

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

25 July 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Randolph M. Richardson CASE
for a unit agreement, Dona Ana County, 8268
New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:	W. Perry Pearce Attorney at Law Oil Conservation Commission State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:	Randolph M. Richardson Attorney at Law Roswell, New Mexico 88201
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I N D E X

JERRY L. LISZAK

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MR. STOGNER: We will now call
Case Number 8268.

MR. PEARCE: That case is on
the application of Randolph M. Richardson for a unit agree-
ment, Dona Ana County, New Mexico.

MR. RICHARDSON: Randolph M.
Richardson, Roswell, New Mexico.

Application was made in my
name. The operator will be Phillips Petroleum Company and
I'm representing Phillips and I have one witness to be
sworn.

MR. PEARCE: Okay, are there
other appearances in this matter?

(Witness sworn.)

MR. RICHARDSON: I have sent
out a copy of the unit agreement that did not have Exhibits
A and B, which I would now like to hand you, Exhibits A and
B to the unit agreement, a schedule of leases and plat and
also a geological report.

JERRY L. LISZAK,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. RICHARDSON:

Q Mr. Lyszak, would you please your name, address, and present occupation?

A My name is Jerry Lyszak. My address, 5102 Evergreen in Belair, Texas. Occupation, exploration petroleum geologist.

MR. STOGNER: Sir, how do you spell that last name?

A L-I-S-Z-A-K.

Q Could you please state your educational and professional background which enable you to testify as an expert witness in this case?

A I got my Bachelor of Science degree in geology at the University of Washington, Seattle. Worked two years in minerals, went back to school and got my Master of Science degree in geology, Washington University, and I've worked two and a half years with Phillips Petroleum Company in Houston.

Q Have you ever testified before the Oil Conservation Division before?

A No, sir.

Q Are you familiar with the Sunland Park Unit Area and the matters contained in the application to the Division for approval of a unit agreement?

A Yes, I am.

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2 MR. RICHARDSON: Are they ac-
3 ceptable?

4 MR. STOGNER: They are.

5 Q Mr. Liszak, is the form of unit agreement
6 prescribed by Federal regulations and as recently approved
7 by the Commissioner of Public Lands?

8 A Yes.

9 Q Has a unit area been designated by the
10 Bureau of Land Management as an area logically suitable for
11 development under a unit plan of development?

12 A Yes, we have a preliminary conference
13 with them and they verbally agreed to it; however, it has
14 not been finally designated at this time.

15 Q Could you please tell the Division the
16 townships and ranges in which this unit is located?

17 A Township 26 South and Township 27 South,
18 Range 1 East and Range 1 West.

19 Q And it is near what town?

20 A It is about twelve miles west of Anthony,
21 New Mexico; fifteen miles north northwest of El Paso, Texas.

22 Q Could you please tell the Division the
23 number of acres in the unit area, the number and percentages
24 of Federal, State and fee or patented land?

25 A Total acreage in the unit area is
22,291.55 acres.

Federal lands include 16,151.03 acres,
which is 71-1/2 percent of the unit.

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State of New Mexico lands are 5,980.52 acres, which incorporates 26.83 percent of the unit.

And fee lands are 160 acres, or .72 percent.

Q Mr. Liszak, would you please refer to the geological report which I have handed the Commissioner -- Division.

Was this report prepared by you?

A Yes. The report was prepared by our geological and geophysical staffs. I prepared the final draft here based upon our geological and geophysical data.

Q Would you please briefly review the report, referring to the maps, cross sections by name and number, and indicating the significance of the map?

A Okay. The Sunland Park Unit is situated in a foreland basin to the Laramide Overthrust Belt within a block-faulted basin of the Rio Grande Rift.

I have a generalized cross section here which gives a very broad regional picture.

The colored well is a well about seven miles north of our proposed location. It's within this same basin and shows the block faulted basin that we'll be drilling in called the Las Cruces Basin.

