

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

ORIGINAL

CASE 15236
(Re-opened)

APPLICATION OF CHEVRON MIDCONTINENT, LP,
TO AMEND ORDER R-13949 TO APPROVE A
120-ACRE NON-STANDARD SPACING UNIT AND
NON-STANDARD PROJECT AREA, LEA COUNTY,
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
SCOTT DAWSON, EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, Scott Dawson, Examiner, and Gabriel
Wade, Legal Examiner, on June 25, 2015, at the New
Mexico Energy, Minerals, and Natural Resources
Department, Wendell Chino Building, 1220 South St.
Francis Drive, Porter Hall, Room 102, Santa Fe, New
Mexico.

REPORTED BY: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

For the Applicant

Jordan Lee Kessler, Esq.
Holland & Hart
110 North Guadalupe
Suite 1
Santa Fe, New Mexico 87501
(505) 983-6043
jlkessler@hollandhart.com

I N D E X

CASE NUMBER 15236 CALLED

CHEVRON MIDCONTINENT, L.P., CASE-IN-CHIEF

WITNESS CHIDUBEM (Dube) ALINNOR

	Direct	Redirect	Further
By Ms. Kessler	4		
		Examination	
By Examiner McMillan	9		
By Examiner Dawson	11		

E X H I B I T I N D E X

Exhibits Offered

CHEVRON MIDCONTINENT, LP EXHIBIT 10

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Reporter's Certificate

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1 (Time noted 1:13 p.m.)

2 EXAMINER McMILLAN: I would like to an make
3 announcement. If you would like to make an appearance,
4 please sign in at the back, and also tell us how long do
5 you plan to speak and for which particular case number
6 you would like to speak about.

7 UNIDENTIFIED MALE VOICE: The sign-in sheet
8 is here right outside of the door.

9 EXAMINER McMILLAN: And with that in mind,
10 what I would like to do when we come back to order, we
11 are going to go through one more case before we start
12 with the cases that are going to be in Sandoval, San
13 Juan and Rio Arriba County.

14 I would like to call docket 18-15 back to
15 order. I would like to call case 15236, Application of
16 Chevron Midcontinent, LP, to Amend Order R-13949 to
17 Approve a 120-Acre Non-Standard Spacing Unit and
18 Non-Standard Project Area, Lea County, New Mexico.

19 Call for appearances.

20 MS. KESSLER: Mr. Examiner, Jordan Kessler
21 on behalf of the applicant.

22 EXAMINER McMILLAN: Any other appearances?

23 UNIDENTIFIED FEMALE VOICE: Yes.

24 MS. KESSLER: I have one witness today,
25 Mr. Examiner.

1 EXAMINER McMILLAN: Okay. Would the witness
2 like to be sworn in, please.

3 (Whereupon, the presenting witness was
4 administered the oath.)

5 MS. KESSLER: This case for an application
6 for an amended order was last heard on the June 11th
7 Docket.

8 At the time Examiner Goetze asked for more
9 information regarding the explanation -- engineering
10 explanation of why the 40-acre tract in the northwest,
11 northwest quarter of section 11 was not penetrated by
12 the Antelope 3H Well.

13 I have one witness today who will be here to
14 testify as to the drilling engineering.

15 CHIDUBEM (Dube) ALINNOR
16 having been first duly sworn, was examined and testified
17 as follows:

18 DIRECT EXAMINATION

19 BY MS. KESSLER:

20 Q. Could you please state your name for the record
21 and tell the Examiner by whom you're employed and in
22 what capacity.

23 A. My name is Chidubem Alinnor. I am an employee of
24 Chevron in the MidContinent business unit. And I'm a
25 drilling engineer working for the Permian Basin.

1 THE COURT REPORTER: Because of your accent, I'm
2 having difficulty understanding you. Please speak very
3 slowly and deliberately.

4 Q. Have you previously testified before the
5 Division?

6 A. No.

7 Q. Could you please outline your educational
8 background.

9 A. I have a civil engineering degree, bachelor's,
10 from the Federal University of Technology in Nigeria.
11 And I also have a master's degree in petroleum
12 engineering from Imperial College in London.

