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1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 28, 1966

EXAMINER HEARING

IN THE MATTER OF:

Application of Tenneco Oil Company
for a unit agreement, Eddy County,
New Mexico.

Case No. 3468

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 3468.

MR. HATCH: Application of Tenneco Oil Company for a unit agreement, Eddy County, New Mexico.

MR. KELLY: Booker Kelly of White, Gilbert, Koch and Kelly in behalf of the applicant Tenneco. I have one witness.

(Witness sworn.)

JOHN SOMERS

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, position and employer?

A My name is John Somers, I work for Tenneco, and I am a petroleum engineer.

Q Have you previously qualified as an expert witness before this Commission?

A Yes, I have.

Q Would you briefly state what Tenneco seeks by this application?

A Tenneco seeks to obtain the permission of the State of New Mexico to unitize our former cooperative unit referred to as the West Cooperative Unit, in the Grayburg-Jackson field, Eddy County, New Mexico. This is comprised of

2,000 acres in Township 17 South, Range 29 East. These are Sections 15, 16, 21, 22, 27 and 28, portions or all of each of these sections.

(Whereupon, Tenneco's Exhibit No. 1 was marked for identification.)

Q Referring to what has been marked as Exhibit 1, would you show the Examiner the area that will be unitized?

A Exhibit 1 shows the unit area as cored off with this dashed line, the portions of each of these sections, and it also designates the tract numbers and the unit well designations.

Q What is the purpose of this unitization, is this primary or secondary?

A This is the unit to be formed for secondary operations, secondary recovery operations.

Q Has Tenneco by prior hearings, specifically Order R-3069, gotten approval for their secondary recovery project?

A Yes, we have.

Q Does that secondary recovery project contain the same acreage as requested in your unit agreement?

A Yes, it does, exactly.

MR. KELLY: I ask that the Examiner take administrative notice of that prior hearing, or R-3069.

Q What zones are to be unitized in this application?

A The Grayburg-San Andres Formation, between 2200 feet and 3600 feet.

Q Has all the acreage in the unit previously been developed?

A It has now. At the time of the previous hearing the full acreage was not developed. However, we have fully developed the acreage subsequent to the previous hearing.

(Whereupon, Tenneco's Exhibit No. 2 was marked for identification.)

Q Now, would you just refer briefly to what we have marked Exhibit 2 and explain what that is to the Examiner?

A Exhibit 2 is a list of the unit well numbers and the corresponding lease and well numbers prior to unitization. These original well numbers were shown on the exhibits at the previous hearing on a similar exhibit as to Exhibit 1.

Q This is just for information of the Examiner, right?

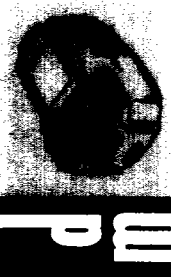
A Right.

Q Now, referring to what has been marked Exhibit 3--

(Whereupon, Tenneco's Exhibit No. 3 was marked for identification.)

MR. UTZ: Let me get this deal straight here.

You say these are the well names and numbers that were



approved on your Order 3069?

A No, this is a list of the unit well numbers and these are the corresponding well numbers that were shown on our exhibits during a previous hearing.

MR. UTZ: Have they changed?

A Yes, they have. These are changed to a sequential numbering system for the entire unit so that we don't have a number of leases each with a No. 1 well, but we have one unit with wells numbered 1 through 55.

MR. UTZ: Is it your intention to refile your C-110's and C-104's to change the well name in our records?

A I believe it is. In fact, I believe this has already been done.

MR. UTZ: Then, actually the well approval numbers in the order are all in error, aren't they?

A Right, they are. They would be for these respective leases rather than the unit area.

Q (By Mr. Kelly) Do you know whether you submitted the new forms before or after you got approval of the secondary?

A It would be after. We secured approval of the secondary unit because the numbering of the wells has taken place just in the past month.

MR. UTZ: Well, I guess there isn't anything wrong

with it except that it may give us some accounting problems.

MR. KELLY: I might state, Mr. Examiner, that the State of New Mexico, who owns 98 per cent of the acreage under this unit agreement, we have already furnished this information to them for their Accounting Department. I wouldn't see why a revision of the order would be necessary. It's the same wells.

Q (By Mr. Kelly) Going to Exhibit No. 3, could you refer to the end of the exhibit, which is shown on that as Exhibit A, and describe the ownership of this proposed unit?

A Each tract?

Q State what the ownership is.

A The ownership of the unit, the State is 98 per cent less--primary lessor in the unit, and the other two per cent is Midwest Investment Company, and the Tenneco Oil Company is, who is to be designated operator, is the hundred per cent working interest owner in the unit.

Q Now, the copy that has been marked as Exhibit 3 is actually executed by all owners or royalty interest owners in the unit, is that right?

A That is right.

Q Except the State of New Mexico?

A That's right, all interest owners and royalty owners and lessees with the exception of the State of New Mexico.

Q Have you gotten informal approval from the State Land Office on this unit agreement?

A Yes, we have.

Q Tenneco will be the unit operator. In your opinion is the whole unit area capable of production of hydrocarbon?

A Yes; and production has been proven on all tracts within the unit.

Q What is the way that this unit is going to work as far as assignment of income, is it on an acreage basis?

A This is on an acreage basis. Acreage contributed by each tract.

Q There's no federal land in the unit, is that right?

A I do not know about that, Midwest, I don't believe there is.

MR. KELLY: I will testify to that one. I have already gone through that.

MR. UTZ: Do you want us to swear you?

Q (By Mr. Kelly) In your opinion would the granting of this application promote the effective and efficient production of oil and gas from this proposed unit?

A Yes, it would.

Q Were Exhibits 1 and 2 prepared by you or under

your supervision and direction?

A Yes, they were.

MR. KELLY: We move the introduction of Exhibits 1 through 3.

MR. UTZ: Without objection, the Exhibits 1 through 3 will be entered into the record in this case.

(Whereupon, Tenneco's Exhibits 1 through 3 were offered and admitted in evidence.)

MR. KELLY: That's all I have on direct.

MR. UTZ: Any questions of the witness? He may be excused.

(Witness excused.)

MR. KELLY: Could we get an oral opinion as to what is going to happen on this, because downstairs they're ready to give us the okay. We wanted to have this by October 31. Mrs. Ray said a phone call from you would do. She has the consent of the state typed out. Can we get an okay from you? We can let her know.

MR. UTZ: We never turn down any units.
The case is taken under advisement and the hearing is adjourned.



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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 27th day of October, 1966.


NOTARY PUBLIC

My Commission Expires:

June 19, 1967.

I do hereby certify that the foregoing is
a complete and correct transcript of the
proceedings of the New Mexico Oil Conservation
Commission, held on Sept. 28, 1966.
346 E.
New Mexico Oil Conservation Commission