

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

17 October 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of J. M. Huber Corpor- CASE
ation for an unorthodox oil well 8384
location, Lea County, New Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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For the Applicant: James T. Jennings
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I N D E X

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3 MR. QUINTANA: We will call
4 next Case 8384.

5 MR. TAYLOR: The application of
6 J. M. Huber Corporation for an unorthodox oil well location,
7 Lea County, New Mexico.

8 MR. JENNINGS: I'm James T.
9 Jennings, Jennings and Christy, appearing on behalf of the
10 applicant and I will have two witnesses, Mr. Bill Lawrence
11 and Mr. Ray Noble.

12 And before we proceed, I would
13 like with the Examiner's permission to make an application
14 to amend our proposed location. I don't know whether it's
15 proper grammatically or not, but I wanted to make the unor-
16 thodox location less unorthodox.

17 The original application was
18 for what -- was for the location to be 660 feet from the
19 south line and 660 feet from the west line of Section 32,
20 Township 12 South, Range 36 East, and the pool rules provide
21 that it would either be in the northwest or the southeast in
22 the West Tatum Pool, and we now wish to amend this applica-
23 tion to reflect that the new application will be 660 feet
24 from the south line and 1326 feet from the west line of the
25 same section.

Actually, this puts it in the
southeast quarter but the -- when we went down here to the
proposed location it was in the middle of an alfalfa field.

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2 MR. LAWRENCE: That's 669,
3 isn't it?

4 MR. JENNINGS: 669.

5 MR. LAWRENCE: I think you said
6 660.

7 MR. TAYLOR: That was 669 from
8 the south.

9 MR. JENNINGS: 669 from the
10 south.

11 THE REPORTER: And 1326 from
12 the west.

13 MR. JENNINGS: From the west.
14 And that puts it in the southeast quarter southwest quarter.

15 MR. QUINTANA: Are there other
16 appearances in Case 9384?

17 Will the two witnesses please
18 stand to be sworn in?

19 (Witnesses sworn.)

20 MR. JENNINGS: I'll take Mr.
21 Lawrence first.

22 BILL LAWRENCE,
23 being called as a witness and being duly sworn upon his
24 oath, testified as follows, to-wit:
25

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Would you state your name and place of residence and current occupation, please, sir?

A My name is Bill Lawrence. I'm a senior landman for J. M. Huber Corporation and I live in Midland, Texas.

Q How long have you been so employed by J. M. Huber Corporation?

A Approximately three years.

Q What was your experience in the land business prior to that time?

A I have worked, I've been in the land business for nine years; have worked for an independent, Clayton Williams out of Midland; Mitchell Energy Corporation out of Houston; and also Texas Eastern Corporation out of Houston prior to Huber.

Q Are you in charge of the Land Department?

A Yes, sir.

Q In Midland?

A Yes, sir.

Q Mr. Lawrence, would you refer to what has been marked as Huber's Exhibit Number One and identify that and tell us just what it is.

A Exhibit Number One is a land plat depicting Huber's leasehold interest in what we call our Tatum

prospect, located in Township 12 South, Range 36 East, Lea County, New Mexico.

MR. QUINTANA: Excuse me for one second. Before we proceed, did you say that you had had your qualifications accepted by the Division prior to this?

MR. JENNINGS: No, I didn't. The witness is a landman. He's not a technical person.

MR. QUINTANA: I see. Do you have any degrees from any universities of any sort?

A Yes, sir, I'm a Marketing major from Southwest Texas State University.

MR. JENNINGS: When did you graduate?

A 1974.

MR. QUINTANA: But your experience has been nine years with land --

A Yes, sir. My family is in the oil business and so as a result that's -- my father, grandfather.

MR. QUINTANA: Mr. Lawrence, I will accept you as a qualified landman.

A Thank you.

MR. QUINTANA: You may proceed.

Q Referring again to what has been marked as Exhibit A -- or One, would you tell us just what that is?

A Refer to it again?

Q Well, no, just tell us what it is.

A It's a land plat.

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Q What does it depict?

A It depicts Huber's leasehold interest in what we call our Tatum prospect located in Township 12 South, 36 East, of Lea County, New Mexico.

To state further, the solid acreage is 100 percent Huber mineral interest and the cross hatch is a partial interest.

Q Mr. Lawrence, would you now refer to what has been marked as Huber's Exhibit Number Two and tell us if that is a letter that Huber transmitted to the various offset operators in which a copy of the letter and also copies of the -- of the return receipts from the people who received it?

