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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 13, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Inexco Oil Company
for a unit agreement, Eddy County,
New Mexico.

CASE NO. 4814

BEFORE: Daniel S. Nutter
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. NUTTER: Case Number 4814.

2 MR. HATCH: Application of Inexco Oil Company for
3 a unit agreement, Eddy County, New Mexico.

4 MR. HINKLE: Clarence Hinkle of Hinkle, Bondurant,
5 Cox and Eaton, Roswell, appearing on behalf of Inexco Oil
6 Corporation. We have one witness that I'd like to have sworn.

7 * * * * *

8 GEORGE D. ZIMMERMAN,

9 having already been duly sworn, appeared as a witness and
10 testified as follows:

11 DIRECT EXAMINATION

12 BY MR. HINKLE:

13 Q State your name and your residence and by whom you
14 are employed.

15 A George D. Zimmerman, Midland, Texas, Inexco Oil
16 Company.

17 Q You have, now, previously testified before the
18 Commission?

19 A Yes, sir.

20 Q And your qualifications have been accepted as a
21 geologist?

22 A Yes, sir.

23 Q Have you made a study of the area in which the Four
24 Forks Unit, proposed Four Forks Unit, is located?

25 A Yes, sir, I have.

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- 1 Q And are you familiar with the Application of Inexco
2 in this Case?
- 3 A Yes, sir.
- 4 Q What are they seeking to accomplish?
- 5 A We are seeking to get approval of the Four Forks
6 Unit.
- 7 Q Have you prepared, or has there been prepared under your
8 direction, Exhibits for introduction into this Case?
- 9 A Yes, sir, we have.
- 10 Q These are the four Exhibits which have been marked
11 1 through 4?
- 12 A Yes, sir.
- 13 Q Refer to Exhibit 1 and explain what this is.
- 14 A Exhibit 1 is the outline of the unit area. It shows
15 the oil and gas leases, the working interest owners,
16 and lease expiration dates.
- 17 Q It also shows the location of the proposed test well?
- 18 A Yes, sir, in Section 15 of 22 South, 25 East.
- 19 Q Now, all of the land except the 40 acres which has been
20 cross-hatched is federal land?
- 21 A That is correct.
- 22 Q The 40 acres of fee land?
- 23 A Yes.
- 24 Q All right. Refer to Exhibit 2 and explain this.
- 25 A Exhibit 2 is a subsurface structure map on the top of

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1 the Morrow formation, with an isopach of estimated
2 net pay superimposed. This map shows the Catclaw-
3 Golden Eagle Fields, the Rock Tank Fields, and the
4 Four Forks Unit area, and the relation of all three.
5 It shows the unit area to be intended structurally
6 and dispositionally with the two producing Morrow
7 fields.

8 Q What are the blue lines and the green lines?

9 A The blue lines are the structure on top of the Morrow
10 formation. The green lines are the isopach lines of
11 the estimated net pay of the B or middle Morrow
12 zones.

13 Q The proposed unit area covers all, or substantially
14 all of the anomaly which is involved?

15 A Yes, sir.

16 Q This plat also shows the sand, or formation, in which
17 the different wells shown on the map have been
18 completed?

19 A That is correct. I have broken the Morrow down, as
20 we can see on Exhibit 3, the cross-section into sand
21 intervals. And by different colored codes, I have
22 shown which sands are producing in the wells.

23 Q Now, does this also indicate the cross-section that the
24 next Exhibit will cover?

25 A Yes, A, A'.

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- 1 Q All right. Refer to Exhibit 3.
- 2 A Exhibit 3 is a stratigraphic cross-section on the
- 3 north side of the unit going from east to west. The
- 4 zones in the Morrow are designated A, B, C, and D.
- 5 Our primary objective of the Morrow B interval sands
- 6 are colored in yellow and the section, cross-section,
- 7 shows the sands or permeability of the sands pinching
- 8 out on the west side between the Tom Brown-Hackberry
- 9 Hills well and the Pennzoil Anne Brown dry hole.
- 10 Q You have indicated a permeability barrier in the
- 11 interval between the two wells where the unit area
- 12 is located, and on what information is this based?
- 13 A From the sample information and the electric log
- 14 analysis. The groups were fine grind and tight in
- 15 comparison to log analysis of the Tom Brown-Hackberry
- 16 Hills well which indicated water and possibly gas.
- 17 Q Now, has this area been designated as an area suitable
- 18 and proper for unitization by the USGS?
- 19 A Yes, sir.
- 20 Q Is the form of the unit on the customary form where
- 21 federal and fee lands are involved?
- 22 A Yes, sir.
- 23 Q And are you familiar with the form of the unit?
- 24 A Yes, sir, I am.
- 25 Q And copies of which have been filed with the Application?

