

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE HALL, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
May 17, 1972

EXAMINER HEARING

IN THE MATTER OF:

The Application of E. B. White,
Jr. for a unit agreement, Eddy
County, New Mexico.

CASE NO. 4718

BEFORE: RICHARD L. STAMETS
Examiner

TRANSCRIPT OF HEARING

dearnley, meier & mc cormick

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1 MR. STAMETS: Case 4718.

2 MR. HATCH: Application of E. B. White, Jr.
3 for a unit agreement, Eddy County, New Mexico.

4 MR. MORRIS: Dick Morris of Montgomery, Federici,
5 Andrews, Hannahs and Morris, appearing on behalf of the
6 Applicant, Mr. E. B. White, Jr. I have two witnesses I
7 would like sworn.

8 (Whereupon, two witnesses were sworn by
9 Mr. Hatch.)

10 * * * * *

11 E. B. WHITE, Jr.,
12 was called as a witness and having already been duly sworn,
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MR. MORRIS:

16 Q Please state your name and where you live, please.

17 A E. B. White, Jr., Midland, Texas.

18 Q What is your profession, Mr. White?

19 A An independent operator.

20 Q And you are the Applicant in Case 4718?

21 A That is correct.

22 Q What is it that you seek by the Application?

23 A We seek approval of Phantom Banks Unit Area comprising
24 7680 acres of federal and state land for an exploratory
25 unit, located in Township 26 South, Range 31 East,

dearnley, meier & mc cormick

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1 Eddy County, New Mexico.

2 Q Please refer to what has been marked as Exhibit 1
3 in this Case which is entitled a unit agreement for
4 Phantom Banks -- first of all, tell us where you got
5 the name?

6 A That was designated by the USGS.

7 Q Is the form of this unit agreement, the federal form,
8 modified to include federal, state and fee land?

9 A That is correct.

10 Q And who is named as unit operator under the agreement?

11 A E. B. White, Jr.

12 Q Was the formation unitized?

13 A All formations were unitized.

14 Q What is the drilling obligation under the agreement?

15 A 1500 feet in the upper Mississippian.

16 Q What is your principal objective?

17 A Our principal objectives are the Wolfcamp, Atoka,
18 Pennsylvanian, and Morrow sands.

19 Q Please refer to the plat which is designated Exhibit
20 "A" to the unit agreement, does this reflect the
21 various tract numbers and the type of acreage involved
22 in the unit?

23 A Yes, it does.

24 Q And does this Exhibit show the number of acres that are
25 federal, the number of acres that are state, and also

1 the patented land in this unit as a percentage of
2 each of those type lands, comprised in the entire
3 unit?

4 A Yes, it does.

5 Q Who are the working interest owners in the unit?

6 A Union Oil Company of Texas and Gulf.

7 Q What is the state of commitment of those working
8 interest owners to the unit agreement?

9 A Union acreage constitutes 94% of the unit area and
10 is committed to me; then Gulf were invited to participate
11 but they have not responded, as of this date.

12 Q Have you committed your interest to the unit?

13 A That is correct.

14 Q So what percentage does that amount to of the working
15 interest?

16 A 94%.

17 Q In the event Gulf and Union should not decide to
18 join the unit, would you still have effective
19 control of the unit such as to permit you to go ahead
20 with your initial well?

21 A In my opinion we would, yes.

22 Q Was the USGS contacted with regard to this unit and
23 the form of the unit agreement?

24 A Yes, sir.

25 Q What response have you received from them?

1 A Well, they will approve it upon submission and
2 ratification of the unit agreement.

3 Q And have you been in touch with the State Land Office
4 concerning its participation?

5 A Yes. They have given their preliminary approval to
6 the unit and final approval will be forthcoming upon
7 the submission of the same instrument.

8 Q Has fee owners been contacted or will they be contacted
9 and offered an opportunity to join the unit?

10 A Yes, they will.

11 Q With respect to any overriding royalties for
12 production payment interests in the unit, will they
13 likewise, be offered an opportunity to join the
14 unit?

15 A Yes.

16 Q Is there anything further you wish to add to your
17 testimony?

18 A No, nothing further.

19 MR. MORRIS: We would offer Exhibit 1 in
20 evidence.

21 MR. STAMETS: Any objections to Exhibit 1?

22 (No response.)

23 MR. STAMETS: It will be accepted in evidence.

24 (Whereupon, applicant's Exhibit 1 was admitted
25 in evidence.)

1 MR. MORRIS: That's all I have of this witness.

2 MR. STAMETS: Any questions of this witness?

3 (No response.)

4 MR. STAMETS: He may be excused.

5 (Witness excused.)