A Yes, sir, Exhibit Two is a copy of our letter dated September 14th, 1984, notifying the offset operators of our application for a nonstandard location.

Also attached are copies of the return receipts from these non-operators.

Q And there's attached, you have one consent from Mr. Barton and also from Mr. Haskins.

A Yes, sir, there's -- these two individuals have both waived any objection to the application. The remaining non-operators we have -- have not objected, we have not heard anything from them objecting.

Q No objections have been indicated to you.

A No, sir, no objections.

Q Proposed location. Now, refer to what

has been marked as Plaintiff's -- or as Huber's Exhibit Three and tell us what it is.

A Exhibit Three is a well location and acreage dedication plat prepared by a registered surveyor, Mr. Robert -- or excuse me, Ronald J. Edson.

It depicts the 80-acre proration unit located in the south half of the southwest quarter, Section 32, Township 12 South, 36 East, which will be the proration unit for our initial well.

Q And it shows the --

A It also --

Q Shows the exact location of the well.

A Yes, the exact location will be 1326 feet from the west line and 669 feet from the south line of Section 32.

Q What was the -- what were the reasons for you to change the location from the original proposed location which was in the center of the southwest quarter southwest quarter?

A The main reason was that the landowner's consent, he farms this acreage and has an alfalfa field in which the initial location would have been right in the center of, and so at his request we elected to move it further east or toward the standard location.

Q Did it have other impediments, as a pipeline?

A It's my understanding that there are

several pipelines in the area. I can't tell you exactly where they're located.

Q Mr. Lawrence, were Exhibits One and Two and Three prepared by you or under your direction and --

A They were.

Q -- supervision?

A Yes, sir.

MR. JENNINGS: That concludes my questions of this witness.

MR. QUINTANA: Are you going to enter Exhibits One, Two, Three?

MR. JENNINGS: Yes, usually I offer them all at the end. I'll offer them at this time.

MR. QUINTANA: Exhibits One through Three will be entered into evidence.

(Thereupon the Examiner requested to go off the record briefly.)

MR. QUINTANA: You may proceed with your next witness. You may be excused.

A Thank you.

RAYMOND L. NOBLE,
being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q Will you state your name, present occupation, and place of residence?

A My name is Raymond L. Noble. I am currently employed by J. M. Huber Corporation as the District Exploration Geologist. My place of residence is Midland, Texas.

Q How long have you been so employed, Mr. Noble?

A With J. M. Huber? Six weeks.

Q Who were you employed with prior to your employment by J. M. Huber Corporation?

A After receiving a Master's degree from the University of Oklahoma State in 1973, I've been employed as a petroleum geologist for the U. S. Geological Survey, Union Oil Company of California, Horizon Exploration Company, and currently with J. M. Huber.

Q Mr. Noble, how long were you so employed by the and where were you employed by the U. S. G. S.?

A I was employed by the U. S. G. S. in various locations. I worked offshore Southern California which was headquartered in Los Angeles.

I also worked the southern Rocky Mountains, which was worked out of Denver, Colorado.

I also worked southeast New Mexico, out of Roswell, New Mexico.

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2 Q Mr. Noble, when did you graduate from Ok-
3 lahoma State University?

4 A 1973.

5 Q And what was your degree?

6 A A Master's degree of science in geology.

7 Q Did you have an undergraduate degree,
8 too?

9 A Yes, sir, I have a Bachelor's degree of
10 science in geology from Midwestern State University in Wich-
11 ita Falls, Texas.

12 MR. QUINTANA: Mr. Jennings, I
13 think you've given me quite enough to show that he's a qual-
14 ified expert witness in geology.

15 You don't need to go any fur-
16 ther.

17 MR. JENNINGS: Thank you.

18 MR. QUINTANA: And we'll accept
19 him as an expert petroleum geologist.

20 You may proceed.

21 Q Mr. Noble, are you familiar with the ap-
22 plication which was filed herein by J. M. Huber Corporation?

23 A Yes, sir.

24 Q Basically tell the Commission the nature
25 of the application and the reason therefore.

A The application is to seek an amendment
to the Tatum Wolfcamp Pool Rule No. 3, which provides the
initial well be drilled in the northwest quarter or south-

1
2 east quarter of the governmental quarter section, and we
3 submitted our application to obtain an unorthodox location
4 which would better fit our geological interpretation.

