

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 30, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Robert K. Hillin for a unit agreement, Chaves and Otero Counties, New Mexico. CASE 6098

BEFORE: Daniel S. Nutter, 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: W. Thomas Kellahin, Esq.
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1 MR. NUTTER: Call Case Number 6098.

2 MS. TESCHENDORF: Case 6098, application of Robert
3 K. Hillin for a unit agreement, Chaves and Otero Counties,
4 New Mexico.

5 MR. KELLAHIN: Tom Kellahin, Kellahin & Fox, Santa
6 Fe, New Mexico, appearing on behalf of the applicant and I
7 have two witnesses to be sworn.

8 (THEREUPON, the witness were sworn.)

9
10 EDGAR KING

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

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you state your name, by whom you are employed,
17 and in what capacity?

18 A Edgar King, employed by Robert K. Hillin of Midland,
19 as a Petroleum Geologist.

20 Q Mr. King, you have testified before the New Mexico
21 Oil Conservation Commission previously and had your qualifications
22 as an expert witness accepted and made a matter of record?

23 A Yes, I have.

24 Q Have you made a study of and are you familiar with
25 the facts surrounding this particular application?

1 A Yes.

2 MR. KELLAHIN: If the Examiner please, are Mr. King's
3 qualifications acceptable?

4 MR. NUTTER: Yes, they are.

5 Q (Mr. Kellahin continuing.) Mr. King, would you refer
6 to what I have marked as page one of Applicant's Exhibit Number
7 One, identify it and tell us what Robert K. Hillin is seeking
8 to accomplish?

9 A Exhibit Number One includes the geological report of
10 the Burro Canyon proposed unit. It includes two maps; one, a
11 structure map of the Chester formation which is the base of
12 the Pennsylvanian and an isoporosity map of the Morrow zone
13 six sand which is the middle Morrow unit in this area.

14 Q Would you use the Chester structure map and identify
15 for us the unit area in question?

16 A On that particular map the unit outline is illustrated
17 by a dashed blue line. It is to the south part of Township
18 20 South, 20 East, and it goes down into the middle part of
19 21 South, 20 East.

20 MR. NUTTER: That's in the upper left-hand corner
21 of the map?

22 A Upper left-hand corner of the map, yes, sir.

23 Q (Mr. Kellahin continuing.) Okay. Would you look at
24 the Chester structure map and explain the significance of that
25 map to your unit area?

1 A. Okay. The map is, as I have said, is a structure
2 of the Chester formation getting the structure at that level.
3 It shows the propped unit to be on the down-thrown side of
4 the Huapache fault and shows a closed anticline on the down-
5 thrown side which covers most of our proposed unit.

6 Q Would you discuss the isoporosity Morrow zone plat
7 and describe its significance?

8 A. The isoporosity simply is an isopach of the
9 porous sands in the unit six. The unit boundaries very closely
10 fit the zero limit of the Morrow zone six which will be the
11 productive limits of the unit and it is bounded on the north
12 by a shale out or a loss of porosity and also on the east
13 it is bounded by a loss of porosity and it is limited on the
14 south by the Huapache fault.

15 Q Mr. King, where does the applicant propose to drill
16 its first test well?

17 A. In the northeast quarter of Section 2, of 21 South,
18 20 East.

19 Q Is that 21 East, or 20 East?

20 A. It's 20 East.

21 MR. NUTTER: In which quarter?

22 A. Northeast quarter of Section 2. Your exhibit was
23 drawn off of an old base and the numbers you see, the half
24 sections along the north part of the Township which is actually
25 20 1/2 South, those were numbered wrong -- where it says Section

1 1, it is Section 36 and Section 1 takes right beneath that.

2 MR. NUTTER: In other words you are going to drill
3 off of this first closure and right on the line of the
4 second closure, is that it?

5 A. Yes, sir.

6 Q. (Mr. Kellahin continuing.) What is the proposed
7 depth of the test well?

8 A. Seventy-eight hundred feet or the Chester formation,
9 whichever occurs sooner.

10 Q. Was Exhibit One compiled by you directly or under
11 your direction and supervision, Mr. King?

12 A. Yes, it was.

13 MR. KELLAHIN: If the Examiner please, we move the
14 introduction of Exhibit Number One and that concludes our
15 examination of this witness.

16 MR. NUTTER: Applicant's Exhibit One will be admitted
17 in evidence.

18 Are there any questions of his witness? He may be
19 excused.

20 (THEREUPON, the witness was excused.)

21

22 KEN GRIFFIN

23 was called as a witness by the applicant, and having been
24 first duly sworn, testified upon his oath as follows, to-wit:

25

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q. Mr. Griffin, would you state your name, by whom you are employed and in what capacity?

A. Ken Griffin. Griffin and Barnett, land consultants in Midland, Texas, and employed by Robert K. Hillin.

Q. What is the nature of your employment with Mr. Hillin?

A. We are in the consulting capacity assisting in the formation of this federal unit and the preparation of the necessary contracts to give effect to the same.

Q. Do you make a profession of putting together units for the production of oil and gas formations in New Mexico?

A. Yes. I have done a large number of them.

Q. Have you previously testified before the Commission as an expert landman and had your qualifications accepted and made a matter of record?

