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2 STATE OF NEW MEXICO
3 ENERGY AND MINERALS DEPARTMENT
4 OIL CONSERVATION DIVISION
5 STATE LAND OFFICE BUILDING
6 SANTA FE, NEW MEXICO

7
8 27 February 1985

9 EXAMINER HEARING

10 IN THE MATTER OF:

11 Application of Gulf Oil Corporation CASE
12 for a unit agreement, McKinley County, 8492
13 New Mexico.

14 BEFORE: Michael E. Stogner, Examiner

15
16 TRANSCRIPT OF HEARING

17
18 A P P E A R A N C E S

19
20 For the Oil Conservation
21 Division:

22 Jeff Taylor
23 Attorney at Law
24 Legal Counsel to the Division
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26 For the Applicant:

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28 Attorney at Law
29 KELLAHIN & KELLAHIN
30 P. O. Box 2265
31 Santa Fe, New Mexico 87501

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I N D E X

CHARLES FRISBEE

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Stogner 8

MIKE PILLOW

Direct Examination by Mr. Kellahin 9

E X H I B I T S

Gulf Exhibit One, Plat 4

Gulf Exhibit Two, Unit Agreement 5

Gulf Exhibit Three, Preliminary Approval 6

Gulf Exhibit Four, Preliminary Approval 6

Gulf Exhibit Five, Structure Map 10

Gulf Exhibit Six, Isopach 10

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3 MR. STOGNER: We will now call
4 Case Number 8492.

5 MR. TAYLOR: The application of
6 Gulf Oil Corporation for a unit agreement, McKinley County,
7 New Mexico.

8 MR. STOGNER: We'll now call
9 for appearances.

10 MR. KELLAHIN: If the Examiner
11 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
12 on behalf of the applicant and I have two witnesses to be
13 sworn.

14 MR. STOGNER: Are there any
15 other appearances in this matter?

16 Will the witnesses please come
17 forward and raise your right hands?

18 (Witnesses sworn.)

19 CHARLES FRISBEE,
20 being called as a witness and being duly sworn upon his
21 oath, testified as follows, to-wit:

22 DIRECT EXAMINATION

23 BY MR. KELLAHIN:

24 Q Mr. Frisbee, would you please state your
25 name and occupation?

1
2 A My name is Charles Frisbee. I'm a land
3 agent with Gulf Oil Corporation in Midland, Texas.

4 Q Mr. Frisbee, have you previously testi-
5 fied before the Division as a petroleum landman?

6 A Yes, sir.

7 Q Pursuant to your employment by Gulf Oil
8 Corporation, have you made a study of the land title ar-
9 rangement with regards to this proposed unit?

10 A Yes, sir.

11 MR. KELLAHIN: We tender Mr.
12 Frisbee as an expert petroleum landman.

13 MR. STOGNER: He is so quali-
14 fied.

15 Q Mr. Frisbee, let me direct your attention
16 to what we have marked as Gulf's Exhibit Number One, have
17 you identify that plat for us, sir, and describe what Gulf
18 is seeking to accomplish.

19 A This is a land plat showing the lands to
20 be included in the proposed North Hospah Federal State Unit.
21 We're seeking that the North Hospah
22 Federal State Unit be designated a unit.

23 Q Within the unit area, Mr. Frisbee, what
24 type of acreage are we dealing with?

25 A We have a section and one-quarter of a
26 section that are Federal lands and then one section that are
27 State lands.

28 Q What is the proposed target objective of

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the first unit well?

A This would be the Hospah Sand.

Q And what will be the unitized formations as provided for in the unit agreement?

A All formations will be unitized.

Q And what is the approximate total depth of the unit well?

A We plan on drilling to the Entrada formation at approximately 4700 feet.

Q What is the status of the commitment of the working interest owners to the voluntary unit?

A Gulf Oil, 100 percent working interest.

Q And the royalty ownership is divided among the State and Federal governments.

A That's correct.

Q Let me direct your attention, Mr. Frisbee, to what is marked as Exhibit Number Two and have you identify that.

A This is the proposed unit agreement for the North Hospah Federal State Unit.

Q Is this a form that has been approved by the Bureau of Land Management and the Commissioner of Public Lands?

