

NEW MEXICO OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
STATE OF NEW MEXICO
CASE NO. 10469

IN THE MATTER OF:

The Application of Nearburg Producing
Company for an unorthodox well
location, Eddy County, New Mexico.

BEFORE:

DAVID R. CATANACH

Hearing Examiner

State Land Office Building

April 30, 1992

REPORTED BY:

DEBBIE VESTAL
Certified Shorthand Reporter
for the State of New Mexico

ORIGINAL

A P P E A R A N C E S

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE & SHERIDAN, P.A.

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

BY: WILLIAM F. CARR, ESQ.

I N D E X

Page Number

Appearances

2

WITNESS FOR THE APPLICANT:

JOE FITZGERALD

Examination by Mr. Carr

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Examination by Examiner Catanach

12

Certificate of Reporter

14

E X H I B I T S

Page Identified

Exhibit No. 1

6

Exhibit No. 2

8

Exhibit No. 3

9

Exhibit No. 4

10

Exhibit No. 5

10

1 EXAMINER CATANACH: And at this time
2 I'll call Case 10469. The application of
3 Nearburg Producing Company for an unorthodox well
4 location, Eddy County, New Mexico.

5 Are there appearances in this case?

6 MR. CARR: May it please the Examiner,
7 my name is William F. Carr with the law firm of
8 Campbell, Carr, Berge & Sheridan of Santa Fe. I
9 represent Nearburg Producing Company in this
10 matter, and I have one witness.

11 EXAMINER CATANACH: Any other
12 appearances?

13 Will the witness, please, come forward,
14 stand, and be sworn in.

15 JOE FITZGERALD

16 Having been duly sworn upon his oath, was
17 examined and testified as follows:

18 EXAMINATION

19 BY MR. CARR:

20 Q. Will you state your name for the
21 record, please?

22 A. Joe Fitzgerald.

23 Q. Where do you reside?

24 A. Midland, Texas.

25 Q. By whom are you employed and in what

1 capacity?

2 A. Nearburg Exploration Company.

3 Q. Have you previously testified before
4 the New Mexico Oil Conservation Division?

5 A. No.

6 Q. Would you briefly summarize for Mr.
7 Catanach your educational background and then
8 review your work experience?

9 A. I have a PLM degree from the University
10 of Texas, graduated in 80. I've been employed as
11 a landman since then for Texas Oil & Gas and Arco
12 and now Nearburg.

13 Q. Does the geographic area of your
14 responsibility for Nearburg include the portion
15 of southeastern New Mexico which is involved in
16 this case?

17 A. Yes.

18 Q. Are you familiar with the application
19 filed in this case on behalf of Nearburg?

20 A. Yes.

21 Q. Have you made a land study of the area
22 which is involved?

23 A. Yes.

24 Q. Are you familiar with the proposed
25 wells and the negotiations that have resulted in

1 the proposed unorthodox location?

2 A. Yes.

3 MR. CARR: We tender Mr. Fitzgerald as
4 an expert witness in petroleum land matters.

5 EXAMINER CATANACH: He is so qualified.

6 Q. (BY MR. CARR) Mr. Fitzgerald, could
7 you briefly state what Nearburg seeks with this
8 application?

9 A. Nearburg is seeking approval of an
10 unorthodox oil well location, Eddy County, New
11 Mexico, to drill its Emerald "32" Federal Well
12 No. 1 at an unorthodox oil well location up 2007
13 feet from the north line and 1470 feet from the
14 west line, Section 32, Township 24 South, Range
15 29 East to test the Delaware Formation.

16 Q. Have you prepared certain exhibits for
17 presentation here today?

18 A. Yes.

19 Q. Would you refer to what has been marked
20 for identification as Nearburg Exhibit No. 1,
21 identify this, and review it for Mr. Catanach?

22 A. It's a land plat for Section 32,
23 Township 24 South, Range 29 East.

24 Q. What pool are we in?

25 A. We're in an undesignated Delaware.

1 Q. So this is developed under statewide
2 rules?

3 A. Yes.

4 Q. You're talking about a standard 40-acre
5 proration unit --

6 A. Yes.

7 Q. -- in the Delaware?

8 A. Yes.

9 Q. What does the orange square indicate?

10 A. Our spacing unit.

11 Q. And the two dots included within that
12 square?

13 A. The blue represents the legal location;
14 the red, the unorthodox location.

15 Q. Could you preview for Mr. Catanach the
16 ownership in Section 32?

17 A. The north half is Nearburg. The
18 southeast quarter and the northwest of the
19 southwest is Exxon Nearburg UTI Energy, Richard
20 K. Barr, Scott E. Wilson. And the remainder of
21 the south half is the Bettis and Enron, Bettis
22 Brothers and Enron.

23 Q. Is there any other Delaware development
24 in this section?

25 A. No.

1 Q. And then in what would be the northeast
2 quarter of this plat, there are certain other
3 individuals identified. Who are those people?

4 A. Those are people that have the right to
5 participate in this well.

6 Q. Let's move now to Nearburg Exhibit No.
7 2. Would you identify that, please?

8 A. It's a topo map of the area showing our
9 spacing unit, the orthodox location, and the
10 unorthodox location. You can see by the
11 unorthodox location there's a small knoll
12 indicated, very small feature.

