

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 10, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of C & K Petroleum, Inc. for) CASE
a unit agreement, Chaves County,) 5797
New Mexico.)

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: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Randolph M. Richardson, Esq.
Attorney at Law
J. P. White Building
Roswell, New Mexico

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I N D E X

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EDWARD W. HOOPER

Direct Examination by Mr. Richardson

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EXHIBIT INDEX

Offered Admitted

Applicant's Exhibit One, Structure Map

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Applicant's Exhibit Two, Isopach Map

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Applicant's Exhibit Three, Pressure Map

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Applicant's Exhibit Four, Cross Section

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Applicant's Exhibit Five, Report

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1 MR. STAMETS: We will call next Case 5797.

2 MS. TESCHENDORF: Case 5797, application of C & K
3 Petroleum, Inc. for a unit agreement, Chaves County, New Mexico.

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

7 (THEREUPON, the witness was duly sworn.)

8 MR. RICHARDSON: I have already furnished the
9 Commission with a copy of the unit agreement but I would like
10 to add a plat which was not included and also a revised
11 Exhibit B which is not in evidence, it just should be stuck
12 in your files.

13 I also hand you the geological report consisting
14 of Exhibits One through Five.

15
16 EDWARD W. HOOPER
17 called as a witness, having been first duly sworn, was
18 examined and testified as follows:

19
20 DIRECT EXAMINATION

21 BY MR. RICHARDSON:

22 Q Mr. Hooper, would you please state your name, your
23 educational background and your present occupation that would
24 enable you to testify as an expert witness in this case?

25 A My name is Edward W. Hooper, I'm a graduate of the

1 University of Southwestern Louisiana, a graduate geologist,
2 presently employed by C & K Petroleum as Exploration Manager.

3 Q Have you ever testified before the Commission as an
4 expert witness?

5 A Yes, I have.

6 MR. RICHARDSON: Are the qualifications acceptable?

7 MR. STAMETS: They are.

8 Q (Mr. Richardson continuing.) Are you familiar with
9 the West Dallas Ranch Area and the matters contained in the
10 application to the Commission for approval of a unit agreement?

11 A Yes, I am.

12 Q Is the form of the unit agreement described by
13 Federal regulations and as recently approved by the Commissioner
14 of Public Lands?

15 A Yes.

16 Q Has the unit area been designated by the United States
17 Geological Survey in an area logically suitable for development
18 under a unit plan of development?

19 A Yes, it has.

20 Q I might add there that it is tentatively approved
21 by the USGS in Roswell and it's on its way to Denver for a
22 final actual designation.

23 Q Could you please tell the Commission the total
24 number of acres within the unit area and the number and
25 percentages of Federal, State and patented or fee lands?

1 A. The total number of acres in the unit is fifty-four,
2 twenty-six, point, zero, four acres, of which Federal lands
3 comprise twenty-eight, seventy-one, point, six, four acres,
4 fifty-two, point, nine, two percent. The State lands in this
5 unit are sixteen hundred acres or twenty-nine, point, four,
6 nine percent. Fee lands, nine, five, four, point, four, zero
7 acres or seventeen, point, five, nine percent.

8 MR. RICHARDSON: I might point out to the Commission
9 that when we made our original application or the initial
10 application to the Commission in order to get on as early as
11 possible docket, that the north half of Section 16 was included
12 in the unit area and after further discussion with the GS and
13 telephone conversations, the north half of Section 16, since it
14 did contain a dry hole, was eliminated from the unit area so that
15 the application calls for three hundred and twenty acres more
16 than the unit area actually contains.

17 The figures on the new plat and the new exhibit
18 are correct.

19 Q. (Mr. Richardson continuing.) Mr. Hooper, would you
20 please tell the Commission the township and range in which the
21 unit is located and some reference to the nearest town?

22 A. It's located in Township 9 South, Range 26 East and
23 the unit falls twelve miles northeast of the Roswell town site.

24 Q. Could you now refer to the geological report which
25 has been introduced or which has been handed to the Commission

1 and was this report prepared by you or under your supervision
2 and I notice that the report is signed by Donald McClurg, would
3 you please state Mr. McClurg's position with C & K or his
4 connection with C & K?

5 A. Donald McClurg is a graduate geologist who works for
6 Desana Corporation who are in an exploration venture with
7 C & K Petroleum Corporation and as a joint venture in southeastern
8 New Mexico. So this is a deal that C & K Petroleum will drill
9 as a result of this joint venture with Desana Corporation.

10 Q. In other words, the report was not prepared by you
11 but more or less in connection with McClurg and in conjunction
12 with?

13 A. Right, and under my supervision.

14 Q. Could you now, please, go through the report briefly
15 referring to the exhibits, indicating the significance of
16 the maps and written report?

17 A. Okay, the report encompasses four exhibits, the first
18 of which is a Montoya structure map showing the reason for the
19 unit outline and the reason for drilling the well.

20 The second exhibit is a Pre-Mississippian isopach
21 map showing the thickness of all of the beds below the
22 Mississippian limestone in the area of interest.

23 A third map or Exhibit Three, is a final shut-in
24 pressure map obtained from DST data in the Montoya formation
25 and the fourth exhibit would be a structural cross section,

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1 AA Prime, in the area of interest, showing what we think the
2 geological interpretation of the prospect area is.

3 Q And the written report merely refers back to
4 Exhibits One through Four?

5 A It expands upon these exhibits, correct.

6 Q Would you please tell the Commission your conclusions
7 as to formations likely to be encountered and considered
8 productive or possibly productive in this area?

9 A The formations that we think will have hydrocarbon
10 potential in the area are the Cisco Canyon and the Montoya.

11 Q Will you tell the Commission the projected depth
12 and the location of the initial test well?

13 A The initial test will be nineteen, eighty from the
14 north and west line of Section 20 at a projected depth of
15 approximately six thousand feet.

16 Q Have other working interest owners within the unit
17 area been contacted?

18 A Yes, they have.

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

22 A Well, chances right now are it appears that a hundred
23 percent of the working interest will be committed and I assume
24 that ninety percent of the royalty interest will be committed.

25 Q In your opinion will the operation of this unit area

1 under the proposed unit plan of operation be in the interest
2 of conservation and the prevention of waste?

3 A. I do.

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

6 A. They will.

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

9 A. They will.

10 MR. RICHARDSON: Now I would like to move that the
11 geological report, consisting of Exhibits One through Five
12 be admitted into evidence.

13 MR. STAMETS: This report will be admitted.

14 (THEREUPON, Applicant's Exhibits One through
15 Five were admitted into evidence.)

16 MR. RICHARDSON: I have nothing further.

17 MR. STAMETS: Any questions of the witness? He may
18 be excused.

19 (THEREUPON, the witness was excused.)

20 MR. STAMETS: Anything further in this case? The
21 case will be taken under advisement.

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REPORTER'S CERTIFICATE

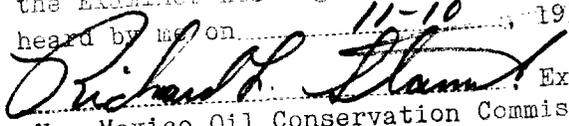
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
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 Examiner hearing of Case No. 5792
heard by me on 11-10, 1976.



Richard H. Stamm, Examiner
New Mexico Oil Conservation Commission

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