13 Q. And in what year did you receive your bachelor's
14 degree?

15 A. I received my bachelor's degree in the year 2000.
16 And I received my master's degree in 2005.

17 Q. Could you please outline your work history.

18 A. I have industrial experience. My first two years
19 was with Schlumberger and the rest with Chevron.

20 My first eight years with Chevron was in Chevron
21 Nigeria. And I handled different roles, including
22 working as a project drilling engineer as well as
23 heading the performance management team, where we were
24 involved with drilling, performance review, and
25 performance optimization.

1 And my last two years, I worked in the Permian
2 Basin as a drilling engineer.

3 Q. Are you familiar with the application that has
4 been filed in this case?

5 A. Yes, I am.

6 Q. And are you familiar with the proposed
7 non-standard project area?

8 A. Yes.

9 MS. KESSLER: Mr. Examiner, I would tender
10 Mr. Alinnor as an expert witness in drilling
11 engineering.

12 EXAMINER McMILLAN: So qualified.

13 Q. Are you aware that the project area is comprised
14 of one federal lease?

15 A. Yes, I am aware.

16 Q. So to your knowledge, no interests are being
17 excluded, correct?

18 A. That's correct.

19 Q. They are just being proportionally reduced by
20 removing the 40-acre tract?

21 A. Exactly.

22 Q. Are you familiar with what occurred while
23 drilling the Antelope Ridge 11 24 34 No. 3H Well?

24 A. Yes, I am.

25 Q. Can you please explain what difficulties were

1 incurred?

2 A. So while drilling the lateral section of the
3 well, which was planned at a 93 degree inclination, we
4 started encountering an increase to taulk and the VHA
5 asked for the intralateral section. And they sort of
6 limited our ability to maintain the bit and the target
7 line that we wanted.

8 And as a result of this, the bit tried to go
9 downwards while we continuously tried to keep it on the
10 target line. And during this process, we were about 17
11 feet below the target line when we drilled into the
12 limestone below the formation.

13 And this limestone is continuous. So at this
14 point we had to stop. We called for a meeting that
15 included other drilling superintendents, the geologist
16 for the project, the drilling advisor, the geologist
17 advisor, the project manager, and the team lead.

18 And we reviewed the situation and looked at the
19 risks involved with continuing. And part of the things
20 we identified was that in order to continue and get back
21 on track, we will need to drill at 96 degrees
22 inclination, which would increase the dug rate. And
23 this will have to do with the last 600 lateral feet.

24 And one of the -- part of the problems with base
25 is that we could have a twist off, because the top was

1 already going closer to the maximum for the VHA. And we
2 could also have the possibility of getting stuck or not
3 being able to run the casing to TD.

4 So when we weighed all the options, we decided it
5 was best to call the TD short and stop the drilling at
6 that point.

7 Q. In your expert opinion as a drilling engineer,
8 was it prudent for the company to stop drilling after it
9 encountered the problems that you just described?

10 A. Yes, I believe so, because we already looked at
11 the challenges that we were going to face and we did
12 that as a group. And we felt this was the best decision
13 to make.

14 Q. And are you asking the Division to approve a
15 non-standard project area to conform to the acreage
16 developed by the lateral?

17 A. Yes, I am.

18 MS. KESSLER: Mr. Examiner, I would move the
19 admission of Exhibit 1 which shows the amended well path
20 of the horizontal well.

21 EXAMINER WADE: The exhibit you just gave
22 us --

23 MS. KESSLER: Yes.

24 MR. WADE: Exhibit 10?

25 MS. KESSLER: I'm sorry. Yes, Exhibit 10.

1 This conforms with the numbering of the exhibits from
2 the former...

3 EXAMINER McMILLAN: And it's the C-102.

4 MS. KESSLER: Yes.

5 (Whereupon, Chevron Midcontinent, L.P.,
6 Exhibit 10 was offered.)

7 EXAMINATION BY EXAMINER McMILLAN

8 EXAMINER McMILLAN: Do you have a mud log or
9 some other evidence that shows that you have a
10 lithologic change?

11 THE WITNESS: I could -- I don't have the
12 mud log data available, but there's mud log data.

13 EXAMINER McMILLAN: What was the request at
14 the last hearing?

15 MS. KESSLER: Just Mr. Goetze asked for a
16 further explanation.

17 EXAMINER McMILLAN: Just show me something
18 that shows the change in lithology.

19 MS. KESSLER: Mr. Examiner, the witness's
20 testimony will not suffice as to how he just explained
21 it?

22 EXAMINER McMILLAN: The other question is
23 what is your final perforation?

24 MS. KESSLER: Mr. Alinnor, is the final
25 perforation marked on the amended C-102 as the last take

1 point?

