

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 10, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of C & K Petroleum, Inc. for) CASE  
a unit agreement, Chaves County, ) 5797  
New Mexico. )

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant: Randolph M. Richardson, Esq.  
Attorney at Law  
J. P. White Building  
Roswell, New Mexico

I N D E X

Page

EDWARD W. HOOPER

Direct Examination by Mr. Richardson

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EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Structure Map

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Applicant's Exhibit Two, Isopach Map

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Applicant's Exhibit Three, Pressure Map

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Applicant's Exhibit Four, Cross Section

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Applicant's Exhibit Five, Report

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1 MR. STAMETS: We will call next Case 5797.

2 MS. TESCHENDORF: Case 5797, application of C & K  
3 Petroleum, Inc. for a unit agreement, Chaves County, New Mexico.

4 MR. RICHARDSON: Randolph M. Richardson, Roswell,  
5 New Mexico, appearing on behalf of the applicant. I have one  
6 witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

8 MR. RICHARDSON: I have already furnished the  
9 Commission with a copy of the unit agreement but I would like  
10 to add a plat which was not included and also a revised  
11 Exhibit B which is not in evidence, it just should be stuck  
12 in your files.

13 I also hand you the geological report consisting  
14 of Exhibits One through Five.

15  
16 EDWARD W. HOOPER  
17 called as a witness, having been first duly sworn, was  
18 examined and testified as follows:

19  
20 DIRECT EXAMINATION

21 BY MR. RICHARDSON:

22 Q Mr. Hooper, would you please state your name, your  
23 educational background and your present occupation that would  
24 enable you to testify as an expert witness in this case?

25 A My name is Edward W. Hooper, I'm a graduate of the

1 University of Southwestern Louisiana, a graduate geologist,  
2 presently employed by C & K Petroleum as Exploration Manager.

3 Q Have you ever testified before the Commission as an  
4 expert witness?

5 A Yes, I have.

6 MR. RICHARDSON: Are the qualifications acceptable?

7 MR. STAMETS: They are.

8 Q (Mr. Richardson continuing.) Are you familiar with  
9 the West Dallas Ranch Area and the matters contained in the  
10 application to the Commission for approval of a unit agreement?

11 A Yes, I am.

12 Q Is the form of the unit agreement described by  
13 Federal regulations and as recently approved by the Commissioner  
14 of Public Lands?

15 A Yes.

16 Q Has the unit area been designated by the United States  
17 Geological Survey in an area logically suitable for development  
18 under a unit plan of development?

19 A Yes, it has.

20 Q I might add there that it is tentatively approved  
21 by the USGS in Roswell and it's on its way to Denver for a  
22 final actual designation.

23 Could you please tell the Commission the total  
24 number of acres within the unit area and the number and  
25 percentages of Federal, State and patented or fee lands?

1           A.     The total number of acres in the unit is fifty-four,  
2     twenty-six, point, zero, four acres, of which Federal lands  
3     comprise twenty-eight, seventy-one, point, six, four acres,  
4     fifty-two, point, nine, two percent.     The State lands in this  
5     unit are sixteen hundred acres or twenty-nine, point, four,  
6     nine percent.     Fee lands, nine, five, four, point, four, zero  
7     acres or seventeen, point, five, nine percent.

8           MR. RICHARDSON:   I might point out to the Commission  
9     that when we made our original application or the initial  
10    application to the Commission in order to get on as early as  
11    possible docket, that the north half of Section 16 was included  
12    in the unit area and after further discussion with the GS and  
13    telephone conversations, the north half of Section 16, since it  
14    did contain a dry hole, was eliminated from the unit area so that  
15    the application calls for three hundred and twenty acres more  
16    than the unit area actually contains.

17           The figures on the new plat and the new exhibit  
18    are correct.

19           Q.     (Mr. Richardson continuing.)   Mr. Hooper, would you  
20    please tell the Commission the township and range in which the  
21    unit is located and some reference to the nearest town?

22           A.     It's located in Township 9 South, Range 26 East and  
23    the unit falls twelve miles northeast of the Roswell town site.

