

dearnley, meier & associates

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 19, 1973

EXAMINER HEARING

IN THE MATTER OF:)	
)	Case No. 5065
The Application of Roberts,)	
Koch & Cartwright for a unit)	
agreement, Eddy County, New)	
Mexico)	
)	
)	

BEFORE: ELVIS A. UTZ, Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: The next case looks like 5065.

2 MR. DERRYBERRY: Application of Roberts, Koch &
3 Cartwright for a unit agreement, Eddy County, New Mexico.

4 CHARLES KOCH,

5 a witness, having been first duly sworn according
6 to law, upon his oath testified as follows:

7 DIRECT EXAMINATION

8 BY MR. KELLAHIN:

9 Q Would you state your name, please?

10 A Charles Koch.

11 Q Are you a member of the firm Roberts, Koch & Cartwright?

12 A Yes, sir, I am.

13 Q Where are you located?

14 A Midland, Texas.

15 Q Have you testified before the Oil Conservation Commission
16 before?

17 A Yes, sir.

18 Q Made your qualifications a matter of record?

19 A Yes, sir.

20 Q Are you familiar with the Application in Case No. 5065?

21 A Yes, sir.

22 Q What is the applicant proposing in this case?

23 A Proposing to drill an exploration Federal unit comprised
24 of 10,620 acres in Township 20 South, Range 21 East, to
25 a depth of approximately 8700 feet, Upper Mississippian

- 1 Barnett shale formation.
- 2 Q Now, referring to the Exhibit No. 1 which is the form
- 3 of unit agreement, has that unit agreement been used by
- 4 the United Geological Survey Department of Interior?
- 5 A Subject to the approval of the NMOCC in the State of
- 6 New Mexico.
- 7 Q Has the State of New Mexico approved it?
- 8 A Not until I finish with you all.
- 9 Q Do you have preliminary approval?
- 10 A Yes, I do.
- 11 Q All that is waiting for the Oil Conservation Commission?
- 12 A That's correct.
- 13 Q Is there any fee land in the unit?
- 14 A None.
- 15 Q It's all Federal and State?
- 16 A Yes, sir.
- 17 Q Do you have a breakdown of what proportions are Federal
- 18 and what is State?
- 19 A It's Exhibit 1. We have approximately 14.4 percent as
- 20 State land; 85.6 percent is Federal.
- 21 Q Have all the working interest owners signed the unit
- 22 agreement?
- 23 A All except one, Kerr McGee. They have elected not to
- 24 participate in the unit.
- 25 Q Are they making any contribution to the unit?

- 1 A They're making a dry hole contribution.
- 2 Q Does the unit agreement require the drilling of an
- 3 exploratory well?
- 4 A Yes, sir. It did.
- 5 Q What are the terms of drilling that well?
- 6 A The well is to be located in the northwest quarter,
- 7 Section 14, Township 20 South, Range 21 East. The footage
- 8 location is 660 from the west, 1980 from the north line,
- 9 required depth 8700 feet, test the Upper Mississippian
- 10 formation Barnett shale at a lesser depth.
- 11 Q Are there other drilling commitments contained in the
- 12 unit?
- 13 A In the unit?
- 14 Q Yes, sir.
- 15 A No, sir.
- 16 Q Are you operating on an agreement?
- 17 A Continuous development on some of the working interest
- 18 parties, yes.
- 19 Q Is that contingent upon drilling a pour on the first well?
- 20 A Contingent upon drilling a pour on the first well.
- 21 Q Have you estimated this exploratory unit? Have you made
- 22 a study of the geological formations involved here?
- 23 A Yes, sir.
- 24 Q And is that report contained in the Exhibits 2-A through
- 25 2-H, inclusive?

1 A Yes, sir.

2 Q Could we just briefly identify those exhibits?

3 A Starting with A, it's a land plat description of the
4 area.

5 Q That shows the Connier Hip Well?

6 A Correct. B is a regional Atoka-Morrow Isopachous map.

7 C is a structural map, base Pennsylvanian.

8 D is a regional cross section across the prospect
9 and so is E.

10 Q Are those based on wells in the vicinity?

11 A In the proximity, prospect. The topographical map would
12 be F. We have logs, description, scout pictures of the
13 existing wells in the proximity and this last is a
14 geological report on the proposed prospect.

15 Q Now, what is the closest well to this prospect?

16 A Producing well?

17 Q Yes, sir.

18 A About 15 miles.

19 Q There have been some dry holes drilled there?

20 A There has been one offsetting the unit within a mile in
21 recent time.

22 Q Now, have all of the overriding royalty owners agreed to
23 this?

24 A All but two.

25 Q Are they on the Kerr McGee lease?

- 1 A No. They are under a lease that they hold.
- 2 Q Do you anticipate that we will get an agreement?
- 3 A I have contacted them numerous times without response,
- 4 probably not.
- 5 Q What interest do they hold?
- 6 A Mr. Maurice Grundy holds a 3 percent override under
- 7 approximately 1000 acres. Mr. Ben Brooks has 5 percent
- 8 override under 280 acres.
- 9 Q Well, is their non-participation in the unit causing any
- 10 problem to you?
- 11 A No, sir.
- 12 Q Now, the Exhibit No. 1 which is the unit agreement, has
- 13 that been fully executed?
- 14 A Yes, sir.
- 15 Q This particular copy?
- 16 A Yes, sir.
- 17 Q Is the unit agreement in the form as heretofore been
- 18 approved by this Commission?
- 19 A Yes, sir.
- 20 Q You are familiar with Exhibit No. 1?
- 21 A Yes, sir.
- 22 Q Were Exhibits 1 and 2-A through 2-H prepared by you or
- 23 under your supervision?
- 24 A They were prepared by my general partner geologist.
- 25 Q Have you examined them and do they accurately represent

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the geological description?

A That's correct.

MR. KELLAHIN: At this time I'll offer Exhibit 1 and Exhibits 2-A through 2-H.

MR. UTZ: Without objection, Exhibits 1, 2-A through 2-H will be accepted into the record in this case. Other questions of the witness?

(No response.)

MR. UTZ: The witness may be excused. Statements in the case?

MR. KELLAHIN: If the Commission please, there is a little urgency in getting this approved as soon as possible and we would appreciate if it could be handled as soon as we can.

MR. UTZ: Shouldn't take too long, Mr. Kellahin.

MR. KELLAHIN: Thank you.

-oOo-

1 STATE OF NEW MEXICO)
 2) SS
 3 COUNTY OF BERNALILLO)

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

11 Claudia Fahrenthold
 12 COURT REPORTER

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 22 I do hereby certify that the foregoing is
 23 a complete record of the proceedings in
 24 the Examiner hearing of Case No. 5065,
 25 heard by me on Sept. 19, 1972.
Paul D. H., Examiner
 New Mexico Oil Conservation Commission

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