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- 1 A Yes, sir.
- 2 Q Who is designated as the unit operator?
- 3 A Inexco Oil Company.
- 4 Q Does it provide for the initial test of the well?
- 5 A Yes, sir, it does.
- 6 Q When is this to be commenced and the depth that is
- 7 required to be drilled?
- 8 A It is to be commenced on or prior to September 1st,
- 9 1972, and to drill to 11,000 feet, or test the entire
- 10 Morrow formation.
- 11 Q What is the present status of the unit?
- 12 A It is approved.
- 13 Q It has been approved by the USGS?
- 14 A Yes, sir.
- 15 Q And fully executed?
- 16 A Yes, sir.
- 17 Q Did all of the working interests within the area
- 18 commit their interests to the unit?
- 19 A Yes, sir.
- 20 Q With any exceptions?
- 21 A With one exception, Pennzoil.
- 22 Q Pennzoil, which is in the SE corner?
- 23 A Yes, sir, of Section 14.
- 24 Q Refer to Exhibit 4. Is that a certificate of approval
- 25 by the USGS?

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1 A Yes, sir, it is.

2 Q Has the test well already been commenced in this Case?

3 A Yes, sir.

4 Q What was the reason for commencing the test well?

5 A We had to start by September 9, 1972, in order to save

6 one of the leases in Section 15.

7 Q What is the depth of the well at the present time?

8 A We are dilling below 8,000 feet this morning.

9 Q In the event you should begin production, in your

10 opinion, will the unit be in the interest of conservation

11 and prevent waste?

12 A Yes, sir.

13 Q And tend to protect correlative rights?

14 A Yes.

15 MR. HINKLE: We would like to offer Exhibits 1

16 through 4 into evidence.

17 MR. NUTTER: Applicant's Exhibits 1 through 4

18 will be admitted in evidence.

19 (Whereupon, Applicant's Exhibits Number 1 through

20 4 were marked and received into evidence.)

21 * * * * *

22 CROSS-EXAMINATION

23 BY MR. NUTTER:

24 Q Mr. Zimmerman, Pennzoil has declined to join you?

25 A Yes, sir, they had another well in the area, you might

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1 say, and they didn't want to commit two prospects at
2 the same time.

3 Q I see. Now, the remaining of the working interest
4 owners, I wasn't paying the strictest attention,
5 what was the status of them?

6 A I think all but Franklin, Aston have joined,

7 Q Franklin, Aston & Fair, of tract 7?

8 A Yes, sir.

9 Q And the rest have farmed out to Inexco?

10 A Yes, sir.

11 Q So you are committing everything there except the
12 Franklin, Aston & Fair, and Pennzoil, tract; and
13 Franklin, Aston & Fair will commit their tract?

14 A Well, they are committed to the unit.

15 Q They are committed to the unit?

16 A Yes.

17 Q So everything is committed to the unit in writing with
18 the exception of the Pennzoil tract?

19 A Yes, sir.

20 Q Up there in Sections 2 and 3 on your Exhibit Number 2,
21 those two wells that you have the NDE isn't drilled
22 deep enough, they are Pennsylvanian producers, are
23 they not?

24 A Sections 2 and 3?

25 Q Yes, and then Section 34, north of that. You've got

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1 four gas wells there, I think that's the Springs
2 Pennsylvanian Pool, maybe.

3 A Up here, yes, sir.

4 Q Where are those wells completed?

5 A They are out the Cisco Canyon Reef.

6 Q I see. And then the Fasken well in Section 1 is
7 indicated as being in the B sand?

8 A Yes, sir.

9 Q Now, the Texaco well in Section 1, as well as the
10 Inexco well in Section 18 to the south, are also
11 completed in the B sand, is this correct?

12 A That is correct.

13 Q And the Hanagan well in Section 19 also has a sand
14 B completion?

15 A Yes.

16 MR. NUTTER: Are there further questions of the
17 witness?

18 MR. HINKLE: No.

19 MR. NUTTER: Then he may be excused.

20 (Witness excused.)

21 MR. NUTTER: Is there anything further in Case
22 Number 4814?

23 (No response.)

24 MR. NUTTER: We will take the Case under advisement
25 and call Case Number 4815.

I N D E XWITNESS:PAGEGEORGE D. ZIMMERMAN

Direct Examination by Mr. Hinkle 3

Cross-Examination by Mr. Nutter 8

E X H I B I T SAPPLICANT'S:OFFEREDADMITTED

Inexco Oil Company

Exhibit Number 1

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Exhibit Number 2

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Exhibit Number 3

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Exhibit Number 4

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