

## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date OCTOBER 31, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Bruce A. Black	Petco Oil Co.	Houston Texas
W. T. Kellohim	Kellohim & Kellohim	Santa Fe
D. A. Baker	Petco Oil Co.	Farmington, N.M.
Bruce Taylor	Petco Oil Co.	Houston, TX
David Hundley	TXO	Midland
Jeff Bourgeois	"	"
John Swail	"	"
Bob Walker	Byron	Santa Fe
Jim Bruce	Hinko Law Firm	Santa Fe
Ray Graham	SLO	Santa Fe
Hubert Dr. Danner	SLO	S. F.
Jim Scher	El Paso Nat. Gas	El Paso
Paul W. Burchell	El Paso Natural Gas	El Paso
Ernst L. Paille	ATTY AT LAW	SF
Wilbur Wilson	Stevens Operating Corp	Roswell
Sue Umsicker	BLM	Albuquerque

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date OCTOBER 31, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Tom SANDERS	GAS Co OF NM	ALBUQUERQUE
Tim O'BRIEN	" " " "	"

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

31 October 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Pelto Oil Company for a unit agreement, Santa Fe County, New Mexico.	CASE 8386
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BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	Jeff Taylor Attorney at Law Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:	James G. Bruce Attorney at Law HINKLE LAW FIRM Santa Fe, New Mexico. 87501
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I N D E X

BRUCE TAYLOR

Direct Examination by Mr. Bruce	3
Cross Examination by Mr. Stogner	7

BRUCE BLACK

Direct Examination by Mr. Bruce	7
Cross Examination by Mr. Taylor	10

E X H I B I T S

Pelto Exhibit A, Plat	
Pelto Exhibit B, List	
Pelto Exhibit C, Booklet	

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3 MR. STOGNER: We'll call now  
4 Case Number 8386.

5 MR. TAYLOR: The application of  
6 Pelto Oil Company for a unit agreement, Santa Fe County, New  
7 Mexico.

8 MR. BRUCE: Mr. Examiner, my  
9 name is Jim Bruce from the Hinkle Law Firm in Santa Fe, re-  
10 presenting Pelto Oil Company and I have two witnesses to be  
11 sworn.

12 MR. STOGNER: Are there any  
13 other appearances in this matter?

14 Will the witnesses please stand  
15 and be sworn?

16 (Witnesses sworn.)

17 BRUCE TAYLOR,  
18 being called as a witness and being duly sworn upon his  
19 oath, testified as follows, to-wit:

20 DIRECT EXAMINATION

21 BY MR. BRUCE:

22 Q Would you please state your name, ad-  
23 dress, occupation, and employer?

24 A My name is Bruce Taylor. My address is  
25 16825 North Chase, Houston, Texas.

1  
2 My employer is Pelto Oil Company out of  
3 Houston.

4 Q And what is your occupation at Pelto Oil  
5 Company?

6 A I am a petroleum landman.

7 Q Have you previously testified before the  
8 New Mexico OCD?

9 A No, I have not.

10 Q Would you please give a brief history of  
11 your education and work background?

12 A Yes. I have a business degree from the  
13 University of New Haven, Connecticut.

14 I started my career as a petroleum land-  
15 man with Texaco for approximately two and a half years.

16 I continued my career with TransOcean Oil  
17 out of Houston for two and a half years.

18 And I've been with Pelto Oil Company for  
19 four years as a petroleum landman.

20 Q And what region do you cover for Pelto  
21 Oil?

22 A The western region.

23 Q And are you familiar with Pelto Oil Com-  
24 pany's application for approval of the Pinon Unit Area and  
25 the land matters involved in that unit?

A Yes, I am.

MR. BRUCE: Mr. Examiner, is  
the witness considered qualified?

1  
2 MR. STOGNER: He is so quali-  
3 fied.

4 Q Mr. Taylor, would you please briefly  
5 state what Pelto Oil Company seeks in this application?

6 A Yes. Pelto Oil Company seeks the appro-  
7 val of our Pinon Unit Area, which consists of 44,349.63  
8 acres in Townships 13 and 14 North, Range 8 and 9 East, San-  
9 ta Fe County, New Mexico.

10 Our unit consists of Federal, State, and  
11 fee acreage.

12 Q The Examiner is now looking at Exhibit A.  
13 Would you please describe what is contained in that exhibit?

14 A Yes. Our unit, as I mentioned, contains  
15 44,349.63 acres.

16 13,790.970 is Federal acreage, which is  
17 approximately 31.10 percent of our unit.

18 3,305.02 acres is represented of State  
19 leases. This is 7.45 percent of the unit area.

20 The remainder is fee acreage, which is  
21 27,253.64 acres, which is 61.45 percent of our unit.

22 Q And how many wells does Pelto Oil Company  
23 plan to drill on this land?

24 A Two wells.

25 Q And have you submitted the unit plat for  
approval to the Federal government?

A Yes, we have.

Q And have you received preliminary appro-

1  
2 val?

