

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 5, 1975

EXAMINER HEARING

IN THE MATTER OF:)

Application of American Quasar Petro-)
leum Co. of New Mexico for a unit)
agreement, Eddy County, New Mexico.)

Case No.
5432

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Randolph M. Richardson, Esq.
American Quasar Petroleum
Company
Roswell, New Mexico

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MR. STAMETS: Call the next case, 5432.

MR. CARR: Case 5432. Application of American Quasar Petroleum Co. of New Mexico for a unit agreement, Eddy County, New Mexico.

MR. RICHARDSON: Randolph M. Richardson, Roswell, New Mexico, appearing on behalf of the Applicant. I have one witness to be sworn.

(Witness sworn.)

EDGAR KING

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. RICHARDSON:

Q Mr. King, would you please state your name and present occupation?

A Edgar King, Division Geologist, American Quasar Petroleum, Midland, Texas.

Q Have you ever testified in front of the Oil Conservation Commission in connection with geology on a Federal unit?

A Yes, sir.

MR. RICHARDSON: Do you need additional or are his qualifications acceptable?

MR. STAMETS: What was the Witness' title again with American Quasar?

MR. KING: Division Geologist.

MR. STAMETS: No, the Witness' qualifications are acceptable. You testified in connection with what -- Tipon Ranch wasn't it?

MR. KING: Tipon Ranch, yes.

BY MR. RICHARDSON:

Q Are you familiar with the Robinia Draw Unit and the matters contained in the Application to the Oil Conservation Commission?

A Yes, I am.

Q Is the form of unit agreement there prescribed by the Federal regulations?

A Yes, they are.

Q Has the unit ever been designated by the United States Geological Survey as an area logically suitable for development under a unit plan?

A No, but application has been made and USGS has advised that all is in order and designation will be made within the next two weeks.

Q Could you please tell the Commission the total number of acres within the unit area and the percentages of

Federal, State and patented land?

A Okay. The total unit is 748 acres; 86.495 percent is Federal and 13.505 is State lands.

Q Could you tell the Commission the township and range in which the unit is located and the approximate location with reference to the nearest town?

A The unit is located in 22 and 23 South, Ranges 23 and 24 East; it is approximately 36 miles southwest of Carlsbad, New Mexico.

Q Would you please refer to the geological report which has been introduced in this Case and marked as Exhibits 1 through 4. Was this report prepared by you or under your direct control and supervision?

A It was prepared by me.

Q Would you please briefly review the report, and I might point out that there is only ~~one~~ map that contains the cross section which is marked ~~one~~ Exhibit and then two maps are all on one sheet. The written report is marked Exhibit 1, and the two maps are both composite maps in addition to the cross section.

A The Geologists report is just a summary of the two maps and tells about the two wells that show that they encountered the geological conclusions for why the

Robinia Draw Unit is a prospect for production from the Morrow sands. The maps, or the Exhibits 2, 3, 4, are a cross section east to west from Cities Service Azotea Mesa Well to the Humble No. 1 and No. 2 Bandanna Points. This was made to show the correlation to the Morrow Formation and the lenticularity of the Morrow sands. The maps, Exhibits 3 and 4, one is contoured a structure map on the lower Morrow sand and has the aspect of the total lower Morrow sand; that's Exhibit 4. Exhibit 3 is contoured on structure of the Chester Formation and has an isoporosity, or is an isopach of the porosity of the lower Morrow sand.

MR. STAMETS: I would like to clarify one point now. According to the Exhibits I have, Exhibit 2 is the structure map and Exhibit 3 is the cross section and Exhibit 4 is the other map.

MR. KING: Okay. I'm sorry; mine isn't numbered.

MR. STAMETS: Okay.

A Principally what the prospect entails is an updip pinch out of the lower Morrow sand, which is the producing or the main producing body of the Rock Tank Field. We expect to get approximately 200 foot high to the Cities Service Azotea Mesa, which had 38 feet of the Rock Tank,

or lower Morrow sand, and tested gas and salt water. We expected to have about the same amount of lower Morrow sand and be 200 feet updip, which should be productive.

Q Could you please tell the Commission the formations that you are likely to encounter and the prospective productive formations?

A We will encounter formations from upper Permian through the Mississippian and Chester. Most likely the formations for production will be the Canyon carbonates and the Morrow sandstones.

Q Would you please give the Commission the projected depth and location for the initial test well?

A Our proposed total depth will be 10,600 feet and the location will be 1650 from the south and west lines of Section 7, 23 South, 24 East.

Q Have the other working-interest owners within the unit been contacted?

A Yes. Incorporation has been assured for them.

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

A 100 percent of each.

Q In your opinion will the operation of this area

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

A Yes, sir.

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

A Yes, sir.

MR. RICHARDSON: We would like to enter the geological report in evidence.

MR. STAMETS: That would be your Exhibits 1 through 4?

MR. RICHARDSON: 1 through 4.

MR. STAMETS: Exhibits 1 through 4 will be admitted into evidence.

(Whereupon, Applicant's

Exhibits 1 through 4 were admitted into evidence.)

MR. RICHARDSON: I have nothing further; does the Commission have a question?

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. King, this large sand body you have shown through here -- just as a point of information -- do you visualize that as an offshore bar-type sand or some sort

of a channel, or exactly what?

A I think it is an offshore bar-type, or perhaps a beach; it is a near-shore deposit of some sort.

MR. STAMETS: Any other questions of the Witness? He may be excused.

MR. RICHARDSON: That was kind of an academic question, wasn't it?

MR. STAMETS: Anything further in this Case? We will take the Case under advisement.

MR. RICHARDSON: Sir, I would like to request -- there is an April 1st expiration on it -- if you could kind of enter the order fairly quickly, we would appreciate it.

MR. STAMETS: Okay.

STATE OF NEW MEXICO)
)
 COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court 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 record of the said proceedings, to the best of my knowledge, skill and ability.



 RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5432 heard by me on 3-9 1975.

 _____, Examiner
 New Mexico Oil Conservation Commission