

ts Nos. 2-75 and 3-75 are tentatively set for hearing on January 15 and January 22, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 8, 1975

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 5110: (Continued from July 10, 1974)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the institution of gas prorationing in the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, to provide for fixing the total allowable natural gas production from said pool to an amount equal to reasonable market demand and to the capacity of the gas transportation facilities. Also to be considered will be the adoption of special rules and regulations for said pool including a provision for allocating the allowable production among the wells in the pool. NOTE: This case will be dismissed.

CASE 5378: Application of Southern Union Production Company for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Aztec-Pictured Cliffs Pool underlying the NE/4 and in the Blanco-Mesaverde Pool underlying the N/2 of Section 3, Township 30 North, Range 11 West, San Juan County, New Mexico, to be dedicated to applicant's Lester Well No. 1, to be drilled at a standard location in the NE/4 of said Section 3 and dually completed in the Pictured Cliffs and Mesaverde formations. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of the applicant as the operator of the well and a charge for the risk involved in drilling said well. Applicant further seeks approval for the dual completion (conventional) of said Lester Well No. 1 in such a manner as to produce gas from the Mesaverde and Pictured Cliffs formations.

CASE 5380: Application of Amoco Production Company for a non-standard gas proration unit, an unorthodox gas well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 NE/4, SE/4 NW/4, E/2 SW/4, and SE/4 of Section 33, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to its Gillully "B" Well No. 3, located in Unit N, and its Gillully "B" Well No. 15 to be drilled at an unorthodox location 1980 feet from the North line and 660 feet from the East line of said Section 33.

- CASE 5381: Application of Mobil Oil Corporation for temporary special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the establishment of temporary special pool rules for the Eunice-San Andres Pool, Lea County, New Mexico, including a provision for a limiting gas-oil ratio of 5,000 to 1.
- CASE 5382: Application of Belco Petroleum Corporation for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Los Medanos-Atoka Gas Pool, Eddy County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian Gas Pools rather than the present 160-acre spacing.
- CASE 5383: Application of Union Texas Petroleum Corporation for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Crosby Deep Well No. 3, located in Unit J of Section 33, Township 25 South, Range 37 East, Crosby Field, Lea County, New Mexico, in such a manner as to produce oil from the Fusselman formation and gas from the McKee formation through parallel strings of tubing.
- CASE 5384: Application of Atlantic Richfield Company for a non-standard gas proration unit, three unorthodox gas well locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising W/2 NE/4, W/2 SE/4, SE/4 SE/4, and SE/4 SW/4 of Section 32, Township 24 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to its State 157-E Well No. 1, located 2310 feet from the North and East lines, its State 157-C Com Well No. 1, located 330 feet from the South line and 2310 feet from the East line, and its State 157-C Well No. 2, located 990 feet from the South line and 330 feet from the East line, all unorthodox gas well locations in said Section 32.
- CASE 5385: Application of Yates Petroleum Corporation for pool creation and special pool rules and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the High Hope-Abo Gas Pool in Section 13, Township 17 South, Range 23 East, Eddy County, New Mexico, and the promulgation of special pool rules therefor, including a provision for 320-acre spacing and proration units. Applicant further seeks approval for the unorthodox location of its High Hope DJ Federal Well No. 1, located 690 feet from the North line and 480 feet from the West line of Section 13, Township 17 South, Range 23 East, Eddy County, New Mexico, the W/2 of said Section 13 to be dedicated to the well.
- CASE 5386: Application of Yates Petroleum Corporation for four dual completions and one unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following dual completions in Township 17 South, Range 25 East, Eddy County, New Mexico:

(Case 5386 Continued from Page 2)

The Federal "CR" Com Well No. 1, located at an unorthodox gas well location 660 feet from the South and West lines of Section 29, to produce gas from the Canyon formation through the casing-tubing annulus and from the Atoka formation through tubing, the W/2 of said Section 29 to be dedicated to the well;

The State "CY" Well No. 1, located in Unit K of Section 32, to produce gas from the Strawn and Atoka formations through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly;

The Powell "DG" Com Well No. 1, located in Unit O of Section 35, to produce gas from the Morrow through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly;

And the Federal "CZ" Well No. 1, located in Unit B of Section 8, Township 18 South, Range 25 East, to produce gas from the Morrow through the casing-tubing annulus and from the Cisco through tubing by means of a cross-over assembly.

