

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
22 February 1978

EXAMINER HEARING

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IN THE MATTER OF:

Application of Read & Stevens, Inc.  
for a unit agreement, Chaves County,  
New Mexico.

)  
)  
)  
) CASE  
) 6154  
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BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:

Lynn Teschendorf, Esq.  
Legal Counsel for the  
Commission  
State Land Office Bldg.  
Santa Fe, New Mexico

For the Applicant:

R. M. Richardson, Esq.  
P. O. Box 819  
Roswell, New Mexico

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I N D E X

The Witness, Kay C. Havenor

Direct Examination by Mr. Richardson 3

Cross Examination by Ms. Teschendorf 8

E X H I B I T S

Applicant's Exhibit One, Report 8

1 MR. STAMETS: Call now Case 6154.

2 MS. TESCHENDORF: Case 6154. Application of  
3 Read & Stevens, Inc., for a unit agreement, Chaves County,  
4 New Mexico.

5 MR. RICHARDSON: Randolph M. Richardson,  
6 Roswell, New Mexico, appearing on behalf of applicant.

7 I have one witness.

8 MR. STAMETS: If you'll stand and be sworn,  
9 please.

10 (Witness sworn.)

11  
12 KAY C. HAVENOR

13 being called as a witness on behalf of the Applicant, and  
14 having been duly sworn upon his oath, testified as follows,  
15 to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. RICHARDSON:

19 Q Mr. Havenor, will you please state your name  
20 and present occupation?

21 A My name is Kay C. Havenor. I'm a consulting  
22 geologist in Roswell, New Mexico.

23 Q A copy of the unit agreement has already been  
24 furnished the Commission and I have now handed you a copy  
25 of the geological report. Mr. Havenor has testified several

1 times before the Commission and if you like, it's been  
2 quite awhile, should he be requalified?

3 MR. STAMETS: I don't believe that's necessary.  
4 I am somewhat familiar with Mr. Havenor's professional  
5 qualifications. If you'd just have him recite what he is  
6 for the record I think that would be sufficient.

7 MR. RICHARDSON: Okay, fine.

8 Q. (Mr. Richardson continuing.) Would you state  
9 your present occupation? And professional background which  
10 would enable you to testify, and how you have gotten into  
11 being an expert witness in this case?

12 A. I'm a consulting geologist in Roswell, New  
13 Mexico, and have been working in petroleum geology in New  
14 Mexico since 1958. I've been involved in this particular  
15 area in geological studies since, well, for approximately  
16 ten years.

17 Q. Well, are you familiar with this proposed  
18 Calumet Ranch Unit Area and all the matters contained in  
19 the application to the Commission for approval of the unit  
20 agreement?

21 A. Yes, I am.

22 Q. Is the form of unit agreement that prescribed  
23 by federal regulations?

24 A. Yes, it is.

25 Q. Has the unit area been designated by the United

1 States Geological Survey as an area logically suitable for  
2 development under a unit plan of development?

3 A. Yes, sir, it has been preliminarily approved  
4 by the Roswell office and forwarded to the Denver office  
5 for approval.

6 Q. Can you please tell the Commission the total  
7 amount of acres within the unit area, the number of patented  
8 lands, federal lands, and state lands?

9 A. Yes, sir, there are a total of five thousand  
10 seven hundred and sixty point zero acres total, of which  
11 twenty point eight-three percent being one thousand two  
12 hundred even acres of federal lands; seventy point one-four  
13 percent state lands, being four thousand and forty acres,  
14 and nine point zero three percent patented fee lands,  
15 totalling five thousand two -- excuse me, five hundred and  
16 twenty acres, again for a total of five thousand seven  
17 hundred and sixty acres.

18 Q. Would you now please refer to the geological  
19 report, which has been handed to the Examiner, and marked  
20 as Exhibit One. Was this report prepared by you or under  
21 your supervision?

22 A. It was prepared by me.

23 Q. Would you please now briefly review the report,  
24 mentioning the maps, the name, and indicating its signifi-  
25 cance; the maps and the cross sections?

1           A.       The report covers a summary of the geology of  
2 the Calumet Ranch Unit in Township 12 South, Range 27 East,  
3 Chaves County, New Mexico. It briefly discusses the surface  
4 formation and shallow horizons present, and discusses in  
5 some detail the presence of Pennsylvanian Sands in the  
6 Lower Pennsylvanian Age formations, which are considered  
7 potentially productive of gas and/or liquid hydrocarbons.

8           Two figures are presented with the geological  
9 report. Figure Number One being a cross section from north-  
10 west to southeast, immediately to the north of the unit  
11 area. This cross section represents primarily the Pennsyl-  
12 vanian Sands or shows the presence of the Pennsylvanian  
13 Sands in relation to potential faulting or inferred faulting  
14 on the northwest edge of the proposed unit. The sands are  
15 present in some wells and on the uplifted side of the fault  
16 outside of the unit area are absent, and this is in summary  
17 the basis for the exploratory unit.

