

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
10 December 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Mesa Petroleum Co.
for a unit agreement, Lea County,
New Mexico.

CASE
7097

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Randolph M. Richardson, Esq.
Roswell, New Mexico 88201

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I N D E X

CHARLES PRESTON

Direct Examination by Mr. Richardson 3

E X H I B I T S

Applicant Exhibit One, Report 5

Applicant Exhibit Two, Map 6

MR. STAMETS: We'll call next Case 7097.

MR. PADILLA: Application of Mesa Petroleum Company for a unit agreement, Lea County, New Mexico.

MR. RICHARDSON: Randolph M. Richardson, Roswell, New Mexico, appearing on behalf of the applicant.

You have -- the Division has already been furnished one copy of the unit agreement, which is not complete and not correct as to the exhibits, so I will now give you another unit agreement to substitute for the one that was sent in, and also a written and mapped geologic report.

We do have one witness to be sworn.

(Witness sworn.)

CHARLES PRESTON

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. RICHARDSON:

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

A. Charles Preston. I am working for Mesa Petroleum as a geologist.

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2 Q Could you please tell the Division your
3 educational and professional background which will enable you
4 to testify in this case?

5 A I have already testified once before.
6 It's been several years.
7

8 Q How long? It's been several years?

9 MR. STAMETS: If he's been previously
10 qualified as a geologist before the Commission or Division,
11 that will be acceptable.

12 MR. RICHARDSON: It will be acceptable?
13 Real fine.

14 Q Are you familiar with the Jackson Unit
15 Area and the matters contained in the application to the Divi-
16 sion for approval of the unit agreement?
17

18 A Yes.

19 Q Is the form of unit agreement prescribed
20 by Federal regulations, and as recently approved by the Com-
21 missioner of Public Lands?

22 A Yes.

23 MR. RICHARDSON: Here again, it is 100
24 percent State formed; there is no Federal land, and --
25

26 Q Has a unit area been designated by the
27 United States Geological Survey?

28 A No, it's all -- no Federal land.

Q. Right. Please tell the Division the total number of acres within the unit area, the number and percentages of ownership of the different lands.

A. 2560 acres, all State.

Q. Would you please tell the Division the township and range in which this unit is located and the approximate location with reference to the nearest town?

A. It's in Township 24 South, Range 33 East. It's 21 miles northwest of Jal.

Q. Would you please refer to the geological report, which has been handed to the Division, and was this report prepared with your cooperation in connection with another geologist with Mesa Petroleum?

A. Yes.

Q. In other words, you worked with Mr. Jeffers who actually signed the report?

A. Yes. Right.

Q. In preparing it, so you are familiar with it?

A. Yes.

Q. Could you briefly review the report, which I have marked Exhibits One and Two. The map is marked Exhibit Two. And go through the geological report, referring to the map and the fact that it is a composite map, and the

report briefly.

A. The map is a composite map. It shows the structure on top of the Mississippian with an Isopach overlay of the Morrow B Prime sandstone, as we call it.

It shows that we will be on a structural nose in the unit area with an Isopach pick of this Morrow B Prime sandstone running across the unit.

The productive wells are color-coded according to the legend on the map, Exhibit Two, showing that there is Morrow production around the unit area. There is also Atoka, Wolfcamp, and Bone Springs, and Devonian production in the area.

Q. Would you please tell the Division your conclusions as to the formations likely to be encountered and considered prospective for production?

A. Our main objective is the Morrow B Prime sandstone. On the way down we will go through Wolfcamp. We think we've got a possible Wolfcamp back across the unit area. There is Strawn production off of this map but we think there is some chance that we'll get Strawn production. There is Atoka production offsetting the unit that is possibly productive, and then finally we'll go through the main -- the main productive, proposed productive, being the Morrow B Prime sandstone.

Q Could you please tell the Division the projected depth and location of the initial test well?

A The location will be 1980 feet from the north and east lines of Section 22, Township 24 South, Range 33 East. Proposed TD will be 16,000 feet.

Q 16,000 feet total depth. Have the other working interest owners within the unit area been contacted?

A Yes, they have.

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

A It will be 100 percent of the working interest and the royalty.

Q In your opinion will the operation of this area under the proposed unit plan of operation be in the interest of conservation and the prevention of waste?

A Yes, I do.

Q Will the different institutions of the State, if any, receive their fair share of production?

A Yes.

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

A Yes.

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2 MR. RICHARDSON: We would like to enter
3 the geological report into evidence.

4 MR. STAMETS: The exhibits will be ad-
5 mitted.

6
7 MR. RICHARDSON: And I have nothing fur-
8 ther.

9 MR. STAMETS: Are there any questions of
10 the witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

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14 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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Richard L. Stamm
Oil Conservation Division