

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

EXAMINER HEARING

IN THE MATTER OF

The Application of Union Oil Company
of California for a unit agreement, Lea
County, New Mexico.

CASE
6028

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:

Sim B. Christy, IV, Esq.
Jennings, Christy & Copple
Attorneys at Law
1012 Security National Bank
Roswell, New Mexico

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1 MR. STAMETS: Call the next case, Number 6028.

2 MS. TESCHENDORF: Application of Union Oil Company
3 of California for a unit agreement, Lea County, New Mexico.

4 MR. STAMETS: Call for appearances in this case?

5 MR. CHRISTY: Sim B. Christy of the firm of Jennings
6 Christy and Copple, Roswell, New Mexico, appearing for the
7 applicant and we have two witnesses, Mr. Examiner.

8 MR. STAMETS: Are there any other appearances in this
9 case? Please swear the witnesses.

10 (THEREUPON, the witnesses were sworn.)
11

12 ROBERT LOCKHART
13 was called as a witness by the applicant, and having been
14 first duly sworn, testified upon his oath as follows:
15

16 DIRECT EXAMINATION

17 BY MR. CHRISTY:

18 Q Would you please state your name, address, and by
19 whom you are employed and in what capacity?

20 A My name is Robert Lockhart and I am the District
21 Land Manager for Union Oil Company of California, Midland
22 District, Post Office 671, Midland, Texas, 79702.

23 Q Mr. Lockhart, are you familiar with what is sought
24 by the application in Case 6028?

25 A Yes, sir.

1 Q Would you briefly tell the Examiner what is sought?

2 A We wish to farm a five thousand one hundred and
3 seventeen point four-three federal unit plan for the drilling
4 of a twelve thousand seven hundred foot Strawn test at a
5 legal location in the northwest quarter of the northeast
6 quarter of Section 13, Township 24 South, Range 35 East, Lea
7 County New Mexico.

8 Q Is this a rather standard federal-fee type of an
9 agreement?

10 A Yes, it is.

11 Q How about participation for royalty and overriding
12 royalty interest, is that based on acreage within a
13 participating area?

14 A Yes, sir.

15 Q And a rather standard thing?

16 A Yes, sir.

17 Q Does the unit agreement provide for subsequent
18 joinder and for contraction and expansion in typical fashion?

19 A Yes, sir.

20 Q You mentioned the test well. Also what is unitized?
21 Are all oil and gas for all formations unitized?

22 A All depths, yes.

23 Q Now, tell me the percentage of federal and fee land
24 involved?

25 A We have approximately four thousand two hundred

1 eight point five federal acres or a percentage of eight-
2 three point six-four percent.

3 Q. Eighty-three?

4 A. Yes, sir, uh-huh. The fee acreage is eight hundred
5 thirty-six point nine-three acres and approximately sixteen
6 point three-five percent.

7 Q. No state land involved?

8 A. No, no state land involved.

9 Q. Now, has the United States Geological Survey given
10 preliminary approval?

11 Q. Is that indicated on Exhibit Two?

12 A. Yes, sir.

13 Q. It's a letter?

14 A. It's a letter dated July 29, 1977.

15 Q. Have you received informal approval yet from any
16 of the working interest owners?

17 A. Yes, sir. Approximately ninety-five plus percent
18 approval from our initial contact with the proposed working
19 interest owners who are to join in the drilling of this
20 well.

21 MR. CHRISTY: I have no further questions.

22 MR. STAMETS: Any further questions of this witness?
23 He may be excused.

24 MR. CHRISTY: Mr. Lockhart, before you are excused
25

1 you understand that if this is approved and the unit is
2 activated you must supply the O.C.C. with one fully executed
3 copy of the agreement and ratification, don't you?

4 A. Yes, sir.

5 Q. And you will do that?

6 A. Yes, sir.

7 MR. CHRISTY: That's all.

8 (THEREUPON, the witness was excused.)