18           The second figure is a subsurface map on the  
19 Devonian, which is inferred from aerial magnetics and from  
20 shallow subsurface control. Detailed shallow mapping shows  
21 a closure in and about Section 21 of Township 12 South,  
22 Range 27 East, and is the basis for projecting a deeper  
23 closed structure. The Devonian is used in this case be-  
24 cause Pennsylvanian horizons are inconsistent and discon-  
25 tinuous and difficult to map.

1 Q. Could you please tell the Commission your con-  
2 clusions as to the formations which are possibly productive  
3 in this immediate area?

4 A. The Devonian has some weak potential. The  
5 primary producing objectives will be the Lower Pennsylv-  
6 vanian, sands in the Lower Pennsylvanian, and there are ad-  
7 ditionally -- there is an additional pay zone in the San  
8 Andres, which is potentially oil productive.

9 Q. Could you give the Commission the projected  
10 depth and location of the initial test well?

11 A. The initial test well is proposed as being in  
12 the south half of Section 21 or the north half of Section  
13 28. It is projected to a total depth of 6,700 feet or the  
14 top of the Mississippian, whichever occurs at a lesser  
15 depth.

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

18 A. Yes, they have.

19 Q. In your opinion what percentage of working in-  
20 terests will be committed to the unit and what percentage  
21 of a royalty will be committed to the unit?

22 A. We presently estimate that ninety-five percent  
23 of the working interest will be committed and eighty percent  
24 of the royalty.

25 Q. In your opinion will the operation of this

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

3 A. It definitely will.

4 Q. In the event of production will the correla-  
5 tive rights of all parties to the unit agreement be pro-  
6 tected?

7 A. Yes.

8 MR. RICHARDSON: I would now like to move to  
9 enter the geological report into evidence.

10 MR. STAMETS: Exhibit One will be admitted  
11 into evidence.

12 MR. RICHARDSON: And that was all I had. Do  
13 you have any further questions?

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

16 Ms. Teschendorf?

17 MS. TESCHENDORF: I've got one.

18

19 CROSS EXAMINATION

20 BY MS. TESCHENDORF:

21 Q. There are three sections of the unit agreement  
22 that the Oil Commission should probably be included on.

23 One is approval of the expansion and contraction  
24 of the unit, in Section Two.

25 In Section Ten the plan for further development



1 and operation.

2 And in Section Eleven the participating areas.

3 And what we usually do is just in our order  
4 enter an order that these particular things be submitted  
5 to the Oil Commission for approval, also. Will that be  
6 done?

7 MR. RICHARDSON: Yes. Is that something new?

8 MS. TESCHENDORF: No. Well, it's --

9 MR. RICHARDSON: That same form of unit agree-  
10 ment been in existence for fifty years, I guess.

11 MR. STAMETS: If I might --

12 MR. RICHARDSON: I was wondering if you all  
13 had come up with that recently.

14 MR. STAMETS: -- add a little information to  
15 this. What's happened is the U.S. Geological Survey has  
16 moved their office of review, I think, to Denver, and those  
17 people in Denver don't pay as much attention as the people  
18 in Roswell used to and the ones in Roswell always caught  
19 this and made sure that it was in there. This is the same  
20 U.S. Geological form, right, but when fee lands have been  
21 involved the local office did require that the Commission  
22 be involved in plans of developing the participating areas.  
23 But now they have let up on this and so we're having to  
24 catch it ourselves.

25 MR. RICHARDSON: So your order will tell us

1 to include that in the unit agreement.

2 Well, very fine, that's perfectly agreeable.

3 MR. STAMETS: Any questions for the witness?

4 MR. RICHARDSON: I have a request. We have  
5 approximately eight hundred acres that expire March the  
6 19th; consequently, we're running on a darned short fuse,  
7 and if the Commission could see fit that the order was  
8 entered fairly quickly, well, it would be a big help.

9 MR. STAMETS: Okay, the witness may be excused  
10 and we'll see what we can do to expedite the order.

11 MR. RICHARDSON: Thank you.

12 MR. STAMETS: This case will be taken under  
13 advisement.

14 (Hearing concluded.)

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, 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 re-  
cord of the said proceedings to the best of my knowledge,  
skill, and ability.

Sally Walton Boyd  
Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is  
a correct and true copy of the proceedings in  
the New Mexico Oil Conservation Commission Case No. 6154  
heard before me on 2-22-78.  
Richard L. Stambaugh Examiner  
New Mexico Oil Conservation Commission

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