement as Exhibit No. 1. Would you refer to a copy of that unit agreement and within that Exhibit 1 refer to Exhibit A the plat, point out the configuration of the unit and any other pertinent information shown on that plat?

A Our unit area is comprised of 1920 acres. There are eight tracts as shown on Exhibit B of that, attached to the unit agreement of which 1600 acres is Federal land, 160 acres is State land, 160 acres is Fee. We have definitely committed to the unit agreement of the tracts 1, 2, and 3, comprising approximately 73% of the unit area and tentative commitments on the balance of the acreage with the exception of the 160 acres in the Southeast quarter of Section 11. Tracts 4 and 5.

Q That would also be an exception with respect to tract six. Is that right?

A Right. That is open Federal acreage which is unleased.

Q Have any working interests or royalty interests to join the unit?

A No.

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Q You hope to get 100%?

A Right. Except for the 40 acres in tract six.

Q Except for the 40 acres, right. Some of this land is shown as Federal acreage. Do you have the tentative commitment of the U. S. G. S. for approval of the unit?

A Yes, I do. I have a letter from the director of the U. S. G. S. designating the unite area approving the form of the unit agreement and designating the operator.

Q Now then, your letter that you have just referred to, is that the letter that has been marked as Exhibit No. 2 in this case?

A Yes.

Q In that letter, Mr. Sweeney, I noticed that in paragraph three the U.S. G. S. says that it will, the unit agreement will be acceptable if modified in accordance with a marked copy that they returned to you. Were those modifications made in accordance with the suggestions of the U. S. G. S.?

A Yes, they have been. They were-- typographical error, primarily.

Q Some of the land in the unit, Mr. Sweeney, is State land; and have you obtained the preliminary approval of the unit agreement from the State Land Office?

A I have.



Q Is that approval shown by a letter marked as our Exhibit No. 3 in this case?

A Yes.

Q Let's turn to the Unit Agreement, back to the Unit Agreement itself for a moment, Mr. Sweeney. Who is designated as operator of the unit?

A I am.

Q What is the drilling obligation under the Unit Agreement? I believe that is shown by Section 9.

A That calls for a strong test to not exceed 11,200 feet to be drilled within six months from effective date of the unit. Actually the well has already been started.

Q You say the well has already been started? Have you received the -- Well, first let me ask you, where is the well located?

A In Section 1 of Township 20, South Range 30, East. 2310 feet from the East line and 1650 from the South line.

Q All right, that would be in the Northeast corner of the unit there?

A It would be the Northwest of the Southeast quarter.

Q Of Section 1?

A Of Section 1.

Q All right, that is on Federal acreage?

A Right.



Q Has U. S. G. S. approved your notice of intention to drill?

A Yes.

Q What formations are unitized under the unit agreement?

A All depths.

Q I notice, Mr. Sweeney, an unusual provision in this unit agreement, being Section 22 over on page 14 and 15 concerning protection of potash deposits. Why was that section necessary?

A We are in an area where there is active potash mining and it was necessary to put that clause in to protect the potash reserves in the area, and underlining the unit area actually.

Q To the best of your knowledge and belief have you successfully negotiated your location to the satisfaction of the potash interests as well as the governmental interests involved in this?

A Yes, it's taken approximately two years to do it, but we have.

Q And your well is so located as to, well, it's located at an optimum location in the unit for the protection of potash deposits?

A Yes. To the location, is to which none of the three



potash companies in the area have had violent objections.

Q Other than this provision, Mr. Sweeney, is the form Unit Agreement substantially in accordance with the federal form?

A Yes. The exploratory type, divided form, unit agreement with this paragraph added, and one or two other minor changes that were necessary, due to the peculiar nature of the unit.

Q When you say "divided form" you mean it provides four participating areas?

A Right.

Q Have you prepared a geological report with respect to this prospect?

A Yes, I have.

Q And that is designated as your EXhibit NO. 4 in this case?

A Yes.

Q Do you have any particular comment you wish to make with respect to that report?

A No, I think it outlines the basis of the prospect in the report adequately. It's -- of course, this is an exploratory well but I think we have good reason for drilling it and, and it's good prospect.

Q Will you refer to what has been marked as Exhibit

No. 5 and state what that is and what it shows?

A That is a structure map of the area based on sub-surface gravity and, oh -- Yates structure which has fair control in the area and represents my interpretation of the surface -- of the structure on top of the strong within this area.

Q From this interpretation, Mr. Sweeney, would it be your opinion that the formation of this unit and approval of the unit by this Commission would give you substantial control of the producing formation that is in prospect.

A Yes, due to the potash problem we have included the area which I consider to be structure, all of it that we could reasonably reach with directional drilling within the area that is on structure.

Q Were Exhibits 1, 4 and 5 prepared by you?

A Yes.

MR. MORRIS: We offer Exhibits 1-5 in evidence.

MR. NUTTER: Applicant's Exhibits 1-5 will be admitted in evidence. (Whereupon, Applicant's Exhibits] through 5 admitted in evidence.)

MR. MORRIS: That's all we have of Mr. Sweeney on direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Sweeney, you stated that tracts 1, 2 and 3

had definitely been committed: that 4, 5 and 6 were not committed and probably wouldn't be. Of course 6 is on --

A I didn't say -- I have had no expression from Mr. Hale. Six won't be because it's open Federal acreage and won't be under lease.

Q In other words four and five owned by the Hales haven't committed and they haven't definitely declined either.

A No.

Q Now the other tracts seven and eight you have tentative commitments from Sinclair and Sunray?

A Right. Sinclair has agreed to commit theirs subject to consent of the fee owner which we haven't secured as yet, but it hasn't been declined either.

Q I see.

A And we just haven't had an answer out of Sunray but we expect for them to commit it, but we don't have anything definite on it as of yet.

Q Now this Trigg acreage in Section 11 is part of the same lease as the Trigg acreage in Section 1?

A Yes.

Q So that's all of tract one and that's all committed.

A Right.

MR. NUTTER: Are there any other questions of Mr. Sweeney?

He may be excused.

(Witness excused)

MR. NUTTER: Do you have anything further Mr. Morris?

MR. MORRIS: No, sir.

MR. NUTTER: Does anyone have anything else they wish to offer in Case 3493. We will take the case under advisement.

STATE OF NEW MEXICO)
)
COUNTY OF BERNALILLO)

I, JERRY POTTS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of hearing was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

NOTARY PUBLIC

My Commission Expires:

July 10, 1970

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 3493 heard by me on 11/30 1966.

Jerry Potts, Examiner
New Mexico Oil Conservation Commission

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