## 1 BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION 2 OIL CONSERVATION COMMISSION CONFERENCE ROOM STATE LAND OFFICE BUILDING 3 SANTA FE, NEW MEXICO Wednesday, October 31, 1973 5 IN THE MATTER OF: 6 Application of Cities Service Oil Case No. 5094 7 Company for a unit agreement, Eddy County, New Mexico. Azotea Mesa 8 Unit of Township 23 South, Range 24 East, Eddy County, New Mexico. 9 10 11 **BEFORE:** RICHARD L. STAMETS, 12 Examiner 13 14 15 16 TRANSCRIPT OF EXAMINER HEARING 17 18 19 20 21 22 23 24

No, sir.

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MR. STAMETS: Back on the record. We will call 1 Number 5094. 2 MR. DERRYBERRY: Application of Cities Service Oil 3 Company for a Unit Agreement, Eddy County, New Mexico. MR. STAMETS: Call for appearances. 5 MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, 6 Santa Fe, New Mexico appearing on behalf of the Applicant 7 Cities Service Oil Company and I have one witness to be 8 sworn. 9 MR. STAMETS: Any other appearances in this case? 10 (No response.) 11 MR. STAMETS: Witness, stand and be sworn, please. 12 ROBERT CRAWFORD, 13 a witness, having been first duly sworn according to law, 14 upon his oath testified as follows: 15 DIRECT EXAMINATION 16 BY MR. KELLAHIN: 17 Would you please state your name, by whom you are 18 employed, and in what capacity? 19 Robert Crawford. I am employed by Cities Service Oil Α 20 Company, capacity of land man. 21 Have you previously testified before this Commission Q 22 and had your qualifications accepted as a matter of 23 record? 24

A

1	Q	Would you please state briefly what your educational
2		background is and employment experience?
3	A	I have a BA degree in History and LLB from the
4		University of Texas Law School. I have been employed
5		by Cities Service since 1967, have been located in the
6		Midland Office for the past three and one-half years.
7	Q	Have you had any previous experience in organizing
8		and preparing and producing to writing Unit Agreements?
9	A	Yes, sir.
10	Q	And have you had previous experience in Eddy County, New
11		Mexico?
12	A	Yes.
13		MR. KELLAHIN: We submit the witness's
14		qualifications.
15		MR. STAMETS: The witness is qualified.
16	Q	Would you please refer to what has been marked as
17		Applicant's Exhibit Number 1, your Unit Agreement, and
18		would you state briefly what that exhibit is?
19	A	This is the Federal Unit Agreement for the Azotea Mesa
20		Federal Unit. This is a 1969 reprint of the proposed
21		form which the USGS has recommended be used for Federal
22		Units.
23	Q	Will you please refer to what has been marked as
24		Applicant's Exhibit Number 2 and identify it, please?
	!	

This is the Operating Agreement Model 610 Form which has

1		been modified for Cities Service's use as an Operating
2		Agreement covering the Azotea Mesa Unit area.
3	Q	Would you please refer now to what has been marked as
4		Exhibit Number 3 and identify this, please?
5	A	Yes, this is Exhibit A to the Unit Agreement. This is
6		a plat of the unit area, the Azotea Mesa Unit area.
7		This encompasses nine sections in Township 23 South,
8		Range 24 East, being Sections 4, 5, 6, 7, 8,9, 16, 17,
9		and 18. On this plat Section 16 is designated as state
10		land. The rest of the acreage is Federal land.
11	Ω	Does your proposed unit area contain any fee land?
12	A	No, sir.
13	Q	You have described the tracts. Now, what area of
14		ownership do you have signed up or ratified to your
15		agreement?
16	A	Tract 16 is uncommitted to the unit. This is the
17		Dalport Oil tract in the South Half of Section 5
18		Tract 16. They are uncommitted. Getty Oil Company
19		which owns Tracts 5, 10, 12, and 13 have agreed by their
20		local office to farm out to the unit. However, they are
21		still seeking final management approval, actual
22		percentage figures on this.
23	Q	What are the percentage figures for Dalport Oil?
24	A	Dalport owns 4.9.
25	Q	And Getty Oil?

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1	A	Getty owns 9.9.
2	Q	Are there any other participants that have not ratified
3		the agreement?
4	A	They have not ratified in writing, however, all of the
5		other participants have agreed orally to the agreement.
6	Ď	Have you obtained the minimum approval of the USGS for
7		this particular unit?
8	A	Yes, sir, by letter of September 18, 1973 the USGS did
9		preliminarily approve this agreement.
10	Ω	And for this unit what is the unitized formation?
11	A	The Morrow formation.
12	Q	In your Operating Agreement now that has been identified
13		as Exhibit 2, would you please indicate for me who has
14		been designated as operator of the unit?
15	A	Cities Service Oil Company.
16	Q	If you will refer to what has been marked as Applicant's
17		Exhibit Number 4, please describe what this exhibit
18		contains?
19	A	Exhibit B to the Unit Agreement lists all of the tracts,
20		all of the acreage to be considered to the unit area.
21		It lists the number of acres in each tract, the serial
22		number and date of expiration, the royalty ownership,
23		the percent of royalty, the leases of record, and the
24		overriding royalty owners and their percent thereof
25		and the working interest and their percent.

