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1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 87108

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

Wednesday, November 28, 1973

IN THE MATTER OF:

Application of Getty Oil
Company for a unit
agreement, Lea County,
New Mexico.

Case No. 5119

BEFORE: Richard L. Stamets,
Examiner

TRANSCRIPT OF HEARING

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1 MR. STAMETS: Case 5119.

2 MR. CARR: Case 5119: Application of Getty Oil

3 Company for a unit agreement, Lea County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin, of Kellahin and Fox,

5 Santa Fe, appearing on behalf of the applicant, Getty Oil

6 Company.

7 MR. STAMETS: Are there any other appearances in

8 this case?

9 (No response)

10 MR. STAMETS: You may proceed, Mr. Kellahin.

11 * * * *

12 WADE L. VICK,

13 was called as a witness, and after being duly sworn according

14 to law, testified as follows:

15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Will you please state your name, by whom you are employed,

18 and in what capacity?

19 A Wade Vick. I am a landman with Getty, residing in

20 Midland.

21 Q Have you previously testified before this Commission or

22 one of its Hearing Examiners?

23 A No, I haven't.

24 Q Would you please state briefly a resume' of your

25 educational background and work experience?

1 A I am a graduate of the University of Texas with a
2 bachelor's degree in business administration. I have
3 been employed with Getty Oil Company in their land
4 department since August of 1960. I have lived in Midland
5 for nine months with one of my areas of responsibility
6 being New Mexico.

7 Prior to that, I worked out of our New Orleans
8 office, and have previously testified before the
9 Mississippi and Alabama Gas Boards and have been accepted
10 as a witness before both bodies.

11 Q Have you examined, and are you familiar with the facts
12 surrounding this application by Getty?

13 A Yes, sir.

14 Q What has been your involvement with regard to this
15 application?

16 A I have put together the stock unit and have gotten the
17 necessary approvals from the various companies involved.

18 MR. KELLAHIN: If the Examiner please, are the
19 witness's qualifications acceptable?

20 MR. STAMETS: They are.

21 Q (By Mr. Kellahin) Mr. Vick, would you please state
22 briefly what is sought by the applicant in this case?

23 A We propose the formation of a nine-section unit, which
24 will be dedicated in Township 21 South, Range 33 East,
25 Lea County, comprising Sections 9, 10, 11, 14, 15, 18,

1 21, 22, and 25.

2 Q Will you please refer to Exhibit One and identify it,
3 and state what information it contains?

4 A Exhibit One is a land plat scaled one inch equals one
5 thousand feet, which shows the outline in red of the
6 proposed unit. Also indicated on the plat is the nature
7 of the ownership within the unit. And for an outline
8 of two miles around the unit, the State acreage is shown
9 colored in green and the fee acreage is colored in yellow.

10 Q Would you please refer to Exhibit Number Two and identify
11 it, please?

12 A Exhibit Two is a Xerox copy of a letter from the
13 Commissioner of Public Lands showing preliminary approval
14 of the form of the unit agreement.

15 Q Will you please refer to what has been marked as Exhibit
16 Three and identify it, please?

17 A Exhibit Three shows the commitment of Gulf Oil Company
18 as to their 5.55 percent.

19 Q Will you please refer to Exhibit Four and identify that?

20 A Exhibit Four shows the Mesa Petroleum Company's
21 participation as to their 12.5 percent.

22 Q And Exhibit Number Five?

23 A Exhibit Five shows Phillips Petroleum Company's
24 willingness to participate or to farm out. However, as
25 of yet, they have not made their election as to which

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- 1 course of action they will take.
- 2 Q And Exhibit Number Six?
- 3 A Exhibit Six shows the election of Midwest Oil Corporation
- 4 to farm out their interest in the unit.
- 5 Q Please refer to what has been marked as Exhibit Number
- 6 Seven and identify it.
- 7 A Exhibit Seven is the form of unit agreement.
- 8 Q And what form is used for the unit?
- 9 A This is a standard State of New Mexico form of unit
- 10 agreement.
- 11 Q And who is designated as operator?
- 12 A Getty Oil Company.
- 13 Q Does it provide for the drilling of a test well?
- 14 A Yes, it does.
- 15 Q Does the unit agreement have appended to it any exhibits
- 16 with regard to the tract ownership and participation of
- 17 the unit?
- 18 A Yes, Exhibit A is a plat of the unit area, and Exhibit B
- 19 is a plat of the participants in the unit area.
- 20 Q What formula has to be used to allocate income among
- 21 the participating owners?
- 22 A It will be on the net acre basis.
- 23 Q What percentage of the total ownership do you have
- 24 committed to this unit?
- 25 A We presently have ninety-five-- Slightly over ninety-five

1 percent committed. Other than the companies previously
2 mentioned, we have had telephone conversations with other
3 owners indicating their willingness to participate in
4 the drilling of the test well. The only company that is
5 not totally committed to participate has elected to sell
6 their interest to the unit participants, and we are
7 negotiating for that.

