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BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
OIL CONSERVATION COMMISSION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
Wednesday, June 6, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Oil  
Company of California for  
a unit agreement, Lea  
County, New Mexico.

Case No. 4985

BEFORE: Richard L. Stamets  
Examiner

TRANSCRIPT OF HEARING

1 MR. STAMETS: Call next Case 4985.

2 MR. CARR: Case 4985, application of Union Oil Company  
3 of California for a unit agreement, Lea County, New  
4 Mexico.

5 MR. CHRISTY: Sim Christy, Roswell, New Mexico, for  
6 the Applicant, Union Oil Company. We have one witness.  
7 Would you stand and be sworn, please?

8 J.B. JORDAN,

9 was called as a witness and after being duly sworn, according  
10 to law, testified as follows:

11 DIRECT EXAMINATION

12 BY MR. CHRISTY:

13 Q Please state your name, by whom you are employed, and in  
14 what capacity.

15 A I am J.B. Jordan. I live at Roswell, New Mexico. I'm  
16 employed by the Union Oil Company of California as  
17 geologist.

18 Q I believe you previously testified before this regulatory  
19 body and had your qualifications as a Petroleum Geologist  
20 accepted?

21 A Yes, sir. I have.

22 Q Are you familiar with the area involved in the application  
23 in Case 4985 and what it seeks?

24 A Yes, I am.

25 Q All right, sir. Basically, what is sought by the

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1 application?

2 A Union seeks to form a six-section unit comprised of  
3 Federal land. There is approximately 3,860 acres in the  
4 unit.

5 Q All of which are Federal lands, as I recall?

6 A It is 100 percent Federal lands.

7 Q And the area sought to be included in the unit is shown  
8 on your Exhibit 1?

9 A Yes, it is.

10 Q All right, now, I notice --. Let me turn to Exhibit 2;  
11 and if I may briefly summarize for the Commission, the  
12 unit agreement itself which is Exhibit 2. It is a  
13 standard Federal unit on the revised 68 form. It  
14 provides for the drilling of a test well which the  
15 witness will testify to.

16 It allocates production on a surface-acreage basis.  
17 It provides for the usual participating areas, the  
18 expansion and contraction of participating areas. It  
19 has attached to it "A", being the plat and "B" being the  
20 ownership.

21 With respect to that ownership, Mr. Jordan, I notice  
22 that there are two working-interest owners and that the  
23 unit agreement, Exhibit 2, has been signed by Union only.  
24 Could you tell us the status of the significance on the  
25 other working-interest owners, which I believe is Getty

1 Oil?

2 A Getty Oil, and the agreement is in their Houston office  
3 at the present time. And our land man talked to their  
4 land man in Midland yesterday, and he thinks it's just  
5 a matter of them stamping the agreement down there, but  
6 they haven't actually signed it yet.

7 Q So I would understand you are of the opinion that it  
8 would be 100 percent approved by the working interest?

9 A That is right.

10 Q Has it already been approved 100 percent by the overriding  
11 royalty interest?

12 A Yes.

13 Q Now, with respect to the royalty interest, which I believe  
14 is all Federal, has it had preliminary approval by the  
15 USGS?

16 A Yes. We have preliminary approval as designated as the  
17 Pipeline Deep Unit.

18 Q That is your Exhibit 3, the Preliminary Approval?

19 A Right.

20 Q Now, what formations are proposed to be unitized?

21 A All formations below the waist of the Wolfcamp. That is  
22 at 11,825 feet on the Union Pipeline Federal A sonic  
23 log.

24 Q Below that depth?

25 A Below that depth.

1 Q Now, you propose a test well, as I understand; is that  
2 correct?

3 A Yes. We propose to drill a well in the Southeast corner  
4 of Section 17. It will be 13,500 feet on a Morrow test.

5 Q Do you have an opinion as to whether or not the proposed  
6 unit area logically encompasses the geological formation  
7 proposed to be tested and is therefore logically subject  
8 to expire and development under the unitization  
9 provisions of the least in the Mineral Leasing Act of  
10 February 25, 1920 as amended?

11 A Yes, it is.

12 Q Let me refer you to your Exhibit Number 4, I believe it  
13 is. That is a structure map; is it not, of the area, of  
14 the unit area proposed to be the test and so forth?

15 A This is the structure contour map contoured on top of  
16 the lower Morrow sand which is the main objective in  
17 the area. There are other Morrow sands which will possibly  
18 be productive, but the lower sand is the main objective  
19 in the area.

20 Q Yes, sir. By such unitization under the proposal, would  
21 this serve to avoid waste including economic waste and  
22 yet protect the correlative rights of the interested  
23 parties owning mineral interest in the unit area?

24 A Yes, it would.

25 Q Is there anything further that I have failed to ask you

1 that you think would be of interest to the Commission  
2 in consideration of this application?

3 A I don't think of anything else.

4 MR. CHRISTY: That's all we have from this witness.

5 MR. STAMETS: Are there any questions of this witness?  
6 He may be excused.

7 MR. CHRISTY: At this time we offer into evidence  
8 Applicant's Exhibits 1, 2, 3, and 4.

9 MR. STAMETS: Without objection, these exhibits will  
10 be admitted into evidence.

11 MR. CHRISTY: We would like to make one statement  
12 to the Commission. This is the second situation of  
13 this date, and I personally have witnessed it for a  
14 number of years in this Commission.

15 I think the Commission ought to give consideration  
16 to amend Rule 507 in respect to approval of units in  
17 instances where no privately owned lands are involved  
18 or instances in which all the privately owned people  
19 have agreed to the unit.

20 It appears to me that this type of Hearing could be  
21 handled administratively such in the situation you had  
22 this morning of all State and Federal lands, and both  
23 derogatory bodies there had approved it.

24 In the situation here, where we have all Federal  
25 lands and the overriding royalty units have approved it,

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1 it seems to me the Commission should consider some type  
2 of change in the Rule to grant administrative approval  
3 in this type of situation. Thank you.

4 MR. STAMETS: Thank you, sir. We will take the  
5 case under advisement.

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1 STATE OF NEW MEXICO )  
 2 ) ss  
 3 COUNTY OF BERNALILLO )

4 I, JANET RUSSELL, a Notary Public, in and for the  
 5 County of Bernalillo, State of New Mexico, do hereby certify  
 6 that the foregoing and attached Transcript of Hearing before  
 7 the New Mexico Oil Conservation Commission was reported by  
 8 me; and that the same is a true and correct record of the  
 9 said proceedings to the best of my knowledge, skill and  
 10 ability.

11   
 12 NOTARY PUBLIC

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 16 I do hereby certify that the foregoing is  
 17 a correct and true copy of the transcript of  
 18 the hearing held on 4985  
 19 heard by Janet Russell and 1373  
 20 Richard T. Stewart Treasurer  
 21 New Mexico Oil Conservation Commission  
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