

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

MAY 17, 1978

COMMISSION HEARING

IN THE MATTER OF:

Application of Texas Oil & Gas)
Corporation for a unit agreement,)
Lea County, New Mexico.)

CASE 6229

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:

Joe Ramey, Chairman
Emery Arnold, Commissioner
Phil Lucero, Commissioner
Richard L. Stanets, Staff Member

Lynn Teschendorf, Esq., Legal Counsel

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58 SOUTH FEDERAL PLACE
SANTA FE, NEW MEXICO 87501

FOR TEXAS OIL AND GAS CORPORATION:

LOSEE, CARSON & DICKERSON
Attorneys at Law
Americian Home Building
Artesia, New Mexico 88210
BY : A. J. LOSFE, ESQ.

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MR. STAMETS: We'll call next Case 6229.

MS. TESCHENDORF: Case 6229. Application of Texas Oil & Gas Corporation for a unit agreement, Lea County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. LOSEE: A. J. Losee, Losee, Carson & Dickerson appearing on behalf of the Applicant. I have two witnesses.

(WHEREUPON, the witnesses were sworn.)

DOYLE SNOW

The witness herein, having been duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name?

A Doyle Snow.

Q Your residence and occupation?

A 4308 Mercedes, Midland, Texas. Landman for Texas Oil & Gas Corporation.

Q The purpose of this application in Case No. 6229 to obtain approval of the south Wilson unit agreement?

A Yes, it is.

Q And you have been in charge of securing the

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execution of this unit agreement by the working interest owners?

A That's correct.

Q And your approval, preliminary approval by the State of New Mexico?

A That's correct.

Q How many acres are in the unit?

A Thirty two hundred acres.

Q Are they all State lands?

A Yes.

Q Is your form of unit agreement that form approved by the Commissioner of Public Lands?

A Yes, it is.

Q What type of development is provided in the unit agreement? What's the proposed depth of the well?

A A Morrow formation test well.

Q Do you have a location for that well?

A Yes, the well is located in the southeast quarter of Section 14.

Q Have you contacted all of the working interest owners in the Morrow formation to determine their willingness to join the unit?

A Yes, we have. I might add, as of yesterday we

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contacted the last one as a result of the State sale.

The west half of Section 27 was purchased yesterday, and we advised them of state unit, but he's not had an opportunity to join.

Q Now that was Cayman?

A That's correct.

Q And that's Tract 16?

A That's right.

Q All right, what other tracts do you have committed either in writing or oral commitments?

A All of the participants have agreed verbally to participate in the unit except for Tract No. 3 owned by Getty Oil Company and the Sun interest under Tract 5.

Q Getty's tract is a 40 acre tract at the edge of the unit?

A Two 40 acre tracts, one in the northwest-northwest 22 and the southeast-southeast of Section 23.

Q The unit agreement provides for an allocation of production among the State leases throughout the unit area?

A Yes, it does.

Q Provides for allocation of production among the working interest owners in accordance with terms of an

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operating agreement?

A Yes, it does.

Q Does this agreement protect the correlative rights of the various interest owners?

A Yes.

MR. LOSEE: I have no further questions.

MR. STAMETS: Any questions of this witness?

MS. TESCHENDORF: Is this witness going to talk about the actual unit agreement or--

MR. LOSEE: Well, I think we're going to let the unit agreement really speak for itself. We have the preliminary approval by the Commissioner of Public Lands to the form of the--

MS. TESCHENDORF: I was just wondering if he could point out for me-- I couldn't find any provisions for annual drilling programs, participating areas.

THE WITNESS: This is a State unit agreement and does not provide for participating areas. It's not a federal.

MR. LOSEE: I'll ask one other question --

The drilling program requires Texas Oil and Gas to drill an exploratory well on the Morrow on the south-east quarter and to annually submit a proposed development

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program to the Commissioner of Public Lands.

MR. STAMETS: Yes, it does.

Okay. Any other questions of this witness?

He may be excused.

WILLIAM SIRUTA

the witness herein, having been previously duly sworn,
was examined and testified as follows:

DIRECT EXAMINATION

BY MR. LOSEE:

Q State your name, residence and occupation.