That's Exhibit Three.

Exhibit Two shows the structure. The structure is based on seismic, very large closed anticline, based on seismic it has 2400 feet of vertical closure. It

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is closed on the west side by a normal fault which is down to the west.

The areal extent of the unit is based upon the 2.7 second contour line, which we believe is the contour of closure, or the level below which water should be found in the unit.

These contours are based on the top of the Jurassic on seismic.

Q Could you please tell the Division your conclusions as to the formations likely to be encountered and considered prospective productive?

A Well, our primary objectives are the Ordovician, Ellenburger, and -- it would be the Montoya and Ellenburger as the primary, as well as the Silurian-Fusselman.

Secondary targets would be the Cretaceous limestones, Permian dolomites, and Permian to Mississippian limestones, and Devonian perched (sic) or Woodford shale.

Q Could you please tell the Division the projected depth and location for the initial test well?

A The location is in Toownship 27 South, Range 1 East, the northwest quarter of Section 4.

The projected depth is 22,500, however we expect to encounter the top of the Ellenburger about 22,000 feet and we want to test the Ellenburger; however, due to the depth and uncertainty of the geology in the area, we would like to have the option of not going below 20,000

1 feet. It may be as shallow as 22,000 feet.

2 Q Do you expect to encounter any unusual
3 problems or circumstances such as abnormal heat, high pres-
4 sures, or caverns during the drilling of this well?

5 A Well, we do expect abnormal temperatures,
6 possibly abnormal pressure, and there are no known caverns
7 in the area. It's possible there could be some cavernous
8 conditions.

9 Q This well is to be drilled in a known
10 geothermal area and upon Federal land. Do you have a
11 geothermal lease from the BLM?

12 A No, we do not have a geothermal lease
13 from the BLM. We are not seeking a geothermal prospect. We
14 are going after the gas, natural gas.

15 Q Does your company agree to furnish this
16 Conservation Division with all copies of reports, copies of
17 all reports which may be required by the BLM?

18 A Yes, we will furnish them with anything,
19 any report they require.

20 Q Would you please tell the Division the
21 working interest ownership and percentages within the unit
22 area?

23 A Well, Phillips Petroleum Company is the
24 unit operator, which owns 20,000.853 -- 20,853.69 acres, or
25 93.55 percent of the unit.

Open Federal land includes 317.86 acres
in the extreme southwest edge of the unit.

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2 Open fee land is 160 acres, which is
3 about three miles southeast of the proposed wellsite.

4 Donald Curry and R. L. Thornton own a
5 960-acre Federal lease on the extreme western edge of the
6 unit.

7 Q In your opinion what percentages of the
8 working interest will be committed and what percentage of
9 the royalty will be committed?

10 A The unit could be considered 93.55 com-
11 mitted at this time and we expect to acquire the acreage
12 owned by Curry and Thornton, and if so, the unit will be
13 97.87 percent committed as to lessees of record and working
14 interests.

15 All of the other overriding royalty
16 owners have been contacted and it is expected that these in-
17 terests will be committed.

18 The basic royalty under the 160 acres of
19 fee lands will be -- will probably not be committed until
20 after the initial test well has been completed.

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

24 A Yes, it would.

25 Q Will the different institutions of the
State, if any, receive their fair share of production if es-
tablished?

A Certainly.

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

A Yes.

MR. RICHARDSON: I have no fur-
ther questions and would like to enter the geological report
as evidence in this case.

MR. STOGNER: I'm kind of con-
fused of the exhibit numbers here. Did we go over separate
exhibits and what you propose as Exhibit One and A and B?

MR. RICHARDSON: I stamped his
written report -- the one written report has the cross sec-
tion and the structure map and regional map. The written
report is One, which he has, his written report.

Number Two is a regional map.

Number Three is the structure
map. I think it's labeled as what, C?

A B.

MR. STOGNER: B.

MR. RICHARDSON: B.

A B.

