

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 30, 1974

EXAMINER HEARING

IN THE MATTER OF:)	
)	
Application of American Quasar)	
Petroleum Company of New Mexico)	Case No. 5132
for a unit agreement, Eddy County,)	
New Mexico.)	
)	
)	

BEFORE: Daniel S. Nutter, 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 Com- mission State Land Office Building Santa Fe, New Mexico
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For the Applicant:	Clarence Hinkle, Esq. HINKLE, BONDURANT, COX & EATON Hinkle Building Roswell, New Mexico
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MR. NUTTER: Next call Case 5132.

MR. CARR: Case 5132. Continued from the January 3rd, 1974, Examiner Hearing. Application of American Quasar Petroleum Company of New Mexico for a unit agreement, Eddy County, New Mexico.

MR. HINKLE: Clarence Hinkle, Hinkle, Bondurant, Cox and Eaton, appearing on behalf of American Quasar Corporation. We have one witness and three Exhibits.

MR. NUTTER: Any other appearances in Case 5132? You may proceed.

(Witness sworn.)

CHARLES KIMBRO

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

DIRECT EXAMINATION

BY MR. HINKLE:

Q State your name, your residence and by whom you are employed?

A I'm Charles Kimbro. I reside in Midland, Texas, and I'm employed by American Quasar Petroleum Company.

Q What is your position with American Quasar?

A I'm a geologist with them.

Q Have you previously testified before this Commission?

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A I have.

Q Qualified as a petroleum geologist?

A Yes.

Q Are your qualifications a matter of record with the Commission?

A Yes.

Q Have you made a study of the White City Unit Area involved in this case?

A I have.

MR. HINKLE: Are the qualifications sufficient?

MR. NUTTER: Yes, they are.

BY MR. HINKLE:

Q Are you familiar with the Application of American Quasar in this case?

A Yes, I am.

Q What is the purpose of the Application?

A The purpose of the Application is to receive confirmation of State approval for the Federal Unit that has a State tract included within the bounds of the Federal Unit.

Q Have you prepared or has there been prepared under your direction three Exhibits for introduction in this case?

A There has been.

Q Referring to Exhibit No. 1, explain what this is,

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what it shows?

A Exhibit No. 1 is an outline of the unit boundary which was proved by the U.S.G.S. and it contains the lease holdings information within the unit.

Q It shows the ownership of all of the leases?

A Yes.

Q The location of the unit well?

A Yes, it does in Section 1.

Q Now, refer to Exhibit No. 2 and explain what that shows?

A Exhibit No. 2 is a net porosity isopach of the Morrow sands. It shows the confines of the productive limits of the Morrow sands within the White City Field and also within the interpreted confines of the first Morrow sands within the Federal Unit.

Q Do you have any further comments on this?

A No.

Q Refer to Exhibit No. 3 and explain what this shows.

A Exhibit No. 3 is a structural map on top of the Morrow limit formation. It does show the structural configuration of the Morrow sands within the White City Field and within the Federal Unit.

Q It also shows the location of the unit well?

A Yes, it does.

Q What is the status of the unit well?

A The well has been drilled and has been completed as a dry hole.

Q Does American Quasar contemplate any further development within the unit area?

A It is entirely possible there will be additional development either by American Quasar or we might cause the well to be drilled.

Q This is why you want to go ahead and get approval of the unit?

A Yes. There will be necessity for additional investigation prior to such a recommendation.

Q Now, I believe you mentioned this area has been approved, the designation of it, by U.S.G.S.?

A Yes, it has.

Q Has the form been approved by the U.S.G.S.?

A Yes.

Q And the form which has been filed with the Application is substantially the U.S.G.S. Form with modifications where State acreage is involved?

A Yes, sir.

Q Is American Quasar designated as the unit's operator?

A Yes, sir.

Q What is the status of execution of the unit by the various working interest owners?

A Everyone participated and approved the unit.

Q Now, in your opinion, if the unit agreement should be approved and production is later obtained on the unit, will it be in the interest of conservation, prevention of waste and protect correlative rights?

A Yes.

MR. HINKLE: We would like to offer Exhibits 1 through 3.

MR. NUTTER: Applicant's Exhibits 1 through 3 will be admitted.

(Whereupon, Applicant's Exhibits
Nos. 1 through 3 were admitted
into evidence.)

MR. HINKLE: That's all of this witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Kimbro, I notice in the unit agreement that was submitted with the Application, that it calls for a well to be drilled to the base of the Morrow or 11,700. Has this well that you are talking about here in Section 1, has that

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been drilled to that depth?

A Yes, sir, we drilled to 11,850.

Q It also called for the drilling of additional wells allowing not more than six months between wells. This is kind of unusual for an operator to come in and ask for an agreement after the well has already been drilled. It's common place that the second well would be drilled or else the unit would die of its own terms?

A Yes, sir, that's true. Our position in this was, of course, we had to begin the well prior to January 1. It was during December there were no cases to be heard and we did check with all the State agencies in order to proceed with the unit. It's unfortunate.

Q It was continued from January 3rd to this present date?

A Yes.

Q In the meantime --

A (Interrupting) The well is down. The well is completed.

Q I see.

MR. NUTTER: Are there any further questions of Mr. Kimbro? You may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Hinkle?

MR. HINKLE: That's all.

MR. NUTTER: Does anybody have anything further they wish to offer in Case 5132? We will take the case under advisement.

