

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 5, 1979 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Tom Kellahin	Kellahin + Kellahin	Santa Fe
William F. Carr	Campbell + Black	Santa Fe
L. J. Seright	Depco, Inc.	Midland, Tex.
R. B. Edmundson	Independent Landman	Danvers, Wyo
Garris Nelson	Millard Deck	Hobbs, N.M.
R. Hahn	Capital Observer	Santa Fe
R. M. Richardson	Yates Pet	Roswell, N.M.
J. Hahn	Yates Pet	ARTESIA, NM
R. M. Williams	Morris R. Antweil	Hobbs
J. K. Lytle	EXXON	Midland
Charles E. Coffey	Midco Energy Firm	Midland
David L. Davis	Bass Enterprises	Midland
John W. Irving	Exxon Co. USA	Midland
Lee G. Nering	Belco Petroleum Corp.	Houston
Jim Sims	USGS	Hobbs
Aernando Lopez	USGS	Albuquerque
Rick Hogan	LADD Petroleum	DENVER, Co
Johnny Phipps	Alpha Twenty One	midland
Wm. P. Alcock	Alpha 21 Corp	Midland
J. A. Davidson	Doyle Hartman	MIDLAND

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico
5 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Cor-
poration for a unit agreement,
Chaves County, New Mexico.

CASE
6641

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

Randolph M. Richardson, Esq.
Roswell, New Mexico

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I N D E X

RANDY HARRIS

Direct Examination by Mr. Richardson 3

Cross Examination by Mr. Stamets 10

E X H I B I T S

Applicant Exhibit One, Report 5

Applicant Exhibit Two, Unit Agreement 5

Applicant Exhibit Three, Map 6

Applicant Exhibit Four, Map 6

Applicant Exhibit Five, Map 6

1 MR. STAMETS: We'll now call Case 6641.

2 MR. PADILLA: Application of Yates Petroleum
3 Corporation for a unit agreement, Chaves County, New Mexico.

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

7
8 (Witness sworn.)

9
10 RANDY HARRIS
11 being called as a witness and being duly sworn upon his oath,
12 testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. RICHARDSON:

16 Q Mr. Harris, would you please state your
17 name and present occupation?

18 A My name is Randy Harris. I'm presently
19 a geologist for Yates Petroleum Corporation, Artesia, New
20 Mexico.

21 Q Would you please state your educational
22 and professional background which enable you to testify as
23 an expert?

24 A I'm a graduate geologist from the Univer-
25 sity of Texas and I have been employed by Yates Petroleum

1 for three years as an exploration-developmental geologist.

2 Q Are you familiar with the Willow Creek Unit
3 area and the matters concerned in the application to the
4 Commission?

5 A Yes, I am.

6 MR. RICHARDSON: Are the witness' qualifi-
7 cations acceptable?

8 MR. STAMETS: Mr. Harris, when did you
9 graduate from the University of Texas?

10 A 1975.

11 MR. STAMETS: And your experience with
12 Yates Petroleum has been at what location?

13 A Artesia.

14 MR. STAMETS: The witness is considered
15 qualified.

16 Q (Mr. Richardson continuing.) Is the form
17 of unit agreement that form prescribed by the Federal regu-
18 lations and as previously approved by the Commissioner of
19 Public Lands?

20 A Yes.

21 Q Has the unit area been designated by the
22 United States Geological Survey as an area logically suitable
23 for development under a unit plan of operation?

24 A It has been verbally approved but the
25 formal is still pending.

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1 Q Could you please tell the Commission the
2 total number -- Division, I guess I should be referring to,
3 shouldn't I -- would you please tell the Division the total
4 number of acres that's in the unit area and the number and
5 percentage of acreage of Federal, State, and fee lands?

6 A There are a total of 25,880.85 acres, of
7 which 10,756.37 is Federal, or 41.56 percent; 11,540.69 acres
8 are State of New Mexico land, or 44.59 percent; and there
9 are 3,583.79 acres of patented fee land, or 13.85 percent.

10 Q Would you please tell the Division the
11 township and range in which the unit is located and with
12 reference to the nearest town?

13 A The area is Township 4 South, Range 25
14 East, and the northeast part of Township 5 South, 25 East,
15 approximately 33 miles north of Roswell.

16 Q Now, Mr. Harris, would you please refer
17 to your geological report, which has been handed to the
18 Division marked Exhibits One through Five.

19 Was this report prepared by you?

20 A Yes, it was.

21 Q Would you please briefly review the re-
22 port, referring to the maps by name and exhibit number, and
23 indicating the significance of the maps and geological re-
24 port?

25 A This unit area is based on a surface

1 structure and topographic drainage pattern.

2 There are no wells in the entire township,
3 or unit area, or anything in the near area surrounding it.
4 So surface has to be relied upon for a location.

5 There are particular drainage patterns
6 and a surface high on Exhibit Number Three, which is a sur-
7 face topo map of the unit. It is showing a broad nosing
8 through the unit area with a drainage pattern on the north
9 of Wylee Draw, to the south of Huggins Draw, and to the
10 east by the Pecos River.