MR. RICHARDSON: He was refer-
ring to OCD numbers the way I marked them in there.

MR. STOGNER: And the large map
is --

A Cross Section four.

MR. STOGNER: -- Exhibit Four.

Are we listing these Exhibits A and B, or are they part of the unit agreement?

MR. RICHARDSON: They are part of the unit agreement.

MR. STOGNER: Okay. Exhibits One through Four will be admitted into evidence at this time.

CROSS EXAMINATION

BY MR. STOGNER:

Q Mr. Liszak, as I understand, the operator will be Phillips Petroleum. Is that the name or is it Phillips Oil Company?

A The operator will be Phillips Petroleum.

Q Okay. How many of these wells that are marked on your Exhibit Number Four in your little key map, or index map, on the lefthand side, how many of those wells are inside the unit area itself?

A None of them.

Q None of them?

A Well, there's one that's in Section, it's a Texaco well. It's this one on the left.

Q Marked No. 11?

A It's the only one.

Q When was -- what's the history of that well?

A Well, they drilled to 6600 feet and never

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got out of volcanic quality. They stopped about the base of
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Q About how long ago was this well drilled?

A About ten years ago. I'm not sure of the
year.

MR. STOGNER: I have no further
questions of this witness.

Are there any other questions
of Mr. Liszak?

If not, he may be excused.

Mr. Richardson, do you have
anything further in Case Number 8268?

MR. RICHARDSON: No.

MR. STOGNER: Does anybody else
have anything further in Case Number 8268 this morning?

If not, this case will be taken
under advisement.

(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 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. 8268
heard by me on July 25 1984
Michael E. Stogard Examiner
Oil Conservation

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date JULY 25, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
<i>R.M. Richardson</i>	<i>Phillips Pet</i>	<i>Roswell, NM</i>
<i>Jim Bruce</i>	<i>Hinkle Law Firm</i>	<i>Santa Fe</i>
<i>Robt. [unclear]</i>	<i>Gulf Oil Corp.</i>	<i>Midland</i>
<i>Anthony Sorrentino</i>	<i>Gulf Oil Corp.</i>	<i>Houston</i>
<i>Karen Curbney</i>	<i>Kellahan + Kellahan</i>	<i>Santa Fe</i>
<i>William L. Jan</i>	<i>Campbell and Jack, P.A.</i>	<i>Santa Fe</i>
<i>R. Kennedy</i>	<i>El Paso Natural Gas</i>	<i>El Paso, TX</i>
<i>Phillip J. Fin</i>	<i>SHELL W & P Inc.</i>	<i>Houston</i>
<i>Mike FREDETTE</i>	<i>SHELL WESTERN EXPLO.</i>	<i>HOUSTON</i>
<i>Alvie J. FORE</i>	<i>Shell Western</i>	<i>Houston</i>
<i>JOHN L. UPCHURCH</i>	<i>PHILLIPS OIL CO</i>	<i>ODESSA, TX</i>
<i>JERRY LISZAK</i>	<i>PHILLIPS OIL CO.</i>	<i>HOUSTON, TX</i>
<i>Kent Crawford</i>	<i>PHILLIPS OIL CO</i>	<i>Houston TX</i>
<i>R.L. Ing</i>	<i>Phillips Oil Co.</i>	<i>Odessa TX</i>
<i>Bub Huer</i>	<i>Byram</i>	<i>Santa Fe</i>
<i>W.T. Kelbourn</i>	<i>Kellahan + Kellahan</i>	<i>Santa Fe</i>

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date JULY 25, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
John D. Savage	Robt. E. Chandler Corp	Midland, TX
Dan Kutter	Cons. Engr	Santa Fe
Ernest L. Padilla	ATTY AT LAW	SANTA FE
Brian Murphy	Robert E. Chandler Corp	Midland TX.
GILBERT P. QUINTANA	OIL CONSERVATION	SANTA FE, N.M.