9

10 CHARLES CAREY

11 was called as a witness by the applicant, and having been
12 first duly sworn, testified upon his oath as follows:

13

14 DIRECT EXAMINATION

15 BY MR. CHRISTY:

16 Q. Would you please state your name?

17 A. Yes, my name is Charles Carey.

18 Q. By whom are you employed and in what capacity?

19 A. The Union Oil Company of California and I am the
20 New Mexico District Exploration Manager.

21 Q. What is your educational background in the oil
22 industry, sir?

23 A. I received my Bachelor's Degree from Miami
24 University in Oxford, Ohio, in 1948 --

25 Q. What degree was that in?

1 A. In Geology.

2 Q. All right, sir. Then, I attended one year of
3 graduate study at Pennsylvania State University also in geology
4 and I also attended Stanford and Cambridge Universities in
5 England.

6 My entire professional career, twenty-eight
7 years, has been with the Union Oil Company of California,
8 fifteen years in Bakersfield as a palaeoantologist particularly
9 for geologists, three years in the Los Angeles Basin
10 directing on-and-off-shore geological exploratory efforts,
11 seven years in Roswell, New Mexico, as District Exploration
12 Manager and three years in Midland, Texas, as the New Mexico
13 exploration manager which is current.

14 Q. Mr. Carey, the lands involved in this application
15 are located in Township 24 South, Ranges 35 and 36 East,
16 Lea County. Are you familiar with this geological area?

17 A. Yes, I am.

18 MR. CHRISTY: Are the witness' qualifications
19 satisfactory?

20 MR. STAMETS: They are.

21 Q. (Mr. Christy continuing.) Now, Mr. Carey, tell
22 us from a geological standpoint what is sought by the
23 application of 6028 and what are your recommendations?

24 You may refer to Exhibit Three, if you will.

25 A. The recommended Luzon Unit Area is in southern

1 Lea County, New Mexico, about eight miles northwest of the
2 town of Jal. It is located at the western edge of the
3 Central Basin Platform. Union Oil Company of California
4 proposes to drill a fourteen thousand eight hundred foot
5 test located in the northeast quarter of Section 13,
6 Township 24 South, Range 35 East.

7 The Luzon Prospect is expected to produce gas and
8 condensate from Strawn carbonates and possibly, Morrow
9 sands. The expected productive limit of the Strawn
10 reservoir is shown in red on the map contoured on top of
11 the Strawn. It is a geophysical map with detailed geophysical
12 control. You can see the unit is to include the sections
13 as indicated in red on the map.

14 The idea behind the prospect is one in which the
15 Strawn thickens anomalously over the prospect area. It
16 averages about three hundred feet thick surrounding the
17 prospect and based on geophysical control it thickens to over
18 one thousand feet in the prospect area. It is thought
19 to be a detrital apron composed of porous carbonate rocks
20 derived from a Strawn reef that was subsequently deposited
21 in the vicinity covering the prospect area.

22 The Middle Morrow sands also may produce. They
23 are a secondary objective and we believe there is good
24 potential of Morrow sands being present in the prospect
25 area.

1 Q I notice you have two maps, sir, and you refer
2 to one contour on the Strawn. What is the other one,
3 please?

4 A The other one is a cross section, an east-west
5 cross section which is indicated in red, Section B-B prime,
6 indicated on the structural contour map and it shows the
7 Strawn carbonate deposit indicated in the cross hatch and
8 in red that we believe will be productive.

9 It also shows the middle Morrow which is the
10 secondary objective.

11 Q Do you believe from a geological viewpoint that
12 the granting of the unit agreement may result in the
13 conservation of energy and the prevention of waste under-
14 lying the unit area?

15 A Yes, I do.

16 Q Were Exhibit Three and the maps attached prepared
17 by you or under your direct supervision?

18 A They were.

19 MR. CHRISTY: That's all of the questions I
20 have.

21 MR. STAMETS: Are there any question of the witness?
22 He may be excused.

23 MR. CHRISTY: I offer Applicant's Exhibits One
24 through Three inclusive.

25 MR. STAMETS: These exhibits will be admitted.

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MR. CHRISTY: That's all we have.

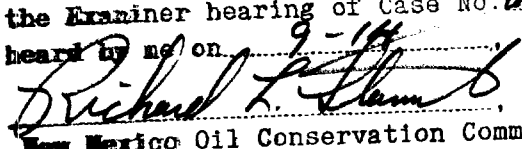
MR. STAMETS: Is there anything further in this
case? The case will be taken under advisement.

(THEREUPON, the witness was excused.)

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. 6028.
heard by me on 9-14-1977.

Richard L. Ham, Examiner
New Mexico Oil Conservation Commission