11 MR. STAMETS: Mr. Harris, there are some
12 broad lines on this exhibit. What are those lines showing?

13 A. Those broad lines are a 100 foot contour
14 marks that have been darkened in. The yellow is the unit
15 outline.

16 MR. STAMETS: Okay.

17 Q Mr. Harris, could you go through the other
18 exhibits and briefly tell what they are?

19 A. Exhibit Number Four is an anomalous situ-
20 ation to the unit area. This is of the Penasco Draw area
21 of Eddy County, New Mexico, of which it shows similar
22 drainage patterns of the Penasco Draw and nosing on the
23 surface structure.

24 This nosing on the surface structure is
25 a reflection of deeper formations of which Exhibit Number

1 Five is a contoured structure map of the San Andres of the
2 same area. This is our Penasco Draw Oil Field, which pro-
3 duces out of the San Andres and Yeso formations.

4 MR. STAMETS: Specifically, sir, where
5 is this nosing on Exhibit Four and how do you relate it to
6 Exhibit Five?

7 A. Exhibit Four has the broad nosing through
8 Sections 26, 25, 30, 31; a topographic high in Section 36,
9 35.

10 MR. STAMETS: Okay, let's slow down here
11 a little bit. Let me get oriented on this.

12 That's on the northern part of your exhibit?

13 A. Yes, the northern part of the exhibit.

14 MR. STAMETS: In Section 26 there's a
15 mark labeled "windmill 3479". That's the right spot?

16 A. Yes. Yes, sir.

17 MR. STAMETS: All right, and where does
18 the nosing run, then?

19 A. The nosing runs in a general west to east
20 direction from -- through Sections 34, 35, 36, 31.

21 MR. STAMETS: Okay, the broad line that
22 you have that goes through Section 31, then, indicates the
23 direction of the nosing?

24 A. Yes, sir.

25 MR. STAMETS: Okay.

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1 Q That exhibit, the Penasco Draw area, was
2 introduced to show the similarity, primarily, between the
3 unit area to the north and the area to the south, south of
4 Artesia actually, as the similarity of surface drainage
5 patterns. The exhibit was, what, Five?

6 A Exhibit Five is a --

7 Q Actually is what, oh, sixty miles south.

8 A The reason this particular area was chosen
9 for a, representative, as I said, was a large, a very large
10 general nosing on the surface in the Penasco Draw. Many
11 of the other structural control fields in southeast New
12 Mexico are reflected on the surface, but there are smaller
13 surface structures, a little bit more difficult to see on
14 a map.

15 MR. STAMETS: Okay.

16 Q Will you please tell the Division your
17 conclusions as to the formations likely to be encountered
18 and considered prospective for production?

19 A Since we could be working with a fairly
20 large subsurface high, or nose, the entire Permian and
21 Pennsylvanian section is prospective, from the San Andres,
22 Glorieta, Abo, Wolfcamp.

23 The Pennsylvanian we're not exactly sure
24 how many feet of section we will have here, but it is pro-
25 bable that we will have a small amount of Cisco before

1 going to a Granite Wash, and if the high remains through
2 the Granite Wash, it will probably pick up Granite Wash
3 production.

4 Q Would you please tell the Division the
5 projected depth and location of the initial test well?

6 A The depth will be in basement granite and
7 it should be approximately 5750 feet deep; a location 1980
8 from the north, 1980 from the east, Section 16, Township
9 4 South, Range 25 East.

10 Q Have the other working interest owners
11 in the unit been contacted?

12 A Yes. All the large except for a very
13 minute, small owners have not.

14 Q In your opinion, what percentage of the
15 working interests will be committed and what percentage of
16 the royalty interests will be committed?

17 A Working interests committed will be ap-
18 proximately 95 percent and royalty interests, 86 percent.

19 Q In your opinion will the operation of this
20 area under the proposed unit plan of operation be in the
21 interest of conservation and prevention of waste?

22 A Yes.

23 Q Will the different institutions of the
24 State, if any, receive their fair share of production if
25 established?

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1 A Yes.

2 Q In the event of production, will the cor-
3 relative rights of all parties to the unit agreement be
4 protected?

5 A Yes.

6 MR. RICHARDSON: That was all I had. I'd
7 like to enter the geological report marked Exhibits One
8 through Five into the record.

9 MR. STAMETS: That set of exhibits will
10 be admitted.

11 MR. RICHARDSON: Do you have any questions?

12
13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q Well, Mr. Harris, in just a brief review
16 of the unit agreement itself, it appears as though it pro-
17 vides for Oil Conservation Division approval of plans of
18 development, participating areas, and change of unit oper-
19 ator, is that correct?

20 A Yes.

21 MR. STAMETS: Any other questions of this
22 witness? He may be excused.

23 Anything further in this case? The case
24 will be taken under advisement.

25 (Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6646
heard by me on 9-5-79
Richard H. Hammett, Examiner
Oil Conservation Division

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