

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 26, 1974

EXAMINER HEARING

IN THE MATTER OF:)

Application of McClellan Oil Corporation)
for a unit agreement, Eddy County,)
New Mexico.)

CASE
5376

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Tom Derryberry, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Randolph M. Richardson, Esq.
J. P. White Building
Roswell, New Mexico

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MR. NUTTER: We will call Case Number 5376.

MR. DERRYBERRY: Case 5376, application of McClellan Oil Corporation for a unit agreement, Eddy County, New Mexico.

MR. RICHARDSON: Randolph M. Richardson appearing on behalf of the Applicant and I have one witness to be sworn.

(Whereupon, the witness is sworn.)

(Whereupon, a discussion was held off the record.)

J. H. MOORE

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

DIRECT EXAMINATION

BY MR. RICHARDSON:

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

A J. H. Moore of Midland, Texas and I am a Consulting Geologist.

Q And you have never testified before the Oil Conservation Commission before?

A No, sir.

Q Please state your educational and professional background which would enable you to testify as an expert

witness?

A I have a B.S. in geology from Louisiana State University as an engineer and I have been in geological and geophysical work for some twenty-six years for major companies and on my own as an independent consultant.

Q Are you familiar with the Ishie Lake Unit Area and the matter pertaining to the application to the Conservation Commission for approval of the unit agreement?

A Yes, sir.

MR. RICHARDSON: Are his qualifications acceptable?

MR. NUTTER: Yes, sir, they are.

BY MR. RICHARDSON:

Q Is the form of the unit agreement that prescribed by Federal regulations?

A Yes, sir.

Q Has the unit area been designated by the United States Geological Survey as an area logically suitable for development under a unit plan of development?

A Yes.

Q We have the preliminary approval; it has been for awhile in Denver now for final approval. Will you please tell the Commissioner the number of acres within the unit area and the number and percentage of acres of Federal and

State and Patented lands?

A There is a total of 3404.16, more or less acres in the unit which of some two thousand and forty acres are Federal lands, constituting fifty-nine point ninety-three percent of the unit area. Twelve hundred and eighty-four point one six acres of State lands for thirty-seven point seven percent of the unit. The remaining two point three five percent is fee acreage.

Q Could you tell the Commission the township and range in which the unit is located and with reference to the nearest town or location of the nearest town?

A The unit is located in Eddy County, in the north-eastern part, about eighteen miles northeast of Artesia and consists of acreage in sixteen South twenty-nine East, and in sixteen South twenty-eight East.

Q Would you please refer to the geological report which has been introduced in this Case and marked Exhibits one through four? Was this report prepared by you or others directly under your control and supervision?

A It was prepared by me.

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

A Exhibit 1 is an isopach map contoured in one portion on the thickness of Atoka and Morrow combined near the wedge edge of those formations. The rest of the map area on the isopach is a Morrow isopach. The structure map, Exhibit 2, is contoured on top of the Morrow. Exhibit 3 is a stratigraphic structural cross section display on the one display showing stratigraphic datum at the top of the Atoka, of which the upper portion of the cross section is hung or is using as datum the top of the Atoka. The lower, or stick portion of a cross section merely shows the present structure of those formations.

Q Would you please tell the Commission your conclusions as to the formations likely to be encountered, and considered prospective for production?

A Although there are possible shallow objectives, such as in the Queen, our main objective in the unit is the suite of rocks in the Morrow where we anticipate sandstones and conglomeritic sandstones which would carry porosity and permeability that would be capable of good reservoir production.

Q Could you give the Commission the projected depth and the location of the initial test well?

A The location of the well is in the southeast

quarter of twelve in sixteen South, twenty-eight East. It is probably 1980 from the south and 660 from the east of that section. It is proposed for a maximum total depth of ninety-nine hundred which would bottom in the Chester or possibly Barnett of the Mississippian.

Q Have the other working interest owners within the unit area been contacted?

A Yes.

Q In your opinion, what percentage of the working interest will be committed to the unit?

A Probably one hundred percent.

Q And what percentage of the royalty will be committed?

A Probably one hundred percent on that also. The working interest is one hundred percent, excuse me, and probably one hundred percent on the royalty.

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

A Yes, it will.

Q In the event of production will the correlative rights of all parties to the unit agreement be protected?

A Yes.

MR. RICHARDSON: We would like to enter the

geological report marked Exhibits 1 through 4 into evidence.

MR. NUTTER: Applicant's Exhibits 1 through 4 will be admitted into evidence.

(Whereupon, Exhibits 1 through 4 were admitted into evidence.)

MR. RICHARDSON: Then this is all that I have.

MR. NUTTER: Are there any questions of the witness? He may be excused.

Do you have anything further, Mr. Richardson?

MR. RICHARDSON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 5376? We will take the Case under advisement and the Hearing is adjourned.

I, SIDNEY F. MORRISH, Court Reporter, do hereby
certify that the foregoing and attached Transcript of
Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct
record of the said proceedings, to the best of my knowledge,
skill and ability.

SIDNEY F. MORRISH, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5876, heard by me on 11/26, 1974.

_____, Examiner
New Mexico Oil Conservation Commission