A William Siruta, 3514 Humble, Midland, Texas.

I'm a geologist for Texas Oil and Gas.

Q You previously testified before this Commission
and had your qualifications as an expert witness accepted?

A Yes, sir.

MR. LOSEE: Mr. Siruta's qualifications acceptable?

MR. STAMETS: How do you spell his last name?

THE WITNESS: S-I-R-U-T-A.

MR. STAMETS: Yes, the witness is considered
qualified. If he can spell that, he certainly qualifies.

THE WITNESS: The other geologists in the room
may take exception, Mr. Examiner.

Q (Mr. Losee) Please turn to what's been marked

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as Exhibit 2 entitled a Production Map and explain what is portrayed by this exhibit.

A The production in the South Wilson area represented on this map, a cumulative production on the Pure Deep Wilson No. 1 in Section 13 has been 4 Bcf with approximately 50,000 barrels of oil and is presently producing 361 Mcf gas per day.

The Dorchester Exploration Wilson-State No. 1 has a cumulative production of 1.5 Bcf and 15,000 barrels of oil and is presently producing 203,000 cubic feet of gas.

The Sinclair South Wilson Deep Unit No. 1 is presently plugged and abandoned and has a cumulative production of 118 million cubic feet of gas and 2900 barrels of oil.

The Shell South Wilson Deep Unit No. 2 in Section 33 has a cumulative production of 1.8 Bcf plus 7200 barrels of oil and is presently inactive.

The Shell GRB-State No. 1 in Section 34 has a cumulative production of 5.8 Bcf and 23,000 barrels of oil presently plugged and abandoned.

Q Is the purpose of this Exhibit, Mr. Siruta, to show the quality and production in the Morrow in this area?

A Yes, sir.

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Q Please turn to what's been marked as Exhibit 3 being your Isolith Map on the Lower Morrow Sand and explain what is portrayed by this exhibit?

A This is a Isolith Map on the sand of the Lower Morrow excluding the sand directly beneath the Massive Shale. This is the sand that we feel is the predominant pay in the area, and it is a Morrow sand line deposit and I've illustrated by my map the configuration of the sand line.

Q Now, your unit agreement, unit area is outlined on this map, is it not?

A Yes, sir.

Q And does this exhibit, is it offered for the purpose of showing that the none Morrow production in this area is covered by your unit area?

A Yes, sir.

Q Were exhibits 2 and 3 prepared by you or under your direction?

A Yes, sir.

MR. LOSEE: I move the introduction of Exhibits 2 and 3.

MR. STANETS: These exhibits will be admitted.

MR. LOSEE: I have no further questions of this

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witness.

MR. STAMETS: Any questions of this witness?

Yes, sir. Would you identify yourself for the record, please?

MR. KLAAR: My name is Al Klaar. I'm with Llano Incorporated, Hobbs, New Mexico.

I wish to not enter any objection. I just wish a point of correction, please.

The witness identified a couple of wells down in the southern part of his exhibit below his unit, proposed unit there, inactive wells there. I wish to point out there are gas storage wells by Llano in the Morrow formation.

MR. STAMETS: That would be the wells in Section 33 and 34.

MR. KLAAR: Right. They are active gas storage wells, in fact, we have recharged the reservoir to about 4,000 pounds, just as a point of correction, sir.

MR. STAMETS: Thank you, Mr. Klaar.

Any other questions of this witness?

He may be excused.

Anything further in this case?

Case will be taken under advisement.

(WHEREUPON, hearing on this case was concluded.)

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REPORTER'S CERTIFICATE

I, BETTY J. LANPHERE, a Court Reporter with offices in Santa Fe, New Mexico, do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me stenographically and reduced to typewritten transcript by me or under my supervision.

DATED at Santa Fe, New Mexico, this 23rd day of Oct, 1973.

Betty J. Lanphere
BETTY J. LANPHERE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6228 heard by me on 5-17 1978

Richard L. Plam, Examiner
Oil Conservation Division

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IDENTIFIED

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