

1 NEW MEXICO OIL CONSERVATION DIVISION

2 STATE LAND OFFICE BUILDING

3 STATE OF NEW MEXICO

4 CASE NO. 10999

5
6 IN THE MATTER OF:

7
8 The Application of Kaiser-Francis Oil
9 Company to Amend Division Order
R-10048, Eddy County, New Mexico.

10
11
12
13
14 BEFORE:

15 JIM MORROW

16 Hearing Examiner

17 State Land Office Building

18 June 9, 1994

19
20
21
22 REPORTED BY:

19 1994

23 CARLA DIANE RODRIGUEZ
24 Certified Shorthand Reporter
for the State of New Mexico

25
ORIGINAL

A P P E A R A N C E S

FOR THE APPLICANT:

KELLAHIN & KELLAHIN
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
BY: **W. THOMAS KELLAHIN, ESQ.**

I N D E X

	Page Number
Appearances	2
Certificate of Reporter	8

E X H I B I T S

	Page Marked
Exhibit No. 1	5
Exhibit No. 2	5

1 EXAMINER MORROW: Call Case 10999.
2 This is the application of Kaiser-Francis Oil
3 Company to amend Division Order No. R-10048 in
4 Eddy County, New Mexico.

5 I'll call for appearances.

6 MR. KELLAHIN: Mr. Examiner, I'm Tom
7 Kellahin of the Santa Fe law firm of Kellahin &
8 Kellahin, appearing on behalf of the Applicant.

9 EXAMINER MORROW: Do you have any
10 witnesses?

11 MR. KELLAHIN: No, sir.

12 EXAMINER MORROW: Okay, well, go ahead
13 then.

14 MR. KELLAHIN: Mr. Examiner,
15 Kaiser-Francis appeared before you when you were
16 the Hearing Examiner in the prior case resulting
17 in Order R-10048. You may recall that was an
18 application where Kaiser-Francis sought 10
19 directionally drilled wells at the request of the
20 BLM in order to protect the inference of a potash
21 corridor across the north half of Sections 20 and
22 21.

23 One of the wells that you approved
24 Kaiser-Francis to drill was the Pure Gold B-10
25 well. I am going to show you a copy of the

1 exhibit we used in the prior case, and I'll
2 circle the No. 10 well to give you a reference as
3 to what has happened.

4 The B-10 well had a surface location
5 that was in Section 16, about 10 feet off the
6 south line and about 145 feet from the west
7 line. Prior to obtaining that approval from the
8 Division, it was our information and belief, from
9 the BLM, that that was the location they wanted
10 for that well.

11 After obtaining the Division approval,
12 in discussions with the Bureau of Land
13 Management, Kaiser-Francis was advised by the BLM
14 that they would allow Kaiser-Francis to move this
15 well's surface location and move it over into
16 adjoining Section 17, where the well now would be
17 out of the southeast corner of 17, as opposed to
18 being out of the southwest corner of 16.

19 The bottomhole location is still the
20 same bottomhole target. The fact that it's been
21 moved to a different surface location reduces the
22 length of the high-angle directionally drilled
23 well by about 450, and thereby realizes a cost
24 savings to Kaiser-Francis.

25 Therefore, Kaiser-Francis submitted to

1 the BLM an amendment to the APD, and the BLM has
2 now approved this change.

3 Mr. Wakefield, who was the petroleum
4 engineer that testified before you in the
5 original case, has submitted his affidavit which
6 is now before you, and I will mark as Exhibit 1.
7 His affidavit has attached to it the survey, has
8 the approval of the federal form showing the
9 amended well location, it has a plat that helps
10 you visualize what he's seeking to do, and has a
11 short summary of the proposed operation.

12 Mr. Wakefield's affidavit describes in
13 detail what I've just summarized for you.

14 In addition, Exhibit No. 2 is our
15 certificate of mailing for this hearing. At the
16 suggestion of Mr. Stogner, he placed a notation
17 in the advertisement identifying interested
18 parties, telling them in the absence of
19 objection, the case would be taken under
20 advisement.

21 I have, pursuant to Division notice
22 Rules, I have sent notice to all the same parties
23 that had been notified in the original case.
24 I've received no objection from any of those
25 parties. They received notification of hearing

1 because I've received all the green cards back.
2 I am aware of no objection to having you approve
3 the amendment to the surface location by granting
4 the request that Kaiser-Francis seeks in this
5 case.

6 With the introduction of Exhibits 1 and
7 2, that concludes our presentation, and we so
8 move.

9 EXAMINER MORROW: We'll accept Exhibits
10 1 and 2. Tom, do you know if any of those 10
11 wells have been drilled?

12 MR. KELLAHIN: I know none of them have
13 been specifically spudded. We're in discussions
14 with the surface owner. There's a rancher that
15 believes he's entitled to compensation, and we're
16 struggling with how to resolve that.

17 EXAMINER MORROW: That's on the state
18 acreage or federal?

19 MR. KELLAHIN: That's on the state
20 acreage. 16 is the location of many of the
21 surface location for the wells, I think six of
22 them, perhaps, and that's delayed the process.

23 EXAMINER MORROW: This would turn you
24 loose on this one, because it would be on federal
25 acreage?

1 MR. KELLAHIN: Yes, sir. The hope is
2 to get a crew in and rigs out there to do it as a
3 package. The delay in the state land may be a
4 problem for us. They were trying to drill the
5 federal and the state tracts at the same time,
6 but this grazing lessee of the state has caused
7 us some concern.

8 EXAMINER MORROW: Will the state lose
9 any compensation for moving that well? It looks
10 like you had a location there for two wells,
11 anyhow, so you may have paid for the location.

12 MR. KELLAHIN: I think the compensation
13 to the Land Office was on a per-well basis, so it
14 may reduce some of the compensation to the
15 state.

16 EXAMINER MORROW: All right. Case
17 10999 will be taken under advisement.

18 (And the proceedings concluded.)
19
20

21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Examiner hearing of Case No. 10999,
24 heard by me on June 9, 1994.

25 
Examiner
Of Conservation Division

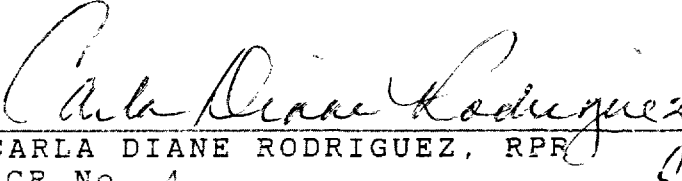
CERTIFICATE OF REPORTER

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

I, Carla Diane Rodriguez, Certified
Shorthand Reporter and Notary Public, HEREBY
CERTIFY that the foregoing transcript of
proceedings before the Oil Conservation Division
was reported by me; that I caused my notes to be
transcribed under my personal supervision; 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 July 15, 1994.


CARLA DIANE RODRIGUEZ, RPR
CCR No. 4