3 A Yes, we have.

4 Q And have you submitted it to the State  
5 for approval?

6 A Yes, we have.

7 Q And have you receive verbal approval from  
8 them?

9 A Yes.

10 Q Next is Exhibit B. Does that set forth  
11 the State and -- all of the State and Federal leases in-  
12 cluded in the unit?

13 A Yes, it does.

14 Q And approximately how much of the total  
15 acreage in the unit do you anticipate will be committed to  
16 the unit?

17 A 84.5 percent.

18 Q Were Exhibits A and B prepared by you or  
19 under your direction?

20 A Yes, they were.

21 Q And in your opinion will the granting of  
22 this unit application be in the interest of conservation and  
23 the prevention of waste?

24 A Yes, it will.

25 MR. BRUCE: Mr. Examiner, I sub-  
mit exhibits A and B.

MR. STOGNER: Exhibits A and B  
will be admitted into evidence.

1  
2 MR. BRUCE: I have no further  
3 questions of this witness.

4 CROSS EXAMINATION

5 BY MR. STOGNER:

6 Q Mr. Taylor, you say that Pleto plans to  
7 drill two wells on this unit?

8 A Yes.

9 Q Initially. Do you have any idea where  
10 these might be located?

11 A Yes, I do. The first, if I may, our  
12 first well we anticipate will be in protracted Section 31 of  
13 Townships 14 North, 8 East, and our second proposed well  
14 would be in Section 21, Townships 14 North, 9 East.

15 Q Thank you, Mr. Taylor.

16 MR. STOGNER: I have no further  
17 questions of Mr. Taylor.

18 Are there any other questions  
19 of this witness? If not, he may be excused.

20 BRUCE BLACK,

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

23 DIRECT EXAMINATION

24 BY MR. BRUCE:

25 Q Would you please state your name, city of

1  
2 residence, occupation, and relationship to Pelto Oil Com-  
3 pany?

4 A Yes. My name is Bruce Black. I live in  
5 Farmington, New Mexico. I'm a consulting geologist for Pel-  
6 to Oil Company.

7 Q And have you previously testified before  
8 the OCD as a geologist?

9 A Yes, sir, I have.

10 Q And are you familiar with the geological  
11 matters pertaining to the Pinon Unit?

12 A Yes, I am.

13 MR. BRUCE: Mr. Examiner is the  
14 witness considered qualified?

15 MR. STOGNER: Dr. Black is so  
16 qualified.

17 Q Dr. Black, would you please refer to what  
18 is a booklet marked as Exhibit C and describe the geology of  
19 this area?

20 A All right. If I could have you turn to  
21 page two, the Figure 1, Regional Index Map.

22 As you can see, the unit is located in  
23 the southern portion of what is referred to as the Espanola  
24 Basin. It's between the, roughly between the towns of  
25 Madrid and Galisteo, and it is south of Santa Fe  
approximately, oh, eight to ten miles, and that will give  
you a rough feeling where it sits geologically and  
geographically.



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admitted into evidence.

MR. BRUCE: I have no further questions of this witness.

CROSS EXAMINATION

BY MR. STOGNER:

Q Dr. Black, was any seismographic work done out there in this area?

A Yes, it was; it sure was.

Q And from that data is that where you came up with these contours?

A In part, yes. The contours are a combination of stratigraphic controls from well tests that have already been drilled. Those tests are shown on Figure Number 3.

You can see that there are two wells that have already been drilled within the unit outline and they correspond, of course, to the contour maps.

We have some limited seismic in the area and so we have also utilized that limited seismic, and then the rest of the data was done by surface geology and projection of the surface dips.

This is our best estimate of the base of the Niobrara formation.

Most of the well control, as you can see, is outside the unit area just to the immediate southeast of

1  
2 of the unit.

3 Q Would you please give me a description of  
4 the wells that have already been drilled?

5 A Yes, that's the Pelto State No. 1, lo-  
6 cated in Section 36 of 14 North, 8 East, and the Pelto Ortiz  
7 No. 1, which is located in projected Section 26 of 14 North  
8 and 8 East.

9 Q Did both of these wells encounter the  
10 Granite?

11 A No, neither one did. Both of these wells  
12 were drilled to the Dakota formation only, but they did en-  
13 counter and go through the objective that we're looking at.

14 So we have good control on it. The cen-  
15 ter of this is very well controlled in the sense that we --  
16 we have well control on it, and then, of course, the mar-  
17 gins, as I say, are controlled by both surface geology and  
18 seismic data.

19 MR. STOGNER: I have no further  
20 questions of Dr. Black.

21 Are there any other questions  
22 of this witness? If not, he may be excused.

23 Mr. Bruce, do you have anything  
24 further in this case this morning?

25 MR. BRUCE: Nothing further,  
Mr. Examiner.

MR. STOGNER: Does anybody else  
have anything further in Case Number 8386 this morning?

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If not, this case will be taken  
under advisement.

(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 HEREBY 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 CSR

I do hereby certify that the foregoing is a correct and true transcript of the hearing held in the Oil Conservation Division on 8386 heard by me on Oct. 31 1984  
Michael S. Rogner Examiner  
Oil Conservation Division