

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Sun Oil Company)	CASE
for a unit agreement, Eddy)	6450
County, New Mexico.)	

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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Division:	Legal Counsel for the Division
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	Santa Fe, New Mexico 87503

For the Applicant:	Jason Kellahin, Esq.
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I N D E X

JOE W. THORNTON

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Nutter	7
Cross Examination by Ms. Teschendorf	8

E X H I B I T S

Applicant Exhibit One, Unit Agreement	7
Applicant Exhibit Two, Operating Agreement	7
Applicant Exhibit Three, Ratifications	7
Applicant Exhibit Four, Letter	7
Applicant Exhibit Five, Letter	7

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1 MR. NUTTER: Call next Case Number 6450.

2 MS. TESCHENDORF: Case 6450. Application of
3 Sun Oil Company for a unit agreement, Eddy County, New
4 Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason
6 Kellahin, appearing for the applicant. We have one wit-
7 ness to be sworn.

8 (Witness sworn.)

9
10 JOE W. THORNTON
11 being called as a witness and having been duly sworn upon
12 his oath, testified as follows, to-wit:

13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Would you state your name, please?

17 A Joe Thornton.

18 Q And by whom are you employed and in what
19 capacity, Mr. Thornton?

20 A Sun Oil Company, as Manager of Unitization
21 and I reside in Dallas, Texas.

22 Q And have you appeared before the Oil Conser-
23 vation Division of New Mexico or one of its Examiners and
24 made your qualifications a matter of record?

25 A Yes, sir.

1 MR. KELLAHIN: Are the witness' qualifications
2 acceptable?

3 MR. NUTTER: Yes, they are.

4 Q (Mr. Kellahin continuing.) Mr. Thornton,
5 what is proposed by Sun Oil Company in Case 6450?

6 A It's a proposal of secondary recovery pro-
7 gram that involves 920 acres of which Federal lands, 160
8 acres, or 17.39 percent of the unit area; State lands com-
9 prise the balance of the acreage of 760 acres, or 82.61
10 percent of the unit area.

11 Q There's no fee lands involved?

12 A No, sir.

13 Q Now you referred to it as a secondary re-
14 covery project. Actually, this is the hearing on the unit
15 agreement for the secondary recovery, is that correct?

16 A That's right, sir.

17 Q And the approval of the secondary recovery
18 project will come at a subsequent hearing, is this correct?

19 A Yes, sir.

20 Q Now, referring to what has been marked as
21 Exhibit Number One, is that the unit agreement?

22 A Yes, sir.

23 Q Is that in a form that has been heretofore
24 approved by this Commission for other units?

25 A Yes, sir, it was patterned after the Empire-

1 Abo Unit.

2 Q And have you received preliminary approval
3 from the Commissioner of Public Lands?

4 A Yes, sir.

5 Q Subject to the approval of this Commission?

6 A That is correct, and it is listed as Exhibit
7 Number Five.

8 Q And you have a letter of designation from
9 the United States Geological Survey as Exhibit Number Four,
10 is that correct?

11 A That is correct. It's designating this as
12 a logical unit and it is Exhibit Number Four.

13 Q Now, Exhibit Number Two, is that the unit
14 operating agreement?

15 A Yes, sir, and it has been ratified by all of
16 the working interest owners in the area.

17 Q I overlooked, have all of the interest owners
18 signed the unit agreement?

19 A All of the working interest owners and all
20 of the owners of override interest have ratified this agree-
21 ment.

22 Q And of course all the royalty interest is
23 owned either Federal or State?

24 A That is correct, sir.

25 Q Now, Exhibit Number Three, would you identify

1 that exhibit, please?

2 A. Exhibit Number Three is the copy of the
3 ratifications of all the working interest owners and over-
4 ride interest owners signatures.

5 Q. So the unit agreement and unit operating
6 agreement both have been completely ratified in all respects

7 A. Yes, sir.

8 Q. And the only thing remaining is the approval
9 of this Commission and final approval of the Commissioner
10 of Public Lands, is this correct?

11 A. And the Federal --

12 Q. And the United States Geological Survey.

13 A. Yes, sir.

14 MR. NUTTER: Mr. Kellahin.

15 MR. KELLAHIN: Yes, sir.

16 MR. NUTTER: I don't want to belabor the
17 point of exhibits today, but my Exhibit Number Two is the
18 unit operating agreement for the South Spec Unit, Concho
19 County, Texas.

20 A. Somehow they slipped one in there.

21 MR. KELLAHIN: Oh boy, I don't know how that
22 happened.

23 A. Here's a substitute for him.

24 MR. KELLAHIN: I'm sorry, Mr. Nutter.

25 MR. NUTTER: Thank you.

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1 Q (Mr. Kellahin continuing.) Mr. Thornton,
2 were Exhibits One through Five prepared by you or under
3 your supervision?

4 A They were, sir.

5 MR. KELLAHIN: We at this time will offer
6 Exhibits One through Five, inclusive.

7 MR. NUTTER: Exhibits One through Five will
8 be admitted in evidence.

9
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Thornton, what is the status of approval
13 insofar as the State Land Office and the United States
14 Geological Survey is concerned?

15 A For approval of this group, your body, sir --

16 Q Yes.

17 A -- and then they will approve of it.

18 Q They've given tentative approval of it?

19 A Yes, sir. They are listed, the letters are
20 Exhibit Four and Five.

21 Q And the percentage of working interests that
22 are committed?

23 A 100 percent, sir.

24 Q 100 percent.

25 MR. NUTTER: Are there any further questions

1 of Mr. Thornton?

3 CROSS EXAMINATION

4 BY MS. TESCHENDORF:

5 Q Mr. Thornton, I was just kind of paging
6 through here and I know there are not any fee lands in-
7 volved here, so the Oil Commission isn't worried about being
8 included on the approval sections for tracts or anything.
9 We would like to be notified, though, of such things as
10 changes of operator or expansions, termination of agreement.
11 Do you have any objection to our order including such a
12 provision?

13 A No, ma'am.

14 MR. NUTTER: Are there any further questions
15 of Mr. Thornton? He may be excused.

16 Do you have anything further, Mr. Kellahin?

17 MR. KELLAHIN: That's all, Mr. Nutter.

18 MR. NUTTER: Does anyone have anything they
19 wish to offer in Case Number 6450?

20 We'll take the case under advisement.

21 (Hearing concluded.)
22
23
24
25

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY
CERTIFY that the foregoing and attached Transcript of
Hearing before the Oil Conservation Division was reported
by me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability, knowledge, and skill, from my notes taken at the
time of the hearing.

Sally W. Boyd C.S.R.
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