CASE 5367: (Continued from the November 26, 1974, Examiner Hearing)

Application of Yates Petroleum Corporation for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Hornbaker BA Well No. 1, located in Unit G of Section 25, Township 18 South, Range 25 East, Penasco Draw Yeso-San Andres Pool, Eddy County, New Mexico, to dispose of produced salt water into the Yeso and San Andres formations through the perforated intervals from 1400 to 2480 feet. Applicant further seeks an administrative procedure for approval of additional salt water disposal into the Yeso and San Andres formations in the subject pool without notice and hearing.

CASE 5387: Application of HNG Gil Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location in the Devonian and/or Ellenburger formation of its Dogie Draw Fed. Well No. 2, to be drilled at a point 1325 feet from the South and West lines of Section 5, Township 26 South, Range 36 East, Lea County, New Mexico, the S/2 of said Section 5 to be dedicated to the well.

CASE 5388: Application of Great Western Drilling Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hay Hollow Unit Area comprising 7040 acres, more or less, of Federal and State lands in Township 26 South, Range 27 East, Eddy County, New Mexico.

CASE 5389: Application of Shell Oil Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the S/2 NW/4, NE/4 SW/4, and NW/4 SE/4 of Section 3, Township 21 South,

(Case 5389 continued from Page 3)

Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to a well to be dually completed at a standard location in Unit F of said Section 3.

CASE 5390: Application of El Paso Natural Gas Company for extension of Order No. R-4342, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the provisions of Order No. R-4342, which order authorized the applicant to produce certain non-marginal wells in the San Juan 32-9 Unit Area, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity while conducting tests, making up such overproduction by underproducing other non-marginal wells within the participating area.

CASE 5391: Application of David Fasken for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Boyd-Cisco and Boyd Morrow production in the wellbore of its Arco 9 Morrison Well No. 1, located in Unit B of Section 9, Township 19 South, Range 25 East, Eddy County, New Mexico.

CASE 5392: Application of David Fasken for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a gas well to be drilled in the NE/4 of Section 2, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, at a point 1980 feet from the North line and 660 feet from the East line of said Section 2, the N/2 of the Section to be dedicated to the well.

CASE 5393: Application of Getty Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Tubb-Drinkard, and Montoya production in the wellbore of its Coates "C" Well No. 14, located in Unit G of Section 24, Township 25 South, Range 37 East, Justis Field, Lea County, New Mexico.

CASE 5394: Application of Dugan Production Corporation for amendment of special pool rules, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Rules and Regulations for the Slick Rock-Dakota Oil Pool, San Juan County, New Mexico, to allow the drilling of wells to within 25 feet of quarter-quarter section lines when the offset acreage is owned by the party drilling the well.

CASE 5395: Application of Sun Oil Company for two dual completions and two tubing exceptions, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Lynch Wells Nos. 1 and 3, located in Units K and M, respectively, of Section 1, Township 22 South, Range 37 East, Lea County, New Mexico, to produce oil from the Drinkard and Wantz-Granite Wash Pools through parallel strings of tubing. Applicant further seeks approval to utilize 1.315 O.D. tubing for the lower 1800 feet of its Drinkard production string in said Well No. 1, and for the lower 1303 feet of its Drinkard production string in said Well No. 3.

