



BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
EXAMINER HEARING
September 29, 1971

IN THE MATTER OF)
)
)

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

Case 4603

BEFORE: ELVIS A. UTZ, EXAMINER

Transcript of Hearing

1 MR. UTZ: Case 4603.

2 MR. HATCH: Case 4603. Application of Tenneco
3 Oil Company for a unit agreement, Lea County, New Mexico.

4 MR. BATEMAN: Mr. Examiner, I am Ken Bateman of
5 White, Gilbert, Koch, Kelly and McCarthy appearing again for the
6 applicants. I have one witness and ask that he be sworn.

7 (Witness sworn)

8 N. B. VENUS

9 having been first duly sworn, testified as follows:

10 DIRECT EXAMINATION

11 BY MR. BATEMAN:

12 Q Would you state your name and place of employment please

13 A My name is N. B. Venus, Jr. Midland, Texas, Senior Land
14 Manager, Tenneco Oil Company.

15 Q As a part of your employment, did you prepare the unit
16 agreement which is the subject of this application?

17 A Yes, sir.

18 Q Have you previously testified before the Commission?

19 A Yes, sir.

20 Q And have you made your qualifications a matter of record?

21 A Yes, sir.

22 MR. BATEMAN: Is the witness qualified?

23 MR. UTZ: Yes.

24 Q (Mr. Bateman) Mr. Venus, if you will refer to the
25 Applicant's Exhibit One which is the unit agreement and

dearnley-meier

dearnley-meier

- 1 state what Tenneco seeks by its application.
- 2 A We are seeking this unit area to drill the Bough C Test
- 3 Well with six months continuous drilling in the unit
- 4 agreement.
- 5 Q What acreage is to be included?
- 6 A Be 3310.60 acres in Township 10 South, 34 East, Township
- 7 11 South, Range 34 and 35 East.
- 8 Q That acreage is indicated on page 2 of the Exhibit, I believe
- 9 A The acreage complete description is on page 2 of the
- 10 exhibit, yes, sir.
- 11 Q Has the Commission previously approved a unit similar
- 12 to this one, a unit agreement similar to this one?
- 13 A They have approved a -- in July a unit agreement, identical
- 14 language. The only change is the different acreage.
- 15 Q And where is that acreage located, the previous acreage?
- 16 A The previous acreage is contiguous to this unit area on
- 17 the South.
- 18 Q I see. Now for the record, I believe that was case 4513
- 19 and Order No. R-4174 that was the previous unit approved.
- 20 It was contiguous to the South.
- 21 Now, what producing zone is to be included in this?
- 22 A Well, the unit area will cover from the surface to the
- 23 base of the Bough C Formation, permo Penn Eight.
- 24 Q And is the Bough C established in wells in the unit?
- 25 A Yes. In Section 6 of Township 11 South, 35 East, Section 13

1 Township 11 South, 34 East and then additional wells
2 outside the unit area.

3 Q You are referring to Exhibit A which is attached, are you now,
4 which is an outline of the unit?

5 A Yes, yes.

6 Q Now, is this unit form for primary production?

7 A Yes, sir.

8 Q Would you please refer to what you have indicated as Exhibit
9 B for the last two pages of the agreement and tell the
10 Commission what the working interest ownership is?

11 A The working interest ownership at least through the base
12 of the Bough C covered by the proposed unit area is 100
13 percent Tenneco with the exception of two leases.

14 The entire unit area is State of New Mexico minerals.

15 Q And it is state land, isn't it?

16 A Yes, sir.

17 Q Now have the royalty owners been contacted?

18 A The royalty owners have been tendered, ratifications and
19 joiners and consent to the unit agreement with identical
20 copy attached to the ratifications. I have heard back from
21 one.

22 Q I see. Does the agreement provide for continuous develop-
23 ments?

24 A Yes, sir.

25 Q Well, what is the necessity for the unit?

1 A Well, the necessity for the unit is that if you are
2 familiar with the Bough C Formation is to economize as much
3 as surface equipment as with this all being state land, it
4 is just a good conservation practice.

5 Q Well, what is the geology of the area included in the unit?

6 A Well, you have caught me a little short there. I went off
7 and forgot my overlay to Exhibit A of this unit agreement
8 and I will have to stick that in the mail to you, Mr.
9 Examiner as soon as I get back home but our isopach map
10 shows an annulus area which conforms to the unit area.

11 Q All right. Was Exhibit One and the overlay and the
12 attachments to Exhibit One prepared by you or under your
13 direction?

14 A Yes, sir. Everything except the isopach map.

15 Q And who prepared that?

16 A District Geological Engineer.

17 Q All right.

18 MR. BATEMAN: Mr. Examiner, I move the admission of
19 Exhibit One and the Exhibit which will be submitted later which
20 is the overlay and the isopach map.

21 MR. UTZ: Do you want to mark that Exhibit Two?

22 MR. HATCH: I will just admit this Exhibit and then
23 consider the other when it reaches our hearing. I wouldn't
24 admit the Exhibit now.

25 A I would like to add something here at this time while we

dearnley-meier

1 are talking about Exhibit A to the unit agreement. I
2 talked to Mr. Graham with the Commissioner's Office.
3 He suggests the continuing from the Southeast corner of
4 Section 7, 11 South, Range 35 East to the East Quarter
5 corner of Section 18, Township 11 South, Range 35 East,
6 and to include the 480 acres being the Southwest quarter
7 of Section 7 and the North half of Section 18.
8 That acreage is owned by lease or owned by Sun Oil Company
9 and they would not do anything, and list it in the tabulation
10 of Exhibit B to this unit agreement as an uncommitted tract
11 chronologically.

12 Q (Mr. Bateman) What would be the purpose of adding that as
13 uncommitted acreage?

14 A Well, I just don't know.

15 Q All right.

16 MR. UTZ: Would they have the right to join later?

17 THE WITNESS: They sure would. They sure would.

18 MR. UTZ: And what is that, Federal Acreage?

19 THE WITNESS: No. It is all state.

20 MR. UTZ: All state?

21 THE WITNESS: Mr. Examiner, yes, sir, every acre.

22 Q (Mr. Bateman) Do you have anything further to add at this
23 time?

24 A No. I believe not. This is just a pure copy of the
25 unit to the South while we are pumping a hundred percent

1 salt water right now lying to a disposal well, and we don't
2 want to do the same thing here.

3 MR. UTZ: Other questions of the witness? First
4 let me accept the Exhibit One, did you call it, into the record.

5 MR. BATEMAN: Yes.

6 MR. UTZ: Statements in the case? Taken under
7 advisement.

8 (Witness excused)
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

WITNESS

PAGE

N. V. VENUS

2

Direct Examination by Mr. Bateman

2

EXHIBITSMARKEDOFFERED AND
ADMITTED

Applicant's One

7

dearnley-meier

1 STATE OF NEW MEXICO)
)
 2 COUNTY OF BERNALILLO)

3 I, LINDA MALONE, Court Reporter, do hereby certify that
 4 the foregoing and attached Transcript of Hearing before the
 5 New Mexico Oil Conservation Commission was reported by me; and
 6 that the same is a true and correct record of the said
 7 proceedings, to the best of my knowledge, skill and ability.

8
 9
 10 Linda Malone
 11 Court Reporter

12
 13
 14
 15
 16
 17
 18
 19
 20
 21
 22 I do hereby certify that the foregoing
 23 is a true and correct record of the proceedings
 24 the said hearing of Case No. 46-63
 25 heard by me on 12-29-1971
 Examiner
 New Mexico Oil Conservation Commission