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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
2 October 1979

EXAMINER HEARING

IN THE MATTER OF:)	
)	
)	
Application of Gifford, Mitchell &)	CASE
Wisembaker for a unit agreement, Lea)	6675
County, New Mexico.)	
)	

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	Ernest L. Padilla, Esq.
Division:	Legal Counsel for the Division
	State Land Office Bldg.
	Santa Fe, New Mexico 87503

For the Applicant:	W. Thomas Kellahin, Esq.
	KELLAHIN & KELLAHIN
	500 Don Gaspar
	Santa Fe, New Mexico 87501

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MR. STAMETS: We'll call next Case 6675.

MR. PADILLA: Application of Gifford, Mitchell, and Wisenbaker for a unit agreement, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant and I have two witnesses.

MR. STAMETS: Are there other appearances in this case?

I'd like to have both witnesses stand and be sworn at this time.

(Witnesses sworn.)

TOM HELLER

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Would you please state your name and occupation?

A. My name is Tom Heller. My occupation is Land Manager with Gifford, Mitchell and Wisenbaker in Midland, Texas.

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1 Q Mr. Heller, have you previously testified
2 before the Oil Conservation Division of New Mexico as a land-
3 man?

4 A Yes.

5 Q And have you made a study of the unit
6 agreement for which the applicant seeks approval?

7 A Yes.

8 MR. KELLAHIN: We tender Mr. Heller as an
9 expert landman.

10 MR. STAMETS: He's considered so qualified.

11 Q (Mr. Kellahin continuing.) Would you
12 please refer to what we've marked as Applicant Exhibit Number
13 One and identify that?

14 A This is our proposed unit agreement which
15 we seek approval of, covering our Pawnee Deep Unit Area in
16 Lea County, New Mexico.

17 Q What form of unit agreement have you used,
18 Mr. Heller?

19 A This is the standard Federal form that
20 has been used for other units with the State language in-
21 cluded, due to the fact it does include State acreage.

22 Q Would you refer to Exhibit A attached to
23 our Exhibit Number One and identify that exhibit?

24 A Exhibit A is an outline of the proposed
25 unit area, covering six sections, all regular 640-acres, with

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1 the Federal and the State acreage delineated by color code.

2 Q Would you indicate for us the total number
3 of acres to be committed to the unit and the split between
4 the Federal and State?

5 A There is a total of 3840 acres in the
6 proposed unit of which 640 acres is Federal acreage and the
7 balance, 3200 acres, is State of New Mexico land.

8 Q Would you describe for us Exhibit B at-
9 tached to the unit agreement?

10 A Exhibit B indicates in order the Federal
11 tracts as well as the State of New Mexico tracts, the working
12 interest, the lessee of record, all overriding royalty owners,
13 and the interest they own in the leases.

14 Q Has the proposed unit agreement and ac-
15 companying geology been submitted to the USGS for preliminary
16 approval?

17 A Yes, it has.

18 Q And do you have preliminary approval as
19 of this date?

20 A Not as yet.

21 Q Have you submitted the operating agreement
22 and geology to the Commissioner of Public Lands?

23 A Yes.

24 Q And what, if any, response do you have
25 from them?

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1 A. We are expecting preliminary approval as
2 to context and form in the immediate future.

3 Q. What percentage of ratification to you
4 anticipate for the unit agreement?

5 A. 100 percent.

6 Q. And who is designated as operator?

7 A. Gifford, Mitchell, and Wisenbaker.

8 Q. What is the purpose of the unit, Mr. Heller?

9 A. The purpose, we propose drilling a 17,500
10 Fusselman test on the unit. We feel the unit area, as out-
11 lined, is encompassing our geological prospect and all of it
12 is prospective hydrocarbon-bearing acreage.

13 Q. What is the unitized formation?

14 A. All rights below the base of the Yates
15 formation found at 3967 feet, as found in the Humble No. 1
16 South Lea Deep Unit Well in Section 17, 26 South, 36 East,
17 Lea County, New Mexico.

18 Q. What was the formula used in arriving at
19 the allocations between working interests and royalty in-
20 terests in Exhibit B?

21 A. On a surface acreage basis.

22 Q. Was Exhibit Number One compiled by you
23 or prepared by you directly?

24 A. It was prepared by me directly.

25 MR. KELLAHIN: Move the introduction of

1 Exhibit Number One.

2 MR. STAMETS: Exhibit Number One will be
3 admitted.

4
5 CROSS EXAMINATION

6 BY MR. STAMETS:

7 Q Mr. Heller, does the unit agreement provide
8 for Oil Conservation Division approval of plans of develop-
9 ment?

10 A Yes, it does.

11 Q And changes of unit operator?

12 A Yes.

13 Q And approval of participating areas?

14 A Yes.

15 MR. STAMETS: Any other questions of the
16 witness? He may be excused.

17

18 BRYAN POLLARD

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

21

22 DIRECT EXAMINATION

23 BY MR. KELLAHIN:

24 Q Would you please state your name and occu-
25 pation?

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1 A. My name is Bryan Pollard. I'm Exploration
2 Manager for Gifford, Mitchell and Wisenbaker, Midland, Texas.