- CASE 5396: Application of Continental Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to convert its Lynn A Well No. 5, located in Unit A of Section 28, Township 23 South, Range 37 East, Jalmat and Langlie-Mattix Pools, Lea County, New Mexico, to dispose of produced salt water into the Seven Rivers formation through perforations in the overall interval from 3470 to 3679 feet.
- CASE 5397: Application of Cities Service Oil Company for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Wolfcamp production for its Government T Well No. 1 located in Unit C of Section 14, Township 20 South, Range 28 East, Eddy County, New Mexico, and the promulgation of temporary special pool rules therefor, including a provision for 320-acre spacing and proration units.
- CASE 5398: Application of Pennzoil United, Inc., for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Mobil 12 Federal Well No. 1, located in Unit B of Section 12, Township 23 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico.
- CASE 5399: Application of Coastline Petroleum Company, Inc., for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of undesignated Gallup and Basin-Dakota gas production in the wellbore of its Schalk 94 Well No. 1, located in Unit A of Section 26, Township 32 North, Range 8 West, San Juan County, New Mexico.
- CASE 5400: Application of Twinlakes Oil Company for amendment of special pool rules, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks amendment of the special rules and regulations for the Twin Lakes-San Andres Pool, Chaves County, New Mexico, to permit the drilling of oil wells on gas proration units, the simultaneous dedication of acreage to oil and gas wells, and to limit production from such wells.
- CASE 5379: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea and Eddy Counties, New Mexico:
- (a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Paddock production and designated as the Spencer-Paddock Pool. The discovery well is the Aztec Oil & Gas Company State DS Well No. 3 located in Unit J of Section 24, Township 17 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 24: SE/4

(Case 5379 continued from Page 5)

(b) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Avalon-Wolfcamp Gas Pool. The discovery well is the Hanagan Petroleum Corporation Ocotillo Hills Well No. 1 located in Unit F of Section 21, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 21: NW/4

(c) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Corral Draw-Morrow Gas Pool. The discovery well is the Mobil Oil Corporation Corral Draw Unit Well No. 1 located in Unit K of Section 14, Township 25 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 29 EAST, NMPM
Section 14: S/2

(d) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
Section 6: SE/4

(e) Extend the Hobbs-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 38 EAST, NMPM
Section 32: NE/4
Section 33: NW/4

(f) Extend the Leamex-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 22: SE/4

(g) Extend the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 16: SE/4

(h) Extend the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 4: Lots 1, 2, 7, and 8

(i) Extend the Skaggs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM
Section 1: E/2

(j) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 1: SE/4

(k) Extend the Warren-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 27: W/2 SE/4

(l) Extend the West Atoka-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 35: S/2

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 7: S/2

(m) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 1: Lots 1 through 8

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM
Section 12: W/2

(n) Extend the Cemetary-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM
Section 5: N/2

(o) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 13: S/2 NW/4 and W/2 SE/4
Section 15: N/2 SW/4

(p) Extend the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 28: SW/4 SE/4 and SE/4 SW/4

(q) Extend the Grayburg Jackson Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 8: S/2 SW/4

(r) Extend the Grayburg-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 33: N/2

(s) Extend the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 27: S/2

(t) Extend the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 24: S/2 NW/4

(u) Extend the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 26: E/2 NE/4

(v) Extend the Shugart Yates-Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 23: SE/4 NW/4

(w) Extend the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 1: W/2

Dockets Nos. 3-75 and 4-75 are tentatively set for hearing on January 22 and February 5, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 15, 1975

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for February, 1975;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for February, 1975.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 8, 1975

EXAMINER HEARING

-----)
 IN THE MATTER OF:)
)
 Application of Great Western Drilling)
 Company for a unit agreement, Eddy)
 County, New Mexico.)
 -----)

Case No.
5388

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:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

James T. Jennings, Esq.
JENNINGS, CHRISTY &
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1012 Security National
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MR. STAMETS: Call the next case, Case 5388.

MR. CARR: Case 5388. Application of Great Western Drilling Company for a unit agreement, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this Case.

