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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 23, 1976

EXAMINER HEARING

IN THE MATTER OF:)

Application of Elk Oil Company for a) CASE
unit agreement, Lea County, New Mexico.) 5697
)

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

sid merrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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E X H I B I T

Page

JOSEPH A. KELLY

Cross Examination by Mr. Stamets

4

EXHIBIT INDEX

Page

Applicant's Exhibit A, Geologic Map

6

Applicant's Exhibit B, Unit Agreement

6

Applicant's Exhibit C, Letter

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1 MR. STAMETS: We will call next Case 5697.

2 MR. CARR: Case 5697, application of Elk Oil
3 Company for a unit agreement, Lea County, New Mexico.

4 MR. STAMETS: Call for appearances in this case.

5 MR. KELLY: My name is Joseph A. Kelly, President
6 of Elk Oil Company, representing Elk Oil Company in this case.

7 MR. STAMETS: You will be presenting testimony,
8 Mr. Kelly?

9 MR. KELLY: Yes, sir.

10 MR. STAMETS: Will you please stand and be sworn?

11 MR. KELLY: Yes.

12 (THEREUPON, the witness was duly sworn.)

13 MR. KELLY: Elk Oil Company would like to present
14 for the Examiner its application for the Northeast Kemnitz
15 Unit comprising thirty-five hundred and twenty acres, more or
16 less, of State land in Section 16, 34. Excuse me, Township 16
17 South, Range 34 East, Lea County, New Mexico.

18 I have presented you Exhibit A which is an outline
19 of the Unit area. It's a geological map.

20 A list of the potential pays in this area is the
21 Penrose at approximately four thousand feet; the San Andres
22 at fifty-two, fifty; the Lower Wolfcamp at ten thousand, six
23 hundred and fifty.

24 To amend, to go back to the Penrose, there was an
25 old Queen Field the Hume or Penrose which was northwest of this

1 proposed unit area.

2 The Lower Wolfcamp is in the Kemnitz area which is
3 south. Also there is the potential Upper Cisco which was
4 tested in the Tenneco Well in Section 21 of 16, 34. Seaman
5 limestone at eleven thousand, five hundred in the Union No. 1-B
6 in 21 of 16, 34. There is a Strawn limestone at twelve thousand
7 feet. It's in various wells in 16, 35, which would be north-
8 east of our unit. Atoka sands at twelve thousand, seven
9 hundred feet. There is a producing well, Great Western State 13
10 in Section 13 of 16, 33. Then the Morrow sands at thirteen
11 thousand, one hundred, which is the Skelly No. 1 Sombrero in
12 Section 12, 16, 33.

13 Elk intends to drill a new well or deepen one of
14 these existing wells to the Morrow. These existing wells
15 would be either the Midwest No. 1 Sunray State in Section 15,
16 16, 34, which is at a total depth right now of eleven thousand,
17 five hundred and fifty-two or the Ohio No. 1 Cities Service
18 in Section 16 of 16, 34 which is at a total depth of ten
19 thousand, eight, one, eight or the Exxon No. 2 BB State in
20 Section 22, 16, 34 which is at a total depth of eleven thousand,
21 six hundred and thirty-nine feet.

22 That is our presentation.

23

24

CROSS EXAMINATION

25 BY MR. STAMETS:

1 Q Mr. Kelly, your proposed unit agreement is the
2 standard form unit agreement?

3 A Yes, sir.

4 Q And you have received preliminary approval from the
5 State Land Office?

6 A Yes, sir, dated June 2nd, 1976 by Ray Graham,
7 Director.

8 Q And do you have a copy of that for the record,
9 please?

10 A Yes, sir.

11 Q Okay. May we have that letter?

12 A Do you need more than this one?

13 Q No, one will be fine. We will get that marked for
14 the record.

15 A I would like to present this geologic map as
16 Exhibit A to this proposed unit.

17 Q Okay, we will mark the map as Exhibit A and the
18 unit agreement which was submitted with the application as
19 Exhibit B.

20 A Okay.

21 Q And the letter from Mr. Ray Graham as Exhibit Number
22 C.

23 A Okay.

24 Q These exhibits have all been prepared by you or
25 under your direction?

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1 A. Yes.

2 MR. STAMETS: And these exhibits will be admitted
3 into evidence.

4 (THEREUPON, Applicant's Exhibits A, B and
5 C were admitted into evidence.)

6 Q (Mr. Stamets continuing.) Mr. Kelly, the proposal
7 here is for an exploratory unit?

8 A. Yes, sir.

9 Q And this will allow orderly development, protect
10 correlative rights, prevent waste of oil and gas and is a
11 good conservation measure?

12 A. Yes, sir.

13 MR. STAMETS: Are there any other questions of the
14 witness? He may be excused.

15 (THEREUPON, the witness was excused.)

16 MR. STAMETS: Is there anything further in this
17 case? We will take the case under advisement.

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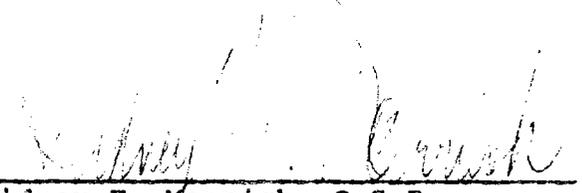
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REPORTER'S CERTIFICATE

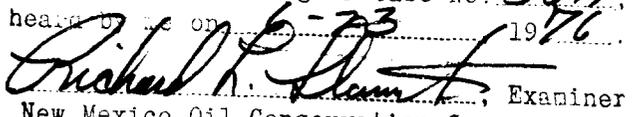
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.



Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Exam or Hearing of Case No. 5697
heard on 6-73 1976

_____, Examiner
New Mexico Oil Conservation Commission

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