		page 6
1	Q	And it indicates the participation percentage, does it
2		not?
3	Α	No, sir, not on Exhibit B I don't believe.
4	Q	That is the next exhibit. I'm sorry. On your Exhibit
5		B now, are there any additions or corrections to this
6		exhibit?
7	A	Yes, sir, there are several corrections which we have
8		made which are not contained.
9	Q	Let's refer to those corrections if you would, please.
10	A	Okay, sir. On your Exhibit B, the section on Tract
11		Number 2, Thomas Allen, should be shown as having an
12		overriding royalty of five percent there.
13	Q	Five percent?
14	A	Yes. On Tract Number 9 the overriding royalty owners
15		are J. M. Dunbar one percent, Victor Huggins two
16		percent, Judith Holcolm two percent.
17		MR. STAMETS: Now, you are referring to the Exhibit
18		B that is in the Unit Agreement, not Exhibit B which is
19		your Exhibit 4?
20	Q	Exhibit 4 is the corrected attachment to the Unit
21		Agreement?
22	A	Right. Also on Tract 11 we have had a sale of that
23		override. On Tract 11, S. R. Hall owns three-quarters
24		of a percent. Thomas Allen now owns three and one-

quarter percent.

1		MR. STAMETS: S. R. Hall owns how much?
2	A	Three-quarters of one percent.
3		MR. STAMETS: And Thomas Allen owns three and one-
4		quarter.
5	Q	Are there any other additions or corrections?
6	A	Yes, sir. On Tract Number 19 the overriding royalty
7		owner is the Weiser Oil Company, five percent.
8	Ü	Are those all the corrections on your Exhibit B?
9	A	Yes, sir.
10	Q	Would you now, please, refer to what has been marked
11		as Applicant's Exhibit Number 5 and identify that for
12		us, please?
13	A	Yes, sir. This is Page 2 of Exhibit A to the Azotea
14		Mesa Operating Agreement, Page 2 of this agreement
15		showing the consideration and interest of the part
16		under the agreement. It sets out the formula for which
17		the working interest owners will bear the cost and also
18		receive the revenue from the wells drilled on this unit.
19	Q	Are there any additions or corrections to that exhibit?
20	A	No, sir, I believe this exhibit is correct as presented.
21	Q	Would you please state briefly for me what will be the
22	**	pattern of development or where will you locate your
		first proposed well?
23		TITO Proposed well.
24	A	The initial test well will be located in Section 8 on

Tract Number 11.

BLDG. EAST ♦ ALBUQUERQUE, NEW MEXICO 87108 SIMMS BLDG. + P.O. BOX 1092 + PHONE 243-6691 + ALBUQUERQUE. 

Q	Just	а	moment

A Section 8, Tract Number 11. The location as listed in the Unit Agreement was 1,990 from the West line and 1,980 from the South line. That has been changed slightly and it will now be located 2,280 from the West line, 1,780 from the South line. That is still a legal location.

MR. STAMETS: 1,780 and 2,280?

- A Yes, sir.
- Agreement and the Unit Agreement been agreed to by all the participants?
- A The location has been agreed to. The changes in the overriding royalty owners are just a matter of record.
- Q In your opinion will the approval of this application result in the prevention of waste and the protection of relative rights?
- A Yes, sir.

MR. KELLAHIN: The Examiner, please, we move the introduction of Applicant's Exhibits 1 through 5.

MR. STAMETS: Without objection, these exhibits will be admitted into evidence.

(Whereupon, Exhibits 1 through 5 were offered and admitted.)

MR. KELLAHIN: That concludes our examination.

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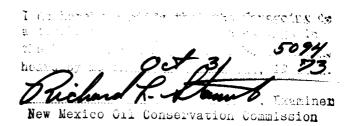
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1 MR. STAMETS: Are there any questions of Mr. 2 Crawford? If not, he may be excused. Do you have anything further to offer in this case? 4 MR. KELLAHIN: Take the case under advisement. MR. STAMETS:

(Whereupon, the case was concluded.)

I, PEGGY COLLAROS, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.



SIMMS BLDG. & P.O. BOX 1092 & PHONE 243-6691 & ALBUQUERQUE, NEW MEXICO 87103 1216 FIRST NATIONAL BANK BLDG. EAST & ALBUQUERQUE, NEW MEXICO 87108 209 SIMMS BLDG. # P.O. BOX 1092 #PHONE 243-6691 #ALBUQUERQUE,

	associates
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209 SIMMS BLDG. P.O. BOX 1092 PHONE 243-6691 ALBUQUERQUE. NEW MEXICO 87103 1216 FIRST NATIONAL BANK BLDG. EAST \* ALBUQUERQUE. NEW MEXICO 87108

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A	Yes, sir.
0	Have these additions and corrections to the Operating

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A Yes, sir.

MR. KELLAHIN: The Examiner, please, we move the introduction of Applicant's Exhibits 1 through 5.

MR. STAMETS: Without objection, these exhibits will be admitted into evidence.

(Whereupon, Exhibits 1 through 5 were offered and admitted.)

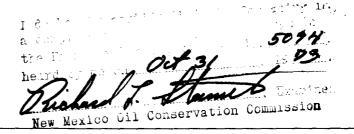
MR. KELLAHIN: That concludes our examination.

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MR. STAMETS: Are there any questions of Mr. Crawford? If not, he may be excused. Do you have anything further to offer in this case? MR. KELLAHIN: No.

MR. STAMETS: Take the case under advisement. (Whereupon, the case was concluded.)

I, PEGGY COLLAROS, a Court Reporter, in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.



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