24           Q.     Could you now refer to the geological report which  
25    has been introduced or which has been handed to the Commission

1 and was this report prepared by you or under your supervision  
2 and I notice that the report is signed by Donald McClurg, would  
3 you please state Mr. McClurg's position with C & K or his  
4 connection with C & K?

5 A. Donald McClurg is a graduate geologist who works for  
6 Desana Corporation who are in an exploration venture with  
7 C & K Petroleum Corporation and as a joint venture in southeastern  
8 New Mexico. So this is a deal that C & K Petroleum will drill  
9 as a result of this joint venture with Desana Corporation.

10 Q. In other words, the report was not prepared by you  
11 but more or less in connection with McClurg and in conjunction  
12 with?

13 A. Right, and under my supervision.

14 Q. Could you now, please, go through the report briefly  
15 referring to the exhibits, indicating the significance of  
16 the maps and written report?

17 A. Okay, the report encompasses four exhibits, the first  
18 of which is a Montoya structure map showing the reason for the  
19 unit outline and the reason for drilling the well.

20 The second exhibit is a Pre-Mississippian isopach  
21 map showing the thickness of all of the beds below the  
22 Mississippian limestone in the area of interest.

23 A third map or Exhibit Three, is a final shut-in  
24 pressure map obtained from DST data in the Montoya formation  
25 and the fourth exhibit would be a structural cross section,

1 AA Prime, in the area of interest, showing what we think the  
2 geological interpretation of the prospect area is.

3 Q And the written report merely refers back to  
4 Exhibits One through Four?

5 A It expands upon these exhibits, correct.

6 Q Would you please tell the Commission your conclusions  
7 as to formations likely to be encountered and considered  
8 productive or possibly productive in this area?

9 A The formations that we think will have hydrocarbon  
10 potential in the area are the Cisco Canyon and the Montoya.

11 Q Will you tell the Commission the projected depth  
12 and the location of the initial test well?

13 A The initial test will be nineteen, eighty from the  
14 north and west line of Section 20 at a projected depth of  
15 approximately six thousand feet.

16 Q Have other working interest owners within the unit  
17 area been contacted?

18 A Yes, they have.

19 Q In your opinion what percentage of the working  
20 interest will be committed and what percentage of the royalty  
21 will be committed?

22 A Well, chances right now are it appears that a hundred  
23 percent of the working interest will be committed and I assume  
24 that ninety percent of the royalty interest will be committed.

25 Q In your opinion will the operation of this unit area

1 under the proposed unit plan of operation be in the interest  
2 of conservation and the prevention of waste?

3 A. I do.

4 Q. Will the different institutions of the State, if  
5 any, receive their fair share of the production if established?

6 A. They will.

7 Q. In the event of production will the correlative  
8 rights of all parties to the unit agreement be protected?

9 A. They will.

10 MR. RICHARDSON: Now I would like to move that the  
11 geological report, consisting of Exhibits One through Five  
12 be admitted into evidence.

13 MR. STAMETS: This report will be admitted.

14 (THEREUPON, Applicant's Exhibits One through  
15 Five were admitted into evidence.)

16 MR. RICHARDSON: I have nothing further.

17 MR. STAMETS: Any questions of the witness? He may  
18 be excused.

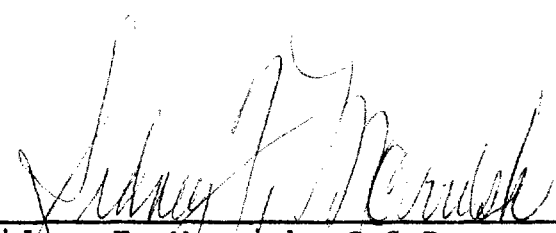
19 (THEREUPON, the witness was excused.)

20 MR. STAMETS: Anything further in this case? The  
21 case will be taken under advisement.




REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill and  
ability.

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5792  
heard by me on 11-10-1976.

  
Richard H. Stamm, Examiner  
New Mexico Oil Conservation Commission

**sid morrish reporting service**

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