

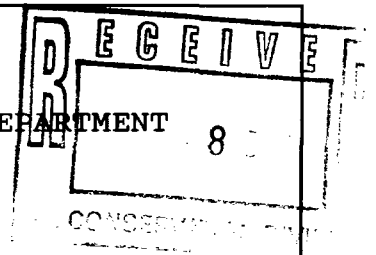
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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 5, 1996 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Tanya Torgler Ron Staley R. C. Staley	Campbell & Co. Inc. Staley Amoco Duke Energy	Santa Fe Denver TAMS

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:)
APPLICATION OF BENSON-MONTIN-GREER)
DRILLING CORP. FOR AN UNORTHODOX)
OIL WELL LOCATION AND SIMULTANEOUS)
DEDICATION, RIO ARriba COUNTY,)
NEW MEXICO)

CASE NO. 11,595

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 5th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, September 5th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

September 5th, 1996
 Examiner Hearing
 CASE NO. 11,595

PAGE

APPLICANT'S WITNESS:

RICHARD D. DOLECEK (Geophysical Engineer)
 Direct Examination by Ms. Trujillo
 Examination by Examiner Stogner

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REPORTER'S CERTIFICATE

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* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	7	-
Exhibit 2	7	-
Exhibit 3	8	-

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.
 Suite 1 - 110 N. Guadalupe
 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: TANYA M. TRUJILLO

* * *

1 WHEREUPON, the following proceedings were had at
2 8:15 a.m.:

3
4 EXAMINER STOGNER: This hearing will come to
5 order for Docket Number 25-96. Please note today's date,
6 September the 5th, 1996.

7 I'm Michael Stogner, appointed Hearing Examiner
8 for today's cases.

9 At this time I'll call Case Number 11,595.

10 MR. CARROLL: Application of Benson-Montin-Greer
11 Drilling Corp. for an unorthodox oil well location and
12 simultaneous dedication, Rio Arriba County, New Mexico.

13 EXAMINER STOGNER: At this time I'll call for
14 appearances.

15 MS. TRUJILLO: Mr. Examiner, I'm Tanya Trujillo
16 from Campbell, Carr, Berge and Sheridan, here today on
17 behalf of the Applicant.

18 I have one witness to present.

19 EXAMINER STOGNER: Are there any other
20 appearances?

21 Will the witness please stand to be sworn at this
22 time?

23 (Thereupon, the witness was sworn.)

24 EXAMINER STOGNER: Ms. Trujillo?

25 MS. TRUJILLO: Thank you.

1 RICHARD D. DOLECEK,
2 the witness herein, after having been first duly sworn upon
3 his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MS. TRUJILLO:

6 Q. Could you state your name, please, for the
7 record?

8 A. Richard D. Dolecek.

9 Q. And where do you reside?

10 A. 330 Conifer Drive, Evergreen, Colorado.

11 Q. By whom are you employed?

12 A. Discovery Exploration.

13 Q. And what is your position with Discovery?

14 A. I'm President of Discovery.

15 Q. And what is your connection with Benson-Montin-
16 Greer today?

17 A. I'm a geophysical consultant to Benson-Montin-
18 Greer.

19 Q. Have you previously testified before this
20 Division?

21 A. No, I haven't.

22 Q. Could you summarize your educational background,
23 please?

24 A. I have a BS degree in geophysical engineering
25 from the Colorado School of Mines in 1970.

1 Q. And what about your work experience?

2 A. Twenty-six years in the oil and gas industry,
3 started out with Exxon and worked for them for seven and a
4 half years in New Mexico, Texas and Louisiana.

5 Since that time I've lived in the Denver area and
6 worked Rocky Mountain basins specifically the last six
7 years, pursuing Mancos Exploration on the Jicarilla Apache
8 Reservation and the adjacent Santa Fe National Forest,
9 which includes this area.

10 Q. Are you familiar with the Application filed in
11 this case?

12 A. Yes, I am.

13 Q. And are you familiar with the subject area of
14 this case?

15 A. Yes.

16 MS. TRUJILLO: Mr. Examiner, I tender Mr. Dolecek
17 as an expert witness, as an expert geophysicist.

18 EXAMINER STOGNER: Mr. Dolecek is so qualified.

19 MS. TRUJILLO: Thank you.

20 Q. (By Ms. Trujillo) Mr. Dolecek, could you briefly
21 state what Benson-Montin-Greer seeks with this Application?

22 A. Yes, they seek exception to Division Rule 4 (A)
23 of the special pool rules and regulations for the West
24 Puerto Chiquito-Mancos Oil Pool to simultaneously dedicate
25 the existing Canada Ojitos Unit Well Number 23 and the

1 proposed Canada Ojitos Well Number 44, the B-22, to the
2 640-acre oil spacing and proration unit comprised of
3 Section 22, Township 26 North, Range 1 West, Rio Arriba
4 County, New Mexico.

