

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 31, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Randolph M. Richardson ) CASE  
for a unit agreement, Eddy County, ) 5661  
New Mexico. )  
)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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

I N D E X

Page

RAY BECK

Direct Examination by Mr. Richardson

3

EXHIBIT INDEX

Page

Applicant's Exhibit No. One, Regional Index Map

9

Applicant's Exhibit No. Two, Land Plat

9

Applicant's Exhibit No. Three, Map

9

Applicant's Exhibit No. Four, Cross Section

9

Applicant's Exhibit No. Five, Geologic Report

9

1 MR. STAMETS: We will call next Case 5661.

2 MR. CARR: Case 5661, application of Randolph M.  
3 Richardson for a unit agreement, Eddy County, New Mexico.

4 MR. RICHARDSON: Randolph M. Richardson, Roswell,  
5 New Mexico appearing on behalf of myself and as an attorney  
6 and also as unit operator in this particular case and I have  
7 one witness to be sworn, Mr. Ray Beck.

8 (THEREUPON, the witness was duly sworn.)

9 MR. RICHARDSON: A copy of the unit agreement has  
10 already been filed with the Commission, along with the  
11 application for approval and I have handed the Examiner a  
12 copy of the geological report which includes a written report,  
13 contour maps, cross sections marked Exhibits One through Five.

14  
15 RAY BECK  
16 called as a witness, having been first duly sworn, was  
17 examined and testified as follows:

18  
19 DIRECT EXAMINATION

20 BY MR. RICHARDSON:

21 Q Mr. Beck, would you please state your name and  
22 occupational and professional background that would enable  
23 you to testify as an expert witness in this case?

24 A My name is Ray Beck, petroleum geologist, currently  
25 working as a consultant with Mr. Richardson here and I have

1 appeared before the Oil Conservation Commission before and  
2 had my qualifications previously accepted.

3 Q You have testified before the OCC before and have  
4 been qualified before as an expert geologist?

5 A That is correct.

6 MR. RICHARDSON: Are the qualifications acceptable?

7 MR. STAMETS: They are.

8 Q (Mr. Richardson continuing.) Are you familiar with  
9 the CC Tank Unit Area and the matters contained in the applica-  
10 tion to the Commission for approval of the unit agreement?

11 A Yes.

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

14 A It is.

15 Q Has the Unit Area been designated by the United States  
16 Geological Survey as an area logically suitable for develop-  
17 ment under a unit plan of operation and development?

18 A I understand that the Unit Area has been considered  
19 to be suitable for development by the Roswell office and it's  
20 in Denver now for final approval.

21 Q Final designation in Denver. Could you please tell  
22 the Commission the total number of acres within the Unit  
23 Area and the number and percentages of different types of  
24 land, that is Federal, State and patented or fee?

25 A The total number of acres is ten thousand, five

1 hundred and fifty, point two four. The Federal acreage is  
2 eighty-three point seven percent. The State acreage is twelve  
3 point one three percent and the fee acreage is four point one  
4 seven percent.

5 Q Would you for the record tell the Commission the  
6 townships and ranges in which this unit is located and some  
7 reference point to a town or some geological or geographical  
8 reference point?

9 A Townships included in the unit, in which the unit is  
10 found, rather, are Township 19 South, 24 East; 20 South, 23  
11 East; and 20 South, 24 East. The unit is approximately twelve  
12 miles west of Lakewood, New Mexico.

13 Q Now, would you refer to the geological report which  
14 has been handed to the Examiner and marked as Exhibits One  
15 through Five. Was this report prepared by you or others  
16 directly under your control and supervision?

17 A The report was prepared by me.

18 Q By you directly?

19 A Yes, sir.

20 Q Now, would you please briefly review the report  
21 referring to the exhibits by number and give us your conclusions  
22 as to the unit area and the formations likely to be encountered?

23 A Well, the Exhibit Number One is merely a regional  
24 index map included in the report, showing the major oil and  
25 gas accumulations in the area and the larger culture, such as

1 Artesia which is about twenty miles to the northeast.

2 Exhibit Number Two on the next page is a land plat  
3 showing the outline of the CC Tank Unit consisting of sixteen  
4 and a half sections.

5 Exhibit Number Three is a map showing the varying  
6 thickness of the total net pay in the Morrow A zone sand in  
7 solid contours and the structural configurations on top of  
8 the Morrow clastics in dotted contours. The outline of the  
9 CC Tank Unit is shown in red. Zero net pay in four wells to  
10 the north, to the west and to the northwest of the unit limit  
11 the prospect to the west and the northwest and form an  
12 updip permeability barrier to trap gas in the A zone sands  
13 within the unit.