MR. JENNINGS: I'm Mr. James T. Jennings of Jennings, Christy & Copple appearing on behalf of the Applicant. We will have two witnesses, Mr. Ken Griffin and Mr. Dewey Thornton.

MR. STAMETS: Are there any other appearances in this Case?

MR. LINES: Farrel Lines on behalf of Michael Grace. We have no witnesses; I will just have a few remarks.

MR. STAMETS: Will all the witnesses stand and be sworn at this time, please.

(Witnesses sworn.)

KEN GRIFFIN

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you please state your name, place of

residence and occupation, sir?

A Ken Griffin, Midland, Texas, with Griffin & Burnett, Inc. I am a consulting landman.

Q Mr. Griffin, are you familiar with the Application that is involved here by Great Western?

A Yes, I am familiar with all of the preliminaries.

(Whereupon, a discussion
was held off the record.)

BY MR. JENNINGS:

Q Would you identify Exhibit 5, please Mr. Griffin?

A Exhibit 5 is the unit agreement for the proposed Hay Hollow Unit in Eddy County, New Mexico. It follows the standard 1968 Federal reprint with appropriate adaptations for the fact that State land is involved.

Q What is the -- generally what area is covered by this unit agreement?

A The unit agreement covers 11 sections out of Township 26 South, Range 27 East in Eddy County, New Mexico, a total of 7040 acres.

Q How is the unit made up?

A The 7040 acres is broken down into 6360 acres of Federal land, being 90.4 percent, and 680 acres of State land, being 9.6 percent.

Q What is the objective depth of the proposed well, and the location of the proposed well?

A The proposed well is located in the Southeast quarter of Section 11, Township 26 South, Range 27 East, and is scheduled to a depth of 12,700 feet.

Q Mr. Griffin, have you made application for the approval of this unit to the USGS?

A Yes. This application has been made; a designation of an area suitable for unitization has been furnished by the Denver office of the U.S. Geological Survey.

Q Would you refer to Exhibit No. 4 and tell the Commission what that is?

A This is the designation, Exhibit 4 is the designation prepared by the United States Department of Interior, U.S Geological Survey, designating the Hay Hollow Unit as an area suitable for unitization.

Q Likewise did you make application for approval of this unit to the Commissioner of Public Lands of the

State of New Mexico?

A Yes. Application has been made to the State.

Q Referring to what has been marked -- would you refer to Exhibit 3 and please identify that?

A Exhibit 3 is the approval from the Director of the Oil and Gas Department for the Commissioner of Public Lands designating the Hay Hollow Unit as an area suitable for unitization.

Q Then you have tentative approval of both the USGS and the Commissioner of Public Lands?

A Yes, tentative approval has been granted by both agencies.

Q Mr. Griffin, what percentage of approval do you have from the operators in the area?

A We have 94.35 percent of the working interest owners signed and agreeable to this unitization.

Q Do you anticipate that you will get the others?

A At this point we do not. The non-committed portion, I might make reference, is 400 net acres out of the total 7040.

MR. JENNINGS: I believe that is all of this
Witness.

MR. STAMETS: Are there any questions of this

Witness? If not he may be excused.

MR. JENNINGS: Oh, I do have just one brief question. The unit outline is the same as set out on --

MR. GRIFFING: (Interrupting) Exhibit A to the unit agreement.

MR. JENNINGS: (Continuing) Exhibit A to the unit agreement.

MR. STAMETS: The Witness may be excused.

DEWEY THORNTON

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

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you please state your name, occupation, and place of residence?

A My name is Dewey Thornton, I'm a Geologist and I live in Midland, Texas.

Q By whom are you employed, Mr. Thornton?

A Great Western Drilling Company.

Q How long have you been so employed?

A Since May of 1953.

Q What is your capacity with Great Western?

A 1951, excuse me. I'm Chief Geologist.

Q Have you appeared and testified before this Commission on many occasions, Mr. Thornton?

A Well, not on many occasions; one other occasion several years ago.

Q Were your qualifications accepted at that time?