A. Yes, I have.

Q. Have you made a study of and are you familiar with the facts surrounding this particular unit?

A. I have.

MR. KELLAHIN: If the Examiner please, are Mr. Griffin's qualifications acceptable?

MR. NUTTER: Yes, they are.

Q. (Mr. Kellahin continuing.) Mr. Griffin, would you

1 summarize for the benefit of the Examiner what the applicant
2 is seeking to do in this case?

3 A. Yes. We are preparing to or attempting to form a
4 federal unit covering eighteen thousand six hundred fifty-six
5 point two-four acres for exploratory purposes.

6 The unit is comprised of two thousand nine hundred
7 ten point two acres owned by the State of New Mexico, representing
8 fifteen point six percent; and fifteen thousand five hundred
9 and eighty-six point six-oh acres, representing eighty-three
10 point five-five percent owned by the federal government.

11 One hundred fifty-nine point four-four acres for
12 point eighty-five percent are fee or patented lands.

13 The composition of the unit area is eighteen thousand
14 six hundred fifty-six point two-four acres described, generally,
15 as all of Sections 19 through 36, inclusive, in Township 20
16 South, Range 20 East. Sections 32 through 36, inclusive, in
17 Township 20 1/2 South, Range 20 East; and Sections 1 through 4,
18 inclusive, and Sections 10 through 14, inclusive, in Township
19 21 South, Range 20 East.

20 Q. Have you prepared a unit agreement and a unit operating
21 agreement for this particular acreage?

22 A. I have. I have had a little misfortune with it.

23 Q. What is your misfortune, Mr. Griffin?

24 A. During the evening in Santa Fe last night my brief-
25 case was stolen and I no longer have the copies.

1 MR. KELLAHIN: If the Examiner please, we seek to
2 submit the executed copies subsequent to the hearing.

3 MR. NUTTER: Do you have another one at home?

4 A. Well, I am actually going to have to rewrite it.
5 Fortunately, I do have a lot of my master sheets where I
6 can go back to them. My Exhibit B will be my biggest problem.

7 MR. NUTTER: Well, I notice in this letter from the
8 U.S.G.S. they wanted changes in it anyway --

9 Q (Mr. Kellahin continuing.) What is the form of the
10 unit operating agreement that you use, Mr. Griffin?

11 A. The unit agreement will follow the 30 CFR 226.12,
12 1968 reprint as prescribed by the federal regulations with
13 appropriate amendments for the Commissioner of Public Lands
14 and the Oil Conservation Commission of the State of New Mexico.

15 Q Have you as of this date received preliminary
16 approval from the U.S.G.S for your unit?

17 A. I have preliminary approval from both the U.S.G.S.
18 and from the State of New Mexico in the Land Commissioner's
19 office.

20 Q What percentage of ownership has been committed to
21 the unit?

22 A. We anticipate a minimum of ninety-four percent
23 commitment, and it could be larger.

24 Q What is to be the unitized formations?

25 A. All formations to all depths.

1 Q Who will be designated the operator?

2 A Robert K. Hillin will be the operator.

3 Q Do you have an exhibit or will you have an exhibit
4 attached to your agreement to indicate to the Commission the
5 tract participation formula?

6 A Yes, we will. The unit agreement will provide for
7 the standard Exhibit A land plat and Exhibit B, the exhibit
8 of ownership -- a breakdown showing all ownerships of the
9 parties.

10 Q In your opinion, Mr. Griffin, will the approval of
11 the application for the requested unit agreement be in the
12 best interests of conservation and the prevention of waste
13 and the protection of correlative rights?

14 A Yes, sir.

15 MR. KELLAHIN: If the Examiner please, that concludes
16 our examination of Mr. Griffin.

17

18 CROSS EXAMINATION

19 BY MR. NUTTER:

20 Q Mr. Griffin, you stated that you expected a minimum
21 of ninety-four percent working interest participation? How
22 many percent have actually committed?

23 A I have ninety-four percent.

24 Q You do have that?

25 A That's my minimum. I would like the record to show

1 that I have a minimum of ninety-four percent.

2 Q And you have tentative approval from the U.S.G.S
3 and the State Land Office?

4 A Right.

5 Q Now, how deep will the well be?

6 A It is a seventy-eight hundred foot test and it is to
7 test all formations of the Pennsylvanian Age or production
8 of a shallower depth.

9 MR. NUTTER: Are there any other questions of the
10 witness? He may be excused. Do you have anything further,
11 Mr. Kellahin?

12 MR. KELLAHIN: No, sir.

13 MR. NUTTER: Does anyone have anything they wish to
14 offer in Case Number 6098? Take the case under advisement.

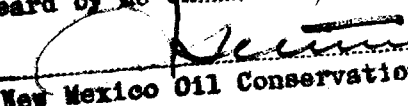
15 (THEREUPON, the witness was excused and the
16 case was concluded.)
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REPORTER'S CERTIFICATE

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. 6098
heard by me on 11/30, 19 77.
 Examiner
New Mexico Oil Conservation Commission

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