14 Three wells in 20 South, 24 East, the Mark State D,  
15 the Carper Monsanto and the Standard Cass Ranch No. 1 Well  
16 limit the prospect on the downdip side. The prospect is  
17 limited on the northwest by either a lack of A zone sand or  
18 a permeability barrier because the Yates No. 1 Allison CQ  
19 in Section 22 of 19, 24 is completed in the A zone but is  
20 demonstrated by production history to be in a limited reservoir.

21 In eighteen months, up to and including January  
22 of this year, the Allison CQ had accumulative production of  
23 only seventeen point three million cubic feet of gas and was  
24 last reported to be making only about thirty thousand a day,  
25 therefore, it is believed the Allison CQ is draining a

1 limited reservoir and is not thought to be connected at all  
2 with the more areally extensive A zone sands underneath the  
3 CC Tank Unit.

4           The key wells to the prospect are the abandoned  
5 Allied Chemical No. 1 Gulf Federal in Section 6 of 20 South,  
6 24 East and the abandoned Gulf No. 1 Powers Federal in  
7 Section 8 of 20 South, 24 East. Neither of these wells were  
8 drill stem tested nor cored. The Gulf Powers Well in Section 8  
9 was completed in 1969. The Allied Chemical Gulf Federal was  
10 completed in 1970.

11           A reexamination of the open-hole logs run in the  
12 two wells indicate that eighteen feet of porosity on the  
13 eighteen feet of potentially gas bearing A zone sands present  
14 in the Allied Chemical Well and the nineteen feet of potentially  
15 gas bearing A zone sand is present in the Gulf Powers well.  
16 If these two wells had been drilled recently and logged with  
17 modern open-hole logs designed for gas bearing sands it is  
18 very likely they would have been completed in the Morrow  
19 A zone.

20           Exhibit Number Four is a stratigraphic cross  
21 section traversing the CC Tank Unit from the northwest or updip  
22 to the southeast or downdip. The cross section shows the  
23 stratigraphy and zonation of the Morrow and the permeability  
24 barrier that are believed to be present in a potential A zone  
25 sand pays in a cross hachuring in the by-pass gas wells.

1 MR. RICHARDSON: I might mention that I marked  
2 Exhibit Number Five which is the overall report and I think  
3 on the front page of your actual written report there, it is  
4 marked Exhibit Five. Actually the whole thing is Five.

5 Q (Mr. Richardson continuing.) Mr. Beck, would you  
6 please tell the Commission the projected depth for the  
7 initial test well and productive or possible productive  
8 zones which would be expected to be encountered?

9 A The well will completely go through the whole  
10 Morrow section and bottom in the Chester at about nine  
11 thousand feet. The primary objective is the Lower Pennsylvanian  
12 Morrow clastics, especially the A zone. The secondary  
13 objective includes the Yeso carbonates, Canyon carbonates,  
14 Strawn clastics and the Atoka clastics.

15 Q The well is set up or in the unit agreement is  
16 projected to the top of the Mississippian but you are not  
17 required to drill in excess of nine thousand, five hundred  
18 feet, is that correct?

19 A That's true.

20 Q In your opinion, what percentage of the other  
21 working interest owners of the leases within the unit area  
22 will be agreeable to the unit plan?

23 A Ninety to ninety-five percent.

24 Q And these owners have been contacted?

25 A Yes, sir, they have.



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

4 A Yes.

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

7 A Yes.

8 MR. RICHARDSON: That is all. I would like to  
9 enter the geological report marked Exhibits One through Five  
10 into evidence at this time.

11 MR. STAMETS: This exhibit or set of exhibits will  
12 be admitted.

13 (THEREUPON, Applicant's Exhibits One  
14 through Five were admitted into evidence.)

15 MR. STAMETS: Any questions of the witness? He  
16 may be excused.

17 (THEREUPON, the witness was excused.)

18 MR. STAMETS: Anything further in this case?

19 MR. RICHARDSON: I might add that we too, like  
20 Mr. Hinkle, have a May 1st deadline and also very similar, I  
21 would say that within the next ten days to two weeks we will  
22 file an official resignation of me as operator with another  
23 operator, which will be a form approved by the USGS and the  
24 Commissioner and hopefully the Commission but for the time  
25 being I will remain unit operator but it will be official,


1 signed by the necessary number of people to get us approved.

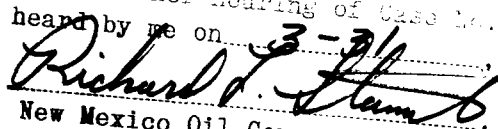
2 MR. STAMETS: Anything further in this case? We  
3 will take the case under advisement.

4 MR. RICHARDSON: Thank you.  
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5661  
heard by me on 3-31-76, 1976  
  
\_\_\_\_\_, Examiner  
New Mexico Oil Conservation Commission