5 Benson-Montin-Greer Drilling Corp.'s Canada
6 Ojitos Unit Well Number 23 is located at an unorthodox well
7 location 1302 feet from the south line and 1413 feet from
8 the west line of said Section 22. This location was
9 approved by Division Administrative Order NSL-1424, dated
10 October 7th, 1981.

11 Benson-Montin-Greer Corporation's Canada Ojitos
12 Unit Well Number 44, the B-22, is proposed at an unorthodox
13 oil well location, 227 feet from the north line and 2480
14 feet from the east line of the same said Section 22.

15 Benson-Montin-Greer proposes to continuously and
16 concurrently produce Mancos oil from both those wells
17 within that section.

18 Q. Did Benson-Montin-Greer seek to obtain
19 administrative approval of this Application?

20 A. Yes, they did. They filed an application for
21 administrative approval on June 24th, 1996. The
22 application was denied because the special pool rules and
23 regulations for the West Puerto Chiquito-Mancos Oil Pool
24 allow only one oil well in each 640-acre spacing unit
25 within the pool.

1 Q. Mr. Dolecek, were Exhibits prepared under your
2 direction for introduction in this case?

3 A. Yes, they were.

4 Q. Okay, could you turn to what has been marked as
5 Exhibit Number 1 and describe that for the Examiner,
6 please?

7 A. Yes, Exhibit 1 is the OCD Form C-102 which shows
8 the spacing unit for the well and the location of the well
9 in Section 22. The well will be the Number 44 well in the
10 unit, or the B-22 well.

11 The entire section, we want to be dedicated to
12 this well and to the Canada Ojitos Well Number 23.

13 Q. Could you move to what has been marked as Exhibit
14 Number 2 and describe that for the Examiner, please?

15 A. Exhibit Number 2 is a shot of a topographic map
16 that shows Section 22, the spacing unit, shows the location
17 of the Canada Ojitos Unit Well Number 3, the N-22, as well
18 as the proposed B-22 location, both of which lie in Section
19 22.

20 The dark north-south-trending line is a fault
21 that was picked up off the seismic data. The seismic data
22 that was shot in the area is the dotted east-west line that
23 runs across the top quarter of the page. The well location
24 was selected off of that data.

25 The idea is, the B-22 well will be located from

1 the N- -- or separated from the N-22 by that north-south-
2 trending fault, as well as being in an area on the seismic
3 line that has the signature that's associated with
4 productive fractured Mancos formation.

5 It is the only position we can drill the well in
6 that area and stay close to the seismic data, as well as
7 stay out of the topographic areas that you see on the map.

8 Without that well, the oil that we feel is in
9 place cannot be drained by any existing well, so it's
10 necessary to drain the oil from the Mancos formation in
11 that location.

12 Q. Could you move to what we have marked as Exhibit
13 Number 3, please, and describe this exhibit?

14 A. Exhibit Number 3 is another topo sheet that just
15 shows the rough terrain in the area that really limits
16 where you can put a wellbore in there.

17 A combination of the previous exhibit and this
18 exhibit demonstrate that topography is one of the main
19 concerns, the second being to stay on the seismic line so
20 you can drill into the signature we see on that line.

21 Q. Mr. Dolecek, are there any other operators who
22 may be affected by this Application?

23 A. No, there aren't. This location is an interior
24 well in the Benson-Montin-Greer-operated Canada Ojitos
25 unit. Accordingly, there are no other affected operators

1 and no other party to whom notice if this Application is
2 required by Oil Conservation Division rule.

3 Q. In your opinion, is the proposed well necessary
4 to effectively produce the oil under this 640-acre spacing
5 unit?

6 A. Yes, without this well you can't drain the oil
7 that we have -- or we feel is mapped in here based on the
8 seismic data.

9 Q. Will approval of this Application be in the best
10 interest of conservation, the prevention of waste and the
11 protection of correlative rights?

12 A. Yes.

13 Q. Have you reviewed Benson-Montin-Greer Exhibits 1
14 through 3, and can you testify to their accuracy?

15 A. Yes, I have reviewed them, they are accurate and
16 were prepared under my direction.

17 MS. TRUJILLO: Mr. Examiner, I offer Exhibits 1
18 through 3 into evidence, and I have no further questions
19 for Mr. Dolecek at this time.

20 EXAMINATION

21 BY EXAMINER STOGNER:

22 Q. Mr. Dolecek, you referred to the existing well as
23 the N-22?

24 A. Yes, sir.

25 Q. Is that also identified as the Canada Ojitos Unit

1 Well Number 23, as in your --

2 A. Yes.

3 Q. -- Application and advertisement?

4 A. Yes, that's the 23rd well within the unit. This
5 is -- The N-22 is the designation within that section that
6 specifies the location of the well.

