

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Case
6113

Hearing Date

JANUARY 4, 1978

TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
GUY T. BUELL	Amoco	HOUSTON, TX.
RICHARD L. MERRILL	Amoco	Houston, TX.
Greg L. Allen	Amoco	HOUSTON, TX.
Joe Stanley	Transocean Oil	Houston, TX.
Jim Pease	Amoco	Houston, TX.
Cathy Buchanan	Amoco	Houston, TX.
JAMES C. ALLEN	Amoco	Houston, TX.
William F. Egan	Cation, Cation and Sweetser	Santa Fe
W.C. Adams	El Paso	Farmington
Les Skirum	TEXAS OIL & GAS CORP.	MIDLAND, TX.
William S. Smith	Texas Oil & Gas Corp	Midland, TX.
Darrell Smith	Texas Oil & Gas Corp	Midland, TX.
D. Lopez	Lopez & Porschen	Artesia N.M.
Wayle John Snow	Texas Oil & Gas Corp	Midland, TX.
R.M. Richardson	Ind.	Rosario, Mex
M.L. Feldman	INEXCO	HOUSTON, TX.
Tom L. Dadds	INEXCO OIL COMPANY	HOUSTON, TX.
Gregory Merriam	Merriam Stephens	
Henry S. Lunn		

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 4, 1978

EXAMINER HEARING

IN THE MATTER OF:)

Application of Transocean Oil, Inc., for a) CASE
unit agreement, Catron County, New Mexico.) 6113

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

For the Applicant: William F. Carr, Esq.
CATRON, CATRON & SAWTELL
Attorneys at Law
53 Old Santa Fe Trail
Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
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I N D E X

JOE STANLEY

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EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
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Applicant Exhibit One-A, Map	5	8
Applicant Exhibit One-B, Tabulation	6	8
Applicant Exhibit Two, Letter of Approval	6	8
Applicant Exhibit Three, Letter of Approv.	6	8

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1 MR. NUTTER: We will call next Case Number 6113.

2 MS. TESCHENDORF: Case 6113, application of Trans-
3 ocean Oil, Inc., for a unit agreement, Catron County,
4 New Mexico.

5 MR. CARR: If it please the Examiner, I'm William
6 F. Carr, Catron, Catron and Sawtell, Santa Fe, appearing on
7 behalf of the applicant and I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9 MR. CARR: Mr. Examiner, on January 19, 1977 this
10 Commission heard the application of Transocean for approval
11 of its Omega Unit in Catron County. That unit terminated on
12 January 1. The application today involves virtually the same
13 area; the Cibola Unit overlies a portion of the Omega Unit.
14 The geological testimony entered in that prior case is identi-
15 cal to what we would offer today and for that purpose we would
16 request that the record in Case 5838 be incorporated into the
17 record of this hearing.

18 MR. NUTTER: I presume it is the intent to unitize
19 the same geological structure or feature that was unitized
20 in the original Omega Unit, is that it?

21 MR. STANLEY: Not exactly, no, sir, there is a
22 portion of the land overlying each other.

23 MR. CARR: The prior case, Mr. Examiner, included
24 or was an application for approval of three unit areas. The
25 geological testimony, however, in that case would be identical

1 to what would be presented today.

2 MR. NUTTER: I see. Now you want to incorporate
3 the record of Case Number 5838 in this record?

4 MR. CARR: Yes, sir.

5 MR. NUTTER: Case Number 5838 record will be in-
6 corporated in the record of Case Number 6113.

7 Would you proceed?

8

9 JOE STANLEY

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

12 DIRECT EXAMINATION

13 BY MR. CARR:

14 Q Will you state your name and place of residence,
15 please?

16 A Joe Stanley, 3411 Village Oaks Drive, Kingwood,
17 Texas.

18 Q Mr. Stanley, by whom are you employed?

19 A I am an independent petroleum land consultant. In
20 this hearing I represent Transocean Oil of Houston.

21 Q Mr. Stanley, have you previously testified and had
22 your credentials accepted and made a matter of record by this
23 Commission?

24 A Yes, I have.

25 Q Are you familiar with the application in this case?

1 A Yes, I am.

2 MR. CARR: Are Mr. Stanley's credentials acceptable?

3 MR. NUTTER: Yes, they are.

4 Q (Mr. Carr continuing.) What is Transocean seeking
5 to accomplish with its application in this case?

6 A To form an exploratory unit.

7 Q Mr. Stanley, have you prepared or has there been
8 prepared under your direction and supervision certain exhibits
9 for introduction in this case?

10 A Yes.

11 Q Would you please refer to what has been marked for
12 identification as Exhibit Number One and identify it for the
13 Examiner?

14 A This is a form of a Federal unit which is normally
15 used covering Federal and State lands for an exploratory
16 unit such as this.

17 Q Does this unit agreement provide for submission of
18 plans for unit development to the Oil Conservation Commission?