A Yes, sir.

Q Attached to the unit agreement is an Exhibit A, which is the plat showing the configuration of the unit boundary?

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A That's correct.

Q And then Exhibit B is a sheet showing the participation of the various interest owners?

A Yes, sir.

Q All right. What is the method of participation in the unit, Mr. Frisbee?

A This will be 100 percent Gulf and will be an undivided-type unit.

Q All right, it will be on a straight acreage allocation --

A Yes.

Q -- participation formula?

Let me direct your attention to the next exhibit, which I believe is Exhibit Three, and it's your preliminary approval from the Bureau of Land Management.

A Okay.

Q Would you identify that for us, sir?

A This is preliminary approval from the Bureau of Land Management that is dated February 20th, 1985.

Q All right, sir, and let me direct your attention to Exhibit Number Four and have you identify that.

A This is preliminary approval from the State of New Mexico, Commissioner of Public Lands, dated February 18th, 1985.

Q Mr. Frisbee, what is the proposed date on which you'll commence the unit well?

A We hope to commence drilling operations

1 as soon as possible following final approval by both the
2 OCD, State of New Mexico, and the Bureau of Land Management,
3 but we are required to commence drilling operations prior to
4 May 1st, 1985.

5 MR. KELLAHIN: Mr. Examiner, if
6 you'll notice on the Exhibit Number One, there is a tract
7 labeled number one, which is in the southwest corner of the
8 plat.

9 The original application for
10 unit approval only had Sections 36 and 35.

11 We have docketed and readver-
12 tised this case for a hearing on March 13th to add in the
13 acreage contained in the southwest quarter of that addition-
14 al section. It will be portions of Section 2 and consti-
tutes about 159 acres.

15 Q Mr. Frisbee, were Exhibits One and Two
16 compiled under your direction and supervision?

17 A Yes, sir.

18 Q And Exhibits Three and Four were obtained
19 by you in the ordinary course of doing business as a petro-
20 leum landman on behalf of Gulf Oil Corporation.

21 A That's correct.

22 MR. KELLAHIN: That concludes
23 my examination of Mr. Frisbee and we have a geologist as our
next witness, Mr. Stogner.

24 MR. STOGNER: Do you wish to
25 present these exhibits at this time?

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2 MR. KELLAHIN: Yes, sir, One
3 through Four.

4 MR. STOGNER: Exhibits One
5 through Four will be admitted into evidence.

6 CROSS EXAMINATION

7 BY MR. STOGNER:

8 Q Mr. Frisbee, that Tract One, the
9 additional acreage that will be readvertised for March 13th,
10 is that all Federal acreage?

11 A Yes, sir.

12 Q And that consists of Lots 3 and 4 and the
13 south half of the southwest quarter, is that right?

14 A South half of the northwest quarter.

15 Q Thank you.

16 MR. STOGNER: Okay, I have no
17 further questions of Mr. Frisbee.

18 Are there any other questions
19 of this witness?

20 MR. KELLAHIN: No, sir.

21 MR. STOGNER: If not, he may be
22 excused.

23 MIKE PILLOW,

24 being called as a witness and being duly sworn upon his
25 oath, testified as follows, to-wit:

DIRECT EXAMINATION

1
2 BY MR. KELLAHIN:

3 Q All right, sir, will you please state
4 your name and occupation?

5 A My name is Mike Pillow and --

6 Q Would you spell your last name for the
7 reporter?

8 A Be glad to. The name is spelled P-I-L-L-
9 O-W.

10 Q Mr. Pillow, would you describe what your
11 employment is with Gulf Oil Corporation?

12 A I'm a Project Geologist for Gulf Oil Cor-
13 poration.

14 Q And have you previously testified before
15 the Oil Conservation Division?

16 A No, sir.

17 Q Would you describe to the Examiner when
18 and where you obtained your degree in geology?

19 A Yes, sir. May, 1980, I received my Bach-
20 elor of Science degree from the University of Texas at El
21 Paso.

22 Q And subsequent to graduation in 1980, did
23 you obtain any other degrees?

24 A No, sir.

25 Q All right, what has been your work exper-
26 ience subsequent to graduation?

A The last five years I've been employed as

1 an Exploration Geologist for Gulf Oil Corporation.

