

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 10, 1963

EXAMINER HEARING

IN THE MATTER OF:)

Application of Apache Corporation for a)
unit agreement, Lea County, New Mexico.)
Applicant, in the above-styled cause,)
seeks approval of the Maljamar North Unit)
Area, comprising 1600 acres of State)
land in Township 16 South, Ranges 32 and)
33 East, Lea County, New Mexico.)

Case 2786

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: The hearing will come to order, please.
The next case will be Case 2786.

MR. DURRETT: Application of Apache Corporation for a
unit agreement, Lea County, New Mexico.

(Whereupon, Applicant's Exhibits Nos. 1, 2 & 3 were marked for identification.)

MR. BRATTON: Howard Bratton on behalf of the applicant.
We have one witness.

(Witness sworn.)

JOHN H. BLACK

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



DIRECT EXAMINATION

BY MR. BRATTON:

Q State your name, by whom you are employed and in what capacity.

A John H. Black, District Geologist, Apache Corporation.

Q Will you state briefly your professional and educational background, Mr. Black?

A Graduate, University of Tulsa, Bachelor of geology degree. Experience in Mid-Continent, Rocky Mountain and Permian Basin.

Q Are you familiar with the Maljamar North Unit Agreement and area covered thereby?

A I am.

Q Have you worked on that agreement?

A Yes, sir.

MR. BRATTON: Are the witness's qualifications acceptable?

MR. NUTTER: It's John H.?

A Right.

MR. NUTTER: Where is your office?

A Waco Building in Midland.

Q This is the application for the approval of the Unit Agreement for Maljamar North Unit Area, is that correct?

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A That's right.

Q And Exhibit No. 1 is the proposed Unit Agreement?

A That is true.

Q The area covered by the proposed unit is shown on Exhibit A thereto, is that correct?

A That's correct.

Q And that encompasses how many acres?

A 1600 acres.

Q And the sections and township and range are shown there?

A Right.

Q Is all of that acreage state acreage, State of New Mexico acreage?

A All of it is state acreage.

Q Has the area been approved and the form of the Unit Agreement by the Commissioner of Public Lands?

A It has.

Q Under the Unit Agreement is Apache the operator of the unit?

A That is true.

Q And what is the well to be drilled?

A It will be 11,000 foot, Lower Wolfcamp test, drilled to a depth sufficient to test the Kemnitz limestone.



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Q Where is the well to be located?

A The location will be in the Southwest of the Northeast of Section 31, 16, 33.

Q What percentage of commitment do you have to the unit?

A We have one hundred percent verbal commitment.

Q That is all of the working interest owners?

A Right.

Q Are there any overriding royalty owners, do you know, Mr. Black?

A No, there are not.

Q Turn to your Exhibit No. 2, if you would, please.

Will you explain Exhibit No. 2, please?

A Exhibit No. 2 is a structural map contoured on a Wolfcamp limestone marker above the Kemnitz limestone. I refer to the Kemnitz limestone because of the one that is productive in the Kemnitz Field. It shows the limit of production in the Kemnitz Field and it shows the extent of the reef that is productive in the Kemnitz Field, and extends westward from that to cover an area that extends off the map.

You will note that the Kemnitz Field, as well as the Townsend Edison Field, which are Northeast of the map area and are not included, both of these field produce from this reef, the Wolfcamp reef, which is approximately a mile and a half wide and



can be traced from the Kemnitz Field approximately 30 miles to the Northeast of the area. It produces in both Townsend and Kemnitz where it drapes across the structural nosing which trend southward on the map area.

Q The proposed unit is shown on there, is that correct?

A That's correct.

Q And the structural nosing is showing that this proposed unit area covers an area of structural nosing such as you've described?

A That's true.

Q Why would you anticipate that this particular area might be productive from the Wolfcamp?

A Well, we feel that the reef can be traced as far as the well in Section 34, which is 1633, it would be Well No. C on the plat, and it has a well-developed reef section with 54 feet of net porosity.

What we're attempting to do is extend this porosity westward from there to find it draping across the nosing similar to that that produces at Kemnitz.

Well D on the plat encountered the reef which was only 8 feet thick, 8 feet of net porosity, and it actually drill-stem tested 80 feet of free oil from that zone.

Q Is it the area to the south and southeast of your

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proposed unit that's included in another unit, isn't it?

A That is true.

Q It borders right on your unit?

A Right.

Q So that the proposed unit covers all of the anticipated reef section that you could unitize, is that correct?

A That is true. The rest of it is in the other unit to the south.

Q Now, refer to your Exhibit No. 3, Mr. Black.

A We'll have to look at these in conjunction as an explanation of what we have had. This cross section, this is Well A on your right, and will be seen as Well A on your plat map, goes from a dry hole on the south edge of the Kemnitz Field to a productive well in the Kemnitz Field, which is the Tenneco well.

Then down to the well in Section 34, which has 54 feet of net porosity in the reef, but was too low structurally to produce. Well No. D on the cross section encountered the reef, had 8 feet of porosity in it and did recover oil. What we feel is this, that by moving north of this well we can anticipate getting into the more porous section of the reef, in which case if we did we feel that production will be established since the fact that this well did test free oil. Actually it was too tight to make a

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commercial well.

MR. NUTTER: That's No. E?

A That is No. D, sir. No. E is across the reef, and actually has a complete tight section in the reef zone. We believe that, of course, the reef passes between Wells D and E and will attain a maximum thickness in there of approximately 60 feet.

Q (By Mr. Bratton) In your opinion would the granting of this application be in the interest of conservation and the prevention of waste?

A I believe it would.

Q Were Exhibits 2 and 3 prepared by you or under your supervision?

A They were prepared by me.

MR. BRATTON: I offer in evidence Applicant's Exhibits 1 through 3, inclusive, and again, I have the original letter from the Land Commissioner approving, and I will send you a photo copy of it. We have nothing further.

(Whereupon, Applicant's Exhibits Nos. 1, 2 & 3 were offered in evidence.

MR. NUTTER: Apache's Exhibits 1 through 3 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2 & 3 were admitted in evidence.

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MR. NUTTER: Mr. Bratton, I note that the letter from the Commissioner of Public Lands states that "We have approved the Unit Agreement as to form and content subject to the one change which was agreed upon by telephone as of this date." Has that change been made?

MR. BRATTON: Yes, it has.

MR. NUTTER: Any questions of Mr. Black?

CROSS EXAMINATION

BY MR. NUTTER:

Q You stated that you had one hundred percent verbal commitment of the unit operators to join in this Unit Agreement. How good are those verbal commitments, do you know?

A We hope they're all good. We have just got the operating agreement prepared and will circulate it and have no reason that anyone will withdraw.

Q You don't have any actual written commitments to the unit as of yet?

A No, because that will be on the operating agreement.

Q Is there a time in this Unit Agreement in which this well must be started?

A The well must be commenced by May the 10th.

Q May 10th. Do you expect to have your commitments in writing and the well started by that date?

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A Yes, sir.

Q And it's all state land?

A Right.

Q Are there any further questions?

MR. DURRETT: One other question.

BY MR. DURRETT:

Q Did you state as to whether or not **this is one beneficiary** on the state land, or do you know?

A I don't know. Howard, can you help me on that?

MR. BRATTON: I don't know, Mr. Durrett.

MR. DURRETT: Thank you.

MR. NUTTER: Any further questions of Mr. Black? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further you wish to offer in Case 2786, Mr. Bratton.

MR. BRATTON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 2786? We'll take the case under advisement.

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