

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

3 January 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Harper Oil Company	CASE
for a unit agreement, Chaves County,	8426
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:

For the Applicant:

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3 MR. STOGNER: The hearing will
4 please come to order.

5 We will first call Case Number
6 8426, which is the application of Harper Oil Company for a
7 unit agreement, Chaves County, New Mexico.

8 This case was heard on December
9 19th, 1984, before Gilbert Quintana.

10 Due to a mistake on the
11 applicant's sane, this case was continued for today.

12 We will at this time call for
13 appearances.

14 Being none, this case will be
15 taken under advisement.

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(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 correct and true transcript of the proceedings in
the hearing before the Oil Conservation Division, No. 8426,
heard on January 3, 1985.
Michael E. Higgins, Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date DECEMBER 19, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
L.J. Tacconi	Inexco Oil Company	Houston, Tx
Joel Carlisle	" "	" "
Marty Young	Texas Eastern Trans (Transwestex)	Houston, Tx
K. Aubrey	Kellahn + Kellahn	Santa Fe
W. R. Pearce	Montgomery & Andrews	Santa Fe
Bob Huber	Byram	Santa Fe
William L. Carr	Campbell & Black, P.A.	Santa Fe
Kevin J. Bliss	Maubds Energy Corp	Artesia NM
M.J. England	" " "	Denver, Colo
R. M. Packard	Harper Oil	Roswell, NM
Joe A. Boyd	Harper Oil Company	Midland, Texas
GARNER L. WILDE	"	"
Chad Dickerson	Lowes Cement Drickson	Artesia
J. Z. Pomeroy	Low Expl + Prod	Dallas
Carol Burton	"	"
Don McConnell	"	"
Jack Adlen	Marbach	Roswell NM
Raye Miller	Marbach	Artesia, N.M.
Joe Thomas	Self (Brady Dr.)	LF

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date DECEMBER 19, 1984 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
W. T. Kellohin	Kellohin & Kellohin	Santa Fe
E. R. Manning	El Paso Natural Gas	El Paso, TX
Jim Bruce	Hinkle Law Firm	Santa Fe, NM
W. T. Duncan	EXXON Corp. USA	Midland, TX
Joel Degenstein	"	"
Don Babcock	"	"
Jim O'Brien	Gas Company of New Mexico	ALB
Tommy Sanders	"	"
Jim Keffler	Coastal O & G Corp.	Midland, TX
Bill Culpepper	Coastal Oil & Gas Corporation	Midland, TX
Ray Beck	Yater	Artesia
J. R. Carter Jr.	Champion Pet. Co.	HOUSTON, TX
L. M. NIEMEYER	"	"
Ernie Busch	NMOCO	Albuquerque

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

6 19 December 1984

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of McClellan Oil Cor-
10 poration for a unit agreement,
11 Chaves County, New Mexico.

CASE
8426

12
13
14 BEFORE: Gilbert P. Quintana, 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:

Jeff Taylor
Attorney at Law
Legal Counsel to the Commission
State Land Office Bldg.
Santa Fe, New Mexico 87501

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23 For the Applicant:

Randolph M. Richardson
Attorney At Law
Roswell, New Mexico 88201

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I N D E X

GARNER L. WILDE

Direct Examination by Mr. Richardson	5
Cross Examination by Mr. Quintana	9

E X H I B I T S

McClellan Exhibit One, Plat	7
McClellan Exhibit Two, Map	7
McClellan Exhibit Three, Structure Map	7
McClellan Exhibit Four, Structure Map	7
McClellan Exhibit Five, Cross Section	8
McClellan Exhibit Six, Geologic Report	8

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3 MR. QUINTANA: We'll call Case
4 8426.

5 MR. TAYLOR: The application of
6 McClellan Oil Corporation for a unit agreement, Chaves Coun-
7 ty, New Mexico.

8 MR. RICHARDSON: Randolph M.
9 Richardson, appearing on behalf of applicant.

10 I have one witness to be sworn.

11 (Witness sworn.)

12
13 MR. QUINTANA: Are there any
14 other appearances in this case?

15 MR. RICHARDSON: Mr. Examiner,
16 this case was advertised in both the Roswell Daily Record
17 and in the published docket as being operated by McClellan
18 Oil Corporation.

19 We don't know where the mistake
20 was made but it is the Harper Oil Company will be the opera-
21 tor and we would like to request that you complete the hear-
22 ing today and readvertise with the change in operator, if
23 necessary to republish, and issue your order following the
24 next hearing.

25 We are kind of in a bind on it
timewise for approval in drilling.

MR. QUINTANA: We will go ahead

1
2 and listen to your case and you may put on testimony, and
3 we've already made preparations to advertise it for the Jan-
4 uary 3rd hearing, readvertise it with the correct applicant.

5 MR. RICHARDSON: Real fine.

6 Thank you.

7 MR. QUINTANA: You may proceed.

8 MR. RICHARDSON: Prior to ques-
9 tioning the witness, which might throw a little light on it,
10 this case, 8426, as well as Case 8427, which is following,
11 that will be McClellan Oil Corporation, and the way this
12 came about is McClellan and Harper own essentially the same
13 amount of acreage in the area and it became apparent it was
14 necessary for two test wells, so decided upon two units and
15 drill two test wells and avoid duplication of operator
16 duties, well, McClellan is going to operate one unit and
17 Harper, the other.

18 The geology and the basic work
19 assembling the geology was done as a combination effort be-
20 tween McClellan and Harper, and Harper did prepare the re-
21 ports and the witness is a Harper employee. He will testify
22 in this case for Harper and in the following case as a geol-
23 ogist, or consultant more or less, for McClellan.