2 Q Was the geologic data prepared for this
3 hearing prepared by you, Mr. Pillow?

4 A Yes, sir.

5 MR. KELLAHIN: We tender Mr.
6 Pillow as an expert geologist.

7 MR. STOGNER: Mr. Pillow is so
8 qualified.

9 Q Let me direct your attention, sir, to the
10 structure map which we have marked as Exhibit Number Five,
11 and have you, first of all, identify that exhibit for us.

12 A Okay, this Exhibit Number Five is a
13 structural contour map made from subsurface data on top of
14 the Hospah Sandstone.

15 Q Would you identify for us the proposed
16 unit that's the subject of this hearing?

17 A The proposed unit is a function with re-
18 spect to this structure map of a limiting subsurface datum
19 of +4475 feet. It is, additionally, it is a function of a
20 net sandstone Isopach, which will be Exhibit Number Six.

21 Q All right, sir, let's go to the Isopach
22 map, Exhibit Number Six, and have you identify and describe
23 that exhibit.

24 A Exhibit Number Six is a net sandstone
25 Isopach constructed from the Hospah Sandstone interval.

We're looking at a series of offshore
marine bar sandstones and we're needing a minimum of 25 net

1 feet of sandstone in order to obtain commercial production.

2 That would give you the other two limit-
3 ing lines for the productive limit.

4 Q Taking the structure map, Exhibit Number
5 Five, and the Ispach, Exhibit Number Six, together, do you
6 have a geologic opinion about the anticipated reservoir in
7 the Hospah in relation to the boundary of the unit?

8 A With respect to the boundary of the unit
9 and the proposed productive limit, we're looking at all
10 quarter sections containing at least 50 percent of the ex-
11 pected reservoir outline within each quarter section.

12 Q Do you have an opinion as to whether or
13 not the proposed initial boundary for this unit is one that
14 is reasonable in terms of the geology you anticipate to en-
15 counter in the Hospah?

16 A Yes. Based upon analog production from
17 the Hospah Field, located approximately fifteen miles to the
18 southeast, southwest, excuse me, it is a reasonable outline.

19 Q Were Exhibits Five and Six prepared by
20 you or compiled under your direction and supervision?

21 A Yes, sir.

22 Q And in your opinion, Mr. Pillow, will ap-
23 proval of this application be in the best interest of con-
24 servation, the prevention of waste, and the protection of
25 correlative rights?

A Yes, sir.

MR. KELLAHIN: We move the in-

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2 production of Exhibits Five and Six.

3 MR. STOGNER: Exhibits Five and
4 Six will be admitted into evidence.

5 MR. KELLAHIN: The narrative on
6 the geologic summary, Mr. Stogner, is not intended to be an
7 exhibit but just simply submitted for your information.

8 MR. STOGNER: Thank you. We
9 will take administrative notice on the geologic comments and
10 prognosis.

11 Are you finished with your
12 direct --

13 MR. KELLAHIN: Yes, sir.

14 MR. STOGNER: -- testimony?
15 I have no further questions of
16 this witness.

17 Are there any other questions
18 of Mr. Pillow?

19 If not, he may be excused.

20 Is there anything further in
21 Case Number 8491 this morning?

22 MR. KELLAHIN: No, sir.

23 MR. STOGNER: This case will
24 remain open pending the additional acreage to be advertised
25 for the March 13th hearing to be scheduled here.

That's Case Number 8492.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 8492 heard by me on 27 February 1985.

Michael P. [Signature] Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

13 March 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation CASE
for a unit agreement, McKinley County, 8492
New Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	Jeff Taylor Attorney at Law Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:

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MR. QUINTANA: We'll call next Case 8492.

MR. TAYLOR: The application of Gulf Oil Corporation for a unit agreement, McKinley County, New Mexico.

MR. QUINTANA: This case is being readvertised for a correction in the original advertisement.

Is there anything further in this case that anyone wishes to add?

If not, this case will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 8492
heard by me on MARCH 13 1985.
Silbert P. Quintana Examiner
Oil Conservation Division