19 A No, it does not.

20 Q Would you have any objection to the Commission's
21 order requiring that these plans be so submitted?

22 A No.

23 Q Would you please refer to what has been marked as
24 Exhibit One-A and explain what it is and what it shows?

25 A Exhibit One-A is attached to the unit agreement

1 previously referred to and is a map showing the unit area
2 outlined in the various types of acreage, mainly being Federal
3 lands, State lands, and Patented lands.

4 Q Would you refer to what has been marked as Exhibit
5 One-B and explain what it is and what it shows?

6 A Exhibit One-B is also an attachment to the Unit
7 Agreement, which is a tabulation of the leases showing a
8 description of each of the leases, the number of acres, the
9 serial number, the lessee of record, overriding royalty owners
10 and working interest and percentages.

11 Q Has the Cibola Unit been designated by the USGS as
12 a logical unit area?

13 A Yes, it has.

14 Q And is there a letter of approval marked for intro-
15 duction as Exhibit Number Two?

16 A Yes, it is.

17 Q Has the form of this agreement been approved by the
18 State Land Office?

19 A Yes, it has.

20 Q And are the letter of approval marked as Exhibit
21 Three in this case?

22 A Yes, they are.

23 Q Mr. Stanley, what is the present commitment of
24 acreage to the Cibola Unit?

25 A The present commitment is all working interest

1 owners are committed, all overriding royalty interest owners
2 are committed and once Federal and State approval is received,
3 approximately ninety-nine point four eight percent of the
4 royalty interest owners will be committed.

5 Q And this is sufficient commitment of acreage to
6 afford control of the unit?

7 A Yes, it is.

8 Q In this unit agreement is Transocean designated as
9 the unit operator?

10 A Yes.

11 Q When do you hope to drill a test well on this unit?

12 A As early as two weeks.

13 Q And where will this test well be drilled?

14 A It will be located in the northeast quarter of
15 Section 33, Township 2 North, Range 14 West.

16 Q To what depth do you intend to drill?

17 A A depth sufficient to penetrate the basement complex
18 or sixty-five hundred feet, whichever is lesser.

19 Q What formations are you seeking to unitize?

20 A All depths.

21 Q Mr. Stanley, in your opinion will approval of the
22 proposed unit promote the prevention of waste and the pro-
23 tection of correlative rights?

24 A Yes.

25 Q Were Exhibits One, One-A, One-B, Two, and Three

1 prepared by you or under your supervision and direction?

2 A Yes, they were.

3 MR. CARR: At this time, Mr. Examiner, I would offer
4 into evidence Transocean Exhibits One through Three.

5 MR. NUTTER: Exhibits One through Three will be
6 admitted into evidence.

7 (THEREUPON, Transocean Exhibits One through
8 Three were admitted into evidence.)

9 MR. CARR: I have nothing further at this time.

10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Stanley, you mentioned that all of the working
13 interest had been committed to the unit but I note that the
14 one fee lease in here owned by Frank Elliot is unleased. Has
15 he committed his land as a working interest owner?

16 A No, he hasn't.

17 Q So all of the working interest that has been leased
18 is committed?

19 A Yes.

20 Q Now I also note that there is an override on a great
21 deal of this land held by CPGS, is this Colorado Plateau
22 Geological Services?

23 A Yes.

24 Q So they have an override throughout the unit?

25 A Yes, they do.

1 Q And that location for the discovery well or the
2 initial well would be in the northeast quarter of 33, 2 North,
3 14 West?

4 A Yes, sir.

5 Q And that would be drilled to the basement complex
6 or to sixty-five hundred feet, is that correct?

7 A Yes.

8 MR. NUTTER: Are there any further questions of this
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. CARR: Mr. Examiner, inasmuch as Transocean
12 plans to spud the well within two weeks we would request that
13 the order would be expedited.

14 MR. NUTTER: We will do what we can, Mr. Carr.

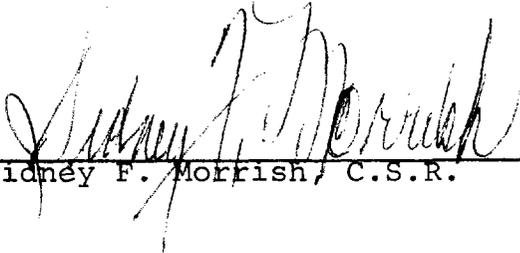
15 Does anyone else have anything to offer in Case
16 Number 6113? We will take the case under advisement.

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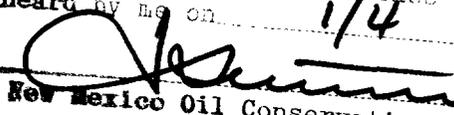
REPORTER'S CERTIFICATE

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. 6113
heard by me on 1/4, 19 78

Examiner
New Mexico Oil Conservation Commission

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