24 GARNER L. WILDE,

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

DIRECT EXAMINATION

BY MR. RICHARDSON:

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

A My name is Garner L. Wilde. I live in Midland, Texas. I am Exploration Manager for Harper Oil Company in Midland.

MR. RICHARDSON: I didn't get all my handouts out.

I have handed the Examiner a geological report and I'd like to hand you also revised exhibits for the unit agreement that correctly has all these numbers on it.

Q Mr. Wilde, would you please state your education and professional background which will enable you to testify as an expert witness in this case?

A Yes, I have undergraduate and graduate degrees from Texas Christian University in Ft. Worth, Texas, in geology.

I have an honorary Doctor of Science degree from the same institution.

I have 29 years of experience with Exxon Corporation and the last three and a half years I have been manager for Harper Oil Company in their Midland office.

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

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A Yes, I am.

MR. RICHARDSON: Are the witness' qualifications acceptable?

MR. QUINTANA: The witness' qualifications are acceptable, yes.

Q Mr. Wilde, is the form of unit agreement prescribed by Federal regulations and as recently approved by the Commission of Public Lands?

A Yes.

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

A Yes. The unit area has been designated by the BLM.

Q Has the Commissioner of Public Lands of the State of New Mexico approved the unit?

A The Commissioner has given approval to the unit agreement as to its form and content.

Q Could you please tell the Division the townships and ranges in which this unit is located and approximate location with reference to the nearest town?

A The unit, Snake Eyes, is located in the southeast portion of Township 14 South, Range 20 East, and the southwest portion of Township 14 South, Range 21 East, New Mexico Post Meridian, and it is some thirty miles southwest of the town of Roswell.

Q Would you please tell the Division the

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total number of acres within the unit area and the number and percentage of acreage of Federal, State, and fee lands?

A The unit area covers 9946.34 acres of land.

5,424.03 acres, or 54.53 percent of that is Federal land.

4,202.31 acres, or 42.25 percent is State land.

And 320 acres, or 3.22 percent is fee or private land.

Q Mr. McClellan, will you refer to the geological report, which has been introduced, and marked as Exhibits One through Six? Was this report prepared by you or under your direct supervision and control?

A Yes. The geological report was prepared by me and in cooperation with McClellan Oil Corporation.

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

A Yes. Exhibit One is a land plat showing the outline of the proposed unit.

Exhibit Two is a geological map covering both Federal units, the Snake Eyes and Flying H Ranch Units.

Exhibit Three is a structure map on top of the Tubb formation; contour interval 100 feet.

Exhibit Four is also a structure map on top of the Tubb but it is more regional, covers both units;

1 also contour interval 100 feet.

2 Exhibit Five is a structural cross sec-
3 tion A-A', which is essentially east/west, and it goes
4 across both prospects.

5 Exhibit Six is a brief geological report
6 with descriptions of location and the reasons for desiring
7 to drill.

8 Q Mr. Wilde, could you please the tell the
9 Division your conclusions as to formation likely to be en-
10 countered and considered prospective for production?

11 A The entire Paleozoic section beneath the
12 San Andres formation will be tested for possible hydrocarbon
13 accumulations. This is a rank wildcat, but more specifical-
14 ly we would be looking at Abo Pennsylvanian and Fusselman
Montoya possibilities.

15 Q Could you tell the Division the projected
16 depth and tentative location for the initial test well?

17 A It would be a 5500-foot test. The loca-
18 tion as recorded in the report is 1980 feet from the south
19 line and from the west line of Section 20, 14 South, 12
20 East.

21 Because of terrain problems we have moved
22 the west line to 660; therefore at the present time it would
23 read 1980 from the south and 660 from the west line of that
same section.

24 Q Could you please tell the Division the
25 working interest ownership and percentages within the unit

1
2 area, and have these owners been contacted?

3 A Harper Oil Company has 38.95 percent.
4 McClellan Oil Corporation, 31.41 percent. Maralo, or M.
5 Ralph Low, Inc. has 20.77 percent. And other combined small
6 owners have 8.87 percent.

7 All of these working interest owners have
8 been contacted.

9 Q In your opinion what percentage of the
10 working interest will be committed to the unit and what per-
centage of the royalty will be committed?

11 A We anticipate that 94 percent of the
12 working interest will be committed and we believe that ap-
13 proximately 94 percent of the royalty will be committed.

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

16 A Yes.

17 Q Will the different institutions of the
18 State, if any, receive their fair share of production, if
19 established?

20 A Yes, they will.

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

23 A Yes.

24 MR. RICHARDSON: I have no fur-
25 ther questions, Mr. Examiner.

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2 I would like to move the geolo-
3 gical report be entered in evidence.

4 MR. QUINTANA: Exhibits One
5 through Six will be admitted as evidence in this case.

6 CROSS EXAMINATION

7 BY MR. QUINTANA:

8 Q This is a rank wildcat? The well that
9 you're going to drill is a rank wildcat?

10 A Yes, sir.

11 Q Would you explain to me the specific
12 reasons why you unitized this specific area, briefly how you
13 realized -- determined that that was the best place to uni-
14 tize the area?

15 A Harper Oil Company and McClellan Oil Cor-
16 poration jointly participated in a survey called an aeromag-
17 netic survey, high sensitivity survey.

18 From that a number of maps were produced,
19 one being a depth, a basement map, and as a result of that
20 and subsurface data in the surrounding area, maps were drawn
21 that picked this outline.

22 MR. QUINTANA: I have no fur-
23 ther questions of the witness.

24 Is there anything further in
25 Case 8426?

If not, Case 8426 will be taken
under advisement.

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. **8426**
heard by me on **DEC. 19** 19**84**,

Gilbert P. Quintana Examiner
Oil Conservation Division