13 Q. Is that the small circle just to the
14 right of the red dot?

15 A. Yes, sir.

16 Q. Okay. Also the topographical map shows
17 a channel coming off the Pecos River; is that not
18 correct?

19 A. Yes, sir.

20 Q. Why did you have to move from the
21 standard location?

22 A. The BLM has put this acreage and all
23 their acreage in this river channel area into a
24 Pecos River Corridor Special Management Area, as
25 provided in the Carlsbad Resource Management

1 Plan. They have requested us to move it to the
2 unorthodox location in compliance under that
3 plan.

4 Q. So what they did was, first of all, you
5 couldn't drill at the standard location because
6 you're right on that river channel?

7 A. That, and also there was an
8 archeological site found there.

9 Q. So you were required to move to the
10 west?

11 A. Right.

12 Q. You had to go this far to the west for
13 what reason?

14 A. At their request, that's where they
15 said they would approve an APD at that location.

16 Q. That small dot just to the right of the
17 red circle is a knoll?

18 A. Uh-huh.

19 Q. And they asked you to put this well
20 behind a knoll so it could not be seen?

21 A. Right, and not to disturb that knoll.

22 Q. Let's go now to what has been marked as
23 Nearburg Exhibit No. 3. Would you identify that
24 for Mr. Catanach?

25 A. This is the letter from the BLM,

1 Richard L. Manus, the area manager, stating that
2 the area is in the Pecos River Corridor; that
3 they wish us to move the location to the
4 unorthodox location shown on the previous plat.

5 Q. This is both to avoid contamination to
6 the Pecos and also to avoid impact on their
7 special management area?

8 A. Yes.

9 Q. Are there any geological reasons for
10 moving this location?

11 A. No.

12 Q. It's all strictly a topographical and
13 BLM matter?

14 A. Yes, sir.

15 Q. What is Nearburg Exhibit No. 4?

16 A. That is our approved APD application.
17 We had it faxed from Carlsbad on Tuesday. And I
18 apologize for it being a faxed copy, but that's
19 the best I could get for the hearing.

20 Q. So the unorthodox location has received
21 BLM approval?

22 A. Yes.

23 Q. What is Exhibit No. 5?

24 A. The waivers from all the offset
25 interest owners.

1 Q. Have you received a waiver from every
2 party identified on Exhibit No. 1?

3 A. Yes.

4 Q. And copies of those waivers are all
5 included in Exhibit No. 5?

6 A. Yes.

7 Q. Mr. Fitzgerald, in your opinion if this
8 application is approved, will Nearburg be able to
9 produce reserves from the north half of Section
10 32 that otherwise would not be recovered?

11 A. Yes.

12 Q. In your opinion will approval of this
13 application be in the best interest of
14 conservation, the prevention of waste, and the
15 protection of correlative rights?

16 A. Yes.

17 Q. Were Exhibits 1 through 5 prepared by
18 you or compiled under your direction?

19 A. Yes.

20 MR. CARR: At this time, Mr. Catanach,
21 we move the admission of Nearburg Exhibits 1
22 through 5.

23 EXAMINER CATANACH: Exhibits 1 through
24 5 will be admitted into evidence.

25 MR. CARR: That concludes my

1 examination of Mr. Fitzgerald.

2 EXAMINATION

3 BY EXAMINER CATANACH:

4 Q. Mr. Fitzgerald, your Exhibit No. 1
5 identifies the unorthodox location as 470 feet
6 from the west. That should be 1470; right?

7 A. Yes. That should be 1470, yes. It
8 must have not come through on the Xerox.

9 Q. As I understand it, the location was
10 originally within the river channel, and BLM
11 requested it be moved to the west?

12 A. Yes.

13 Q. And you then encountered the knoll, and
14 they requested you move further west from there?

15 A. Correct.

16 Q. There is no Delaware production in this
17 section?

18 A. Not in Section 32.

19 Q. Does Nearburg propose just to drill
20 down to the Delaware Formation?

21 A. Yes.

22 EXAMINER CATANACH: I have no further
23 questions.

24 MR. CARR: We have nothing further in
25 this case.

1 EXAMINER CATANACH: There being nothing
2 further in this case, Case 10469 will be taken
3 under advisement.

4 [And the proceedings were concluded.]
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15 I do hereby certify that the facts
16 as stated in the foregoing report
17 were heard by me on April 30 10469
18 92
19 Daniel R. Catanach
20 Oil Conservation Division
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1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4) ss.
COUNTY OF SANTA FE)

5
6 I, Debbie Vestal, Certified Shorthand
7 Reporter and Notary Public, HEREBY CERTIFY that
8 the foregoing transcript of proceedings before
9 the Oil Conservation Division was reported by me;
10 that I caused my notes to be transcribed under my
11 personal supervision; and that the foregoing is a
12 true and accurate record of the proceedings.

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

18 WITNESS MY HAND AND SEAL May 5, 1992.
19
20

21 

22 _____
23 DEBBIE VESTAL, RPR
24 NEW MEXICO CSR NO. 3
25