7 Q. Okay, so when you refer -- That's Benson-Montin-
8 Greer's designation as the N-22?

9 A. Yes.

10 Q. But the Canada Ojitos Unit Well Number 23 is its
11 official designation?

12 A. Yes.

13 Q. Okay. When I look at Exhibit Number 2, that one
14 we'll call the N-22 well --

15 A. Uh-huh.

16 Q. -- I see the N-22 in the exhibit. Is that the
17 well location, just right north of there?

18 A. Yes, the black dot.

19 Q. Okay. The proposed well, is it drilling into the
20 same productive interval, other than the fault separating
21 the two?

22 A. The same productive interval, but with a
23 different signature, we feel, based on the seismic. We
24 don't have seismic through the N-22, but have shot
25 extensive data in the area.

1 The N-22 is not a really good well. We feel the
2 location we want to drill now will be based on the seismic
3 data.

4 Q. Are there any other wells to the north or east of
5 your proposed B-22 well that is productive from that same
6 signature that you're looking at?

7 A. Yes, but mar -- Not from that same signature, no.
8 There are some marginally productive wells, but no really
9 good wells.

10 Q. Is this in the area where there's pressure
11 maintenance and reinjection of gas?

12 A. Yes, sir, most of the pressure maintenance is to
13 the south of this area.

14 Q. Is this area affected by the pressure
15 maintenance?

16 A. Hopefully.

17 Q. Hopefully. The pressure maintenance or the
18 injection, is it in the signature of the N-22 or your
19 proposed B-22 well?

20 A. It's in a very much updip location and more in
21 the signature of the N-22.

22 Q. Has Benson-Montin-Greer drilled like wells along
23 this boundary and established that fault line, I should
24 say, along this --

25 A. Different faults to the south where they've

1 acquired other data, yes, we've shot wells through --
2 excuse me, shot seismic data through good and poor wells
3 and developed our idea of what the signature should be on
4 that basis.

5 Q. Is this a fairly localized fault --

6 A. Yes.

7 Q. -- or is it pretty extensive?

8 A. Fairly localized.

9 Q. Fairly localized.

10 Okay, in looking at -- There again, referring to
11 Exhibit Number 2, you show your fault line and it comes
12 down and it ends about the middle of the page. Is that
13 pretty true and accurate?

14 A. Yes, sir, it's based on our interval of seismic
15 data.

16 We have additional data to the south, and that
17 fault does not carry down onto that data.

18 Q. Okay. Now, I also show a plugged and abandoned
19 well at the end of that fault line.

20 A. Yes.

21 Q. Was that able to help establish the existence of
22 that fault?

23 A. No, it's a small fault and pretty much vertical,
24 so you're going to have trouble picking it up in any of the
25 wellbores.

1 Q. So it pretty well just established that was the
2 end of the fault?

3 A. Right.

4 Q. Okay. How far north do you think this extends?

5 A. Another mile.

6 Q. Another mile?

7 Now, I notice on your Exhibit Number 3, the
8 proposed well, you call it the Canada Ojitos Unit Number 44
9 (B-22).

10 A. Right.

11 Q. What is the official well designation that the
12 APDs are going to be drilled under?

13 A. The Canada Ojitos Unit Number 44.

14 Q. Do you know if an API number has been given that?

15 A. I don't.

16 Q. Is this going to be on federal, state or fee
17 lands?

18 A. Federal.

19 Q. Federal?

20 Do you know what the status of the APD at this
21 time is with the BLM?

22 A. No, I don't. I know it's been pursued for an
23 extensive length of time, but I don't know the status at
24 this time.

25 Q. Is this -- The BLM handling this area, is that

1 out of Albuquerque or Farmington?

2 A. It's actually on Forest Service lands, out of
3 Cuba.

4 Q. And that's with the Santa Fe National Forest --

5 A. Yes, sir.

6 Q. -- right?

7 Do you know what the allowable will be for a
8 well, pursuant to the rules and regulations pertaining to
9 the West Puerto Chiquito-Mancos?

10 A. No, sir.

11 Q. But you are aware that both the B-22 and N-22
12 wells will be sharing the allowable?

13 A. Yes.

14 Q. Okay. About the surface and topographic
15 conditions and it being on the Santa Fe Forest, do you know
16 if the location as staked and shown on the exhibits have
17 been approved or authorized by the Forest Service?

18 A. I know it's been applied for, and they've gone
19 through the environmental analysis, so on and so forth.

20 I assume it's approved at this point, but I have
21 not received notification of that.

22 EXAMINER STOGNER: Okay. I have no other
23 questions of this witness.

24 Do you have any other questions, Ms. Trujillo?

25 MS. TRUJILLO: No, I do not.

1 EXAMINER STOGNER: You may be excused.

2 Does anybody else have anything further in Case
3 Number 11,595?

4 Then this case will be taken under advisement.

5 Thank you, sir.

6 (Thereupon, these proceedings were concluded at
7 8:31 a.m.)

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I do hereby certify that the foregoing is
a correct and true copy of the proceedings in
the examination of Case No. 11595,
heard by me on Sept. 5, 1996.


_____, Examiner
Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL September 7th, 1996.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998