A Yes, sir, they were.

MR. JENNINGS: Since it has been several years does the Commission wish me to further qualify this Witness?

MR. STAMETS: Mr. Thornton, you have been acting as Chief Geologist for Great Western, performing all the normal services of Geologist for that Company?

MR. THORNTON: Yes, sir. I have been Chief Geologist since January 1st, 1956.

MR. STAMETS: I don't believe there would be any need for requalifying this Witness.

BY MR. JENNINGS:

Q Mr. Thornton, are you familiar with the Application filed herein on behalf of Great Western for the approval of the unit agreement?

A Yes, sir, I am.

Q I believe the objective depth of this proposed well is the Devonian?

A No, sir, it will test all your Pennsylvanian sediments and the 12,700 foot depth will penetrate all of your Morrow Clastic Sections and carry you into your Barnett shale and possibly to the Mississippian line.

Q Referring to what has been marked as Exhibit No. 1, could you please tell what that Exhibit is, Mr. Witness?

A Yes, sir. Exhibit No. 1 is a structure map contoured on the top of the Morrow clastic section and it shows that we have some reversal from normal dip between the El Paso Well in the Northwest quarter of Section 21, and the Gulf Eddy State Well over in Section 28 of 25 South, 28 East, indicating that we do have a structural anomaly or an anomalous condition underneath this proposed Hay Hollow Unit.

Q Does it indicate generally that most of the unit area is covered by the structure?

A Yes, sir. The proposed unit outline is predicated on this Morrow clastic structural Exhibit and all of the sections that have been included in the unit area are embraced in whole or in part by the last closing structural contour of this map.

Q Would you refer to what has been marked as Exhibit 2 and explain that Exhibit to the Commission, please?

A Exhibit No. 2 is a stratigraphic cross section extending from the southwest to the northeast across the proposed Hay Hollow Unit and this Exhibit was made to show that we have numerous sand developments in the Atoka and the Morrow sections, which have reservoir characteristics and are continuous from one well to the other, indicating that these sand sections will be present as potential reservoirs underneath the Hay Hollow Unit.

Q Mr. Thornton, when do you contemplate commencing drilling operations assuming that the unit agreement is approved?

A As soon as possible.

Q Do you have rigs all ready to go?

A Yes, sir, we do.

Q Mr. Thornton, in your opinion, will unitization be in the interest of conservation, prevent waste, and protect correlative rights of all the operators within the unit area?

A Yes, sir, it will.

Q Were Exhibits 1 and 2 prepared by you or under your supervision?

A Yes, sir, they were.

MR. JENNINGS: We have nothing further to offer

at this time but we would offer Exhibits 1,2, and 3,4, and 5.

MR. STAMETS: Without objection Exhibits 1 through 5 will be admitted into evidence.

(Whereupon, Great Western's Exhibits 1 through 5 were admitted into evidence.)

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Thornton, was Mr. Jennings question a request for expediting this order?

A Yes, sir. I was going to get to that. We have to have approval so we can get the overall approval by the 31st of January, and we would very much appreciate it if we could get approval immediately.

MR. STAMETS: Are there any other questions of this Witness? He may be excused. Anything further in this Case? Mr. Lines?

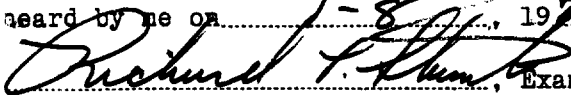
MR. LINES: Mr. Grace just wants the record to show that he has 320 acres within this unit and that he is opposed to the unitization and he will not voluntarily put his land in that, however, he realizes that he is subject to the rules of the Commission.

MR. STAMETS: Thank you Mr. Lines. Anything further in this Case? We will take the Case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, RICHARD L. NYE, Court 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.


Richard L. Nye, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5388, heard by me on 1-8-75, 1975.

Richard P. Klemm, Examiner
New Mexico Oil Conservation Commission