8 Q Were Exhibits One through Seven either prepared by you
9 or prepared under your direction and supervision?

10 A They were.

11 MR. KELLAHIN: We move for the introduction of
12 Exhibits One through Seven.

13 MR. STAMETS: Without objection, they will be
14 admitted.

15 (Whereupon Applicant's Exhibits One through Seven
16 were admitted in evidence.)

17 MR. KELLAHIN: That concludes our direct examination
18 of this witness.

19 MR. STAMETS: Are there any questions of the witness?

20 (No response)

21 MR. STAMETS: If not, he may be excused.

22 (Witness excused.)

23 MR. KELLAHIN: At this time, we will call Mr.
24 Schaefer.

25 * * * *

1 WILLIAM A. SCHAEFER,
2 was called as a witness, and after being duly sworn according
3 to law, testified as follows:

4 DIRECT EXAMINATION

5 BY MR. KELLAHIN:

6 Q Mr. Schaefer, will you please state your name, by whom
7 you are employed, and in what capacity?

8 A Bill A. Schaefer, and I am employed by Getty Oil Company
9 in Midland, Texas as an exploration geologist.

10 Q Have you previously testified before this Commission or
11 one of its Examiners?

12 A No, sir.

13 Q Would you please state briefly a resume of your education
14 and experience?

15 A I graduated from Texas Tech University, and received a
16 bachelor of science degree in geology in 1967 with a
17 master of science in 1969. I was employed from July,
18 1969 to April, 1973 by Union Oil Company of California,
19 and have been employed by Getty Oil Company since April
20 of 1973. I have lived in Midland for the past seven
21 months with my primary area of responsibility being
22 Southeastern New Mexico.

23 Q Are you familiar, and have you examined the facts
24 surrounding this particular application?

25 A Yes, sir.

1 Q Have you prepared exhibits with regard to the application?

2 A I have prepared Exhibit Number Eight.

3 Q Will you please refer to Exhibit Number Eight, identify
4 it, and explain what information it contains?

5 A Exhibit Eight is a composite geological-geophysical map
6 scale one to five thousand of the area of the proposed
7 unit contoured on top of the Morrow. We believe that
8 the Morrow sands have a good chance of producing over the
9 structures along the porosity trend as indicated on this
10 map.

11 The Morrow structure map shows the presence of
12 a structural anomaly in the area of the proposed unit.
13 This structure has been substantiated by twenty-six miles
14 of seismic control which indicates anticlinal closure
15 of the Morrow. The interpreted closure is fairly well
16 covered by the Stock Unit.

17 Q What is the proposed depth for the test well?

18 A The test well is scheduled for 14,500 feet, which we
19 believe will be sufficient to go through the Morrow into
20 the Barnett Shale.

21 Q What is your proposed location for the test well?

22 A The location will be in Section 15, and we propose the
23 Northwest quarter of the Southeast quarter of that section.

24 Q At a legal location?

25 A Nineteen hundred eighty feet from the south and east

1 lines.

2 Q In your opinion, Mr. Schaefer, will the approval of this
3 unit be in the best interest of conservation and the
4 prevention of waste and protection of correlative rights
5 of others?

6 A Yes, we believe it will be.

7 Q Will the unit as proposed give you substantial control
8 over the area involved in the unit as to its future
9 development?

10 A Yes, sir.

11 MR. KELLAHIN: If the Examiner please, we move for
12 the introduction of Exhibit Number Eight.

13 MR. STAMETS: Without objection, it will be admitted.

14 (Whereupon Applicant's Exhibit Eight was admitted
15 in evidence.)

16 MR. KELLAHIN: That concludes our examination of
17 this witness.

18 MR. STAMETS: Are there any questions of the witness?

19 (No response)

20 MR. STAMETS: He may be excused.

21 (Witness excused.)

22 MR. STAMETS: Is there anything further in this case?

23 MR. KELLAHIN: Nothing further.

24 MR. STAMETS: Case 5119 will be taken under
25 advisement.

C E R T I F I C A T E

I, RICHARD E. McCORMICK, Certified Shorthand 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.

Richard E. McCormick
CERTIFIED SHORTHAND REPORTER

I do hereby certify that the foregoing is a true and correct record of the proceedings in the Shorthand Hearing of Case No. 5119, heard by me on Nov 28, 19 73.
Richard L. Stunt, Examiner
New Mexico Oil Conservation Commission

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25I N D E XWITNESSPAGE

WADE L. VICK

Direct Examination by Mr. Kellahin

2

WILLIAM SCHAEFER

Direct Examination by Mr. Kellahin

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E X H I B I T SEXHIBITADMITTEDOFFERED

Applicant's #1	Land plat	6	4
Applicant's #2	Copy of letter	6	4
Applicant's #3	Commitment of Gulf	6	4
Applicant's #4	Commitment of Mesa	6	4
Applicant's #5	Commitment of Phillips	6	4
Applicant's #6	Commitment of Midwest	6	5
Applicant's #7	Unit agreement	6	5
(Exhibit A)	Plat	6	5
(Exhibit B)	Plat	6	5
Applicant's #8	Map	9	8