3 Q. Mr. Pollard, in your capacity as Explora-
4 tion Manager for the applicant, have you made a study of the
5 geology with regards to the formations to be unitized in
6 this application?

7 A. Yes, I have.

8 Q. And have you previously testified before
9 the Oil Conservation Division?

10 A. No, I have not.

11 Q. Would you summarize for the Examiner when
12 and where you obtained your degree?

13 A. From Texas Tech College in Lubbock in 1952.

14 Q. And what was that degree in?

15 A. Petroleum geology.

16 Q. And subsequent to graduation have you de-
17 voted your professional life to petroleum geology?

18 A. Yes, I have.

19 Q. And how long have you been employed by
20 the applicant?

21 A. Two years.

22 MR. KELLAHIN: We tender Mr. Pollard as an
23 expert.

24 MR. STAMETS: The witness is considered
25 qualified.

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1 Q Mr. Pollard, I show you what I've marked
2 as Applicant Exhibit Number Two and ask you to identify that.

3 A This is a report on the geology of the
4 proposed Pawnee Unit.

5 Q Would -- in conjunction with Exhibit Num-
6 ber Two, would you refer to Exhibit Number Three and summarize
7 for us the conclusions and opinions you've reached with re-
8 gards to studying the geology of this area?

9 A This is a geologic workout of the Pawnee
10 area, and the conclusions that we reached there, the pros-
11 pective formation is the Fusselman.

12 Q All right. There are a number of exhibits
13 in -- contained within Exhibit Number Three, Mr. Pollard.
14 Would you identify one of them for us that will show the
15 Fusselman objective?

16 A All right. One of them is the Devonian-
17 Fusselman -- Devonian porosity map; the other one below is
18 the Fusselman porosity structure map.

19 Q All right. What is the unitized formation,
20 Mr. Pollard?

21 A It is the Fusselman.

22 Q Is the Devonian to be included in the unit?

23 A The Devonian would be prospective at a
24 shallower depth.

25 Q All right. Let's refer to your structure

1 map of the Fusselman. Have you outlined the unit on your
2 structure map?

3 A. Yes, I have.

4 Q. And what is the significance of the yellow
5 color?

6 A. Yellow is the area which we feel like will
7 be hydrocarbon-bearing. The contour of the Fusselman at
8 -14,500 is the only contour that is above a high -- an updip
9 fault to the southeast. Contours below that would be bi-
10 sected by that fault and any hydrocarbons would have escaped.

11 Q. Is there other Fuseelman production in the
12 area?

13 A. Yes, there is.

14 Q. And how is that identified?

15 A. It's identified by red dots around the
16 wells.

17 Q. Does this exhibit also contain a cross
18 section?

19 A. Yes, it does.

20 Q. And that's a cross section as indicated
21 on this exhibit?

22 A. Yes, it is.

23 Q. Where is the proposed location of the
24 first well within the unit?

25 A. In Section 22.

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1 Q All right. I notice you have a proposed
2 location in Section 15. That has been changed, has it?

3 A Yeah, that has been changed to Section 22.

4 Q All right, approximately where in Section
5 22?

6 A 660 from -- or 1000 feet from the north
7 and 1980 from the west.

8 Q 1000 feet from the north of 22 and --

9 A And 1980 from the west.

10 Q When do you propose to commence that well?

11 A Approximately December the 1st.

12 Q In your opinion, Mr. Pollard, is the pro-
13 posed configuration of the unit as set forth in the unit
14 agreement adequately confined to the proposed Fusselman de-
15 velopment in this area?

16 A Yes, it is.

17 Q In your opinion is that a logical configu-
18 ration for a proration unit to develop the Fusselman?

19 A Yes, it is.

20 Q Were Exhibits Two and Three prepared by
21 you directly or compiled under your direction and super-
22 vision?

23 A Under my supervision; part of them by me
24 directly, part of them under my supervision.

25 Q In your opinion will approval of this

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application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, it will.

MR. KELLAHIN: That concludes our examination. We move the introduction of Exhibits Two and Three.

MR. STAMETS: These exhibits will be admitted.

Are there any questions of this witness?
He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached 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 from my notes taken at the time of the hearing.

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Sally W. Boyd, C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing transcript is a correct and true copy of the hearing as heard by me on 10-7-79.

Richard L. Clement, Examiner
Oil Conservation Division