6 * * * * *

7 WILLIAM J. HENRY,

8 was called as a witness and, having been already duly sworn
9 testified as follows:

10 DIRECT EXAMINATION

11 BY MR. MORRIS:

12 Q Will you state your name, Mr. Henry, and where you
13 reside?

14 A William J. Henry, Midland, Texas.

15 Q What is your profession?

16 A An independent consulting geologist.

17 Q Have you previously testified before the Commission
18 and had your qualifications as a geologist established
19 and accepted, as a matter of record?

20 A Yes, I have.

21 MR. MORRIS: Are the witness' qualifications
22 accepted?

23 MR. STAMETS: They are.

24 Q (By Mr. Morris) Will you refer to the structure
25 map which has been identified as Exhibit Number 2,

1 Mr. Henry, and what does that show?

2 A Well, this is a structure map contoured on the top
3 of the Wolfcamp which is in effect made from a
4 geologists map which is the best reflection that
5 we can get in this particular area of Eddy County.

6 We have a very serious detrimental surface
7 velocity problem near the east and shallow production
8 in the Delaware formation down in the southeast corner.

9 The deepest production is in the northeast of
10 the map where there are two Morrow wells, and there
11 have been, I believe, three shallow tests run in the
12 Delaware and plans are to drill down to the
13 Pennsylvanian to see if we can validate the structure's
14 deeper depth which we think is a Devonian structure
15 beneath this.

16 We have not been able to map it to our satisfaction
17 to see if it is Devonian.

18 Q Where will your initial tests be located?

19 A 17, 28, 31.

20 Q Will the well be located in an orthodox location?

21 A Yes.

22 Q Based upon the geology to the extent that you can
23 project it at this point, do you have sufficient
24 control of the formation encompassed within your unit
25 area to provide some control over this formation

1 particularly in the Pennsylvanian?

2 A We feel we have a structure of some sort beneath us,
3 but the velocity problem created more problems.

4 Q Was the geology depicted on Exhibit Number 2 prepared
5 by you?

6 A Yes. The Delaware control point and the existing
7 well are shown by each dry hole up in the north portion
8 of the map; there is no control in the south and about
9 20 miles down into Texas, there is a southern control
10 point. So it is a real wildcat.

11 MR. MORRIS: We offer Exhibit Number 2 into
12 evidence.

13 MR. STAMETS: Any objection as to Exhibit Number 2?
14 (No response.)

15 MR. STAMETS: It will be admitted in evidence.
16 (Whereupon, Applicant's Exhibit Number 2 was
17 admitted in evidence.)

18 MR. MORRIS: I have nothing further.

19 MR. STAMETS: Any questions of this witness?
20 (No response.)

21 * * * * *

22 CROSS-EXAMINATION

23 BY MR. STAMETS:

24 Q From what I gather, from your testimony, it is your
25 opinion that you think that this structure is through

1 but you are just not real sure; is that about it?

2 A That's right. We have mapped it two separate times
3 and one time it was there and one time it was not.
4 It depended on the velocity control and it seems there
5 is salt solution near the surface.

6 MR. STAMETS: Any other questions?

7 (No response.)

8 MR. STAMETS: The witness may be excused.

9 (Witness excused.)

10 MR. STAMETS: Any statements?

11 (No response.)

12 MR. STAMETS: The Case will be taken under
13 advisement.

dearnley, meier & mc cormick

1 STATE OF NEW MEXICO)
) ss
 2 COUNTY OF BERNALILLO)

3 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter
 4 in and for the County of Bernalillo, State of New Mexico,
 5 do hereby certify that the foregoing and attached Transcript
 6 of Hearing before the New Mexico Oil Conservation Commission
 7 was reported by me; and that the same is a true and correct
 8 record of the said proceedings to the best of my knowledge,
 9 skill and ability.

10 *Richard E. McCormick*
 11 _____

12 CERTIFIED SHORTHAND REPORTER

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 22
 23 I hereby certify that the foregoing is a true and correct
 24 record of the hearing of Case No. 4718
 25 held by me on May 17, 1972
Richard E. McCormick, Reporter
 New Mexico Oil Conservation Commission

dearnley, meier & mc cormick

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I N D E XWITNESS:PAGEE. B. WHITE, JR.

Direct Examination by Mr. Morris

3

WILLIAM J. HENRY

Direct Examination by Mr. Morris

7

Cross-Examination by Mr. Stamets

9

E X H I B I T SAPPLICANT'S (E.B. White, Jr.)OFFEREDADMITTED

Exhibit Number 1

4

6

Exhibit Number 2

7

9