2 THE WITNESS: Yes. That's the final
3 perforation, the last take point.

4 EXAMINER McMILLAN: So it's 1274991; is that
5 right?

6 MS. KESSLER: I believe that's the bottom
7 hole location, Mr. Examiner. The final perforation
8 point --

9 EXAMINER McMILLAN: It's 986 but how far
10 from --

11 MS. KESSLER: -- correct.

12 (Pause.)

13 MS. KESSLER: And Mr. Examiner, given as you
14 can see from the first take point, which is labeled at
15 330 off of the -- or, rather, 980 off of the western
16 line and 330 from the bottom line, I believe that those
17 footages are the same, but I can confirm that.

18 EXAMINER McMILLAN: Because it looks like to
19 me your 1274, that's a non-center location.

20 MS. KESSLER: Mr. Examiner, that would be
21 the distance from the bottom hole. As I read this, it
22 is 1,490 --

23 EXAMINER McMILLAN: So that's a non-center
24 location. It would be a smidgeon less.

25 MS. KESSLER: Non-standard location. And we

1 did notify those interests as part of the application
2 for the non-standard project area given that that
3 40-acre tract is excluded from the project area.

4 EXAMINER McMILLAN: Let's see. So is the --
5 MR. DAWSON: It's less than 330.

6 EXAMINER McMILLAN: So did you notify the
7 northeast quarter to the northwest quarter?

8 MS. KESSLER: We did notify them of the
9 non-standard project area. Let me review the exhibits
10 from the last hearing in which we provided notice to
11 see --

12 (Discussion among the Examiners.)

13 MS. KESSLER: We did notify the 40-acre
14 tract immediately to the north of the proposed
15 non-standard project area. And that is included as part
16 of the exhibits from the last hearing.

17 And we also provided notice to the
18 surrounding 40-acre offset tracts.

19 EXAMINER McMILLAN: Okay. So if you use the
20 Pythagorean Theorem...

21 MS. KESSLER: It does not appear that our
22 notice included information regarding a non-standard
23 location. So we will apply for that administratively if
24 that satisfies the Division.

25 EXAMINER McMILLAN: That would work. Do you

1 have any questions?

2 MR. DAWSON: I do have one question.

3 EXAMINATION BY EXAMINER DAWSON

4 MR. DAWSON: That quarter, quarter that was
5 left unpenetrated or not producing in the northwest,
6 northwest, do you guys have plans to drill that quarter,
7 quarter or what's your plans for that unit letter D
8 within that section?

9 MS. KESSLER: Mr. Examiner, that was
10 addressed in the affidavit from the prior hearing,
11 which, if I may, states that there are not current plans
12 to develop that acreage.

13 But given that it is part of the same
14 federal lease, again those interests are not being
15 excluded from anything. They are all just being
16 proportionately reduced.

17 EXAMINER McMILLAN: Thank you for showing
18 up.

19 THE WITNESS: Thank you, sir.

20 EXAMINER McMILLAN: Case 15236 will be taken
21 under advisement. Thank you very much.

22

23

24

25

(Time noted 1:27 p.m.)


I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15236
heard by me on JUNE 25, 2018,
Paul Baca, Examiner
Intervention Division

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)
4
5
6

7 REPORTER'S CERTIFICATE

8
9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
10 No. 100, DO HEREBY CERTIFY that on Thursday, June 25,
11 2015, the proceedings in the above-captioned matter were
12 taken before me, that I did report in stenographic
13 shorthand the proceedings set forth herein, and the
14 foregoing pages are a true and correct transcription to
15 the best of my ability and control.

16
17 I FURTHER CERTIFY that I am neither employed by
18 nor related to nor contracted with (unless excepted by
19 the rules) any of the parties or attorneys in this case,
20 and that I have no interest whatsoever in the final
21 disposition of this case in any court.

22
23
24
25

ELLEN H. ALLANIC, CSR
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