5 Q I hand you what has been marked as Huber
6 Exhibit Number Four. I guess you have a copy there before
7 you, and please tell -- identify the document and then tell
8 us what it is and what it depicts, and also, if you would,
9 indicate the current producing wells in the pool as well as
10 your location, and I think it would be well also to show the
cumulative production of various wells.

11 A Mr. Examiner, the Exhibit Four is a
12 structure contour map drawn on top of the Tatum Lower Wolf-
13 camp Bursam formation of the Tatum Field, which is located
14 in Townships 12 and 13 South, Range 36 East, Lea County, New
Mexico.

15 The contour interval on this map is one
16 inch equals 2000 feet. All existing wells are shown on the
17 map with the productive wells being color coded with a brown
18 dot and dry holes identified with a dry hole symbol.

19 The acreage currently under lease by J.
20 M. Huber is also shown on the map and is colored yellow.

21 The proposed location, which is now 669
22 from the south line and 1326 from the west line of Section
32, is also shown.

23 The original proposed location as pre-
24 viously stated was 660 from the south and west lines of Sec-
25 tion 32, but was changed to accommodate the surface owner.

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2 Geological features shown on the map are
3 the geological -- excuse me, are the structural configura-
4 tion of the Tatum Wolfcamp Field and a porosity barrier
5 which exists on the west side of the field.

6 The porosity barrier is colored orange on
7 the map.

8 Mr. Jennings, if we could introduce Exhi-
9 bit Six before I --

10 Q Five.

11 A Excuse me, Exhibit Five, before I comment
12 on the geological --

13 Q That will be fine. That is what has been
14 marked as Exhibit Five and just identify it and tell us what
15 is and then you can proceed.

16 A Mr. Examiner, the Exhibit Five is a
17 structure cross section across the Tatum Field and runs from
18 west to east.

19 The mapping horizon, which is the Bursam
20 formation, is identified on the cross section.

21 In examining the cross section it's ap-
22 parent that the Bursam pay zone is correlative across the
23 Tatum Field. DST and production data are also shown on the
24 cross section.

25 I'd like to briefly go through the wells
that appear on the cross section from west to east and com-
ment on the nature of the reservoir and the productive his-
tories of those wells.

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2 The first well is the Union of California
3 Duncan No. 2-6. It is a dry hole and in examining the DST
4 data for the Tatum Wolfcamp pay zone, it's apparent that
5 this zone is tight. The DST which was taken recovered 180
6 feet of slightly water-cut mud and 420 feet of salt water.

7 As we move to the east, we have the Union
8 of California Turner No. 1. This well has produced from the
9 Tatum Wolfcamp pay zone, which is tight in the Duncan No. 2-
10 6, and has a cumulative production as of May, 1984, of
11 133,653 barrels oil.

12 In May of '84 the current production was
13 7 barrels of oil per day and 70 barrels of water. This well
14 is almost depleted with an increasing water production.

15 This well is the highest well currently
16 on the structure.

17 As you move to the east we go off struc-
18 ture to the Superior State No. 1F. This well is structural-
19 ly low and is currently plugged. The well has a total pro-
20 duction of 844 barrels of oil, 645 Mcf of gas, and 3078 bar-
21 rels of water.

22 This well, in our interpretation, is
23 structurally low and very near the oil/water contact.

24 Then referring back to the structure con-
25 tour map, we point out the two critical structural elements
here. Or, excuse me, to critical geological elements, the
first being a porosity barrier which defines the west limit
of the Tatum Field and the second being the structural con-

1
2 figuration.

3 It is our goal today to seek an amendment
4 to pool Rule 3 of the Tatum Wolfcamp Field to take advantage
5 of our best geological interpretation. Standard locations
6 are less attractive geologically because of their position
relative to the Tatum Wolfcamp structure.

7 The proposed location, as shown on the
8 structure map, would allow J. M. Huber to gain structural
9 advantage to existing wells in the field and remain to the
10 east of the existing porosity barrier.

11 We think the Tatum Wolfcamp Field could
12 be best developed by drilling above the -6200 foot structure
13 contour. All locations proposed in the future will be non-
standard.

14 Q I understand if this well is successful,
15 then we'll be back in to change the pool rules.

16 A Yes, sir, that's correct.

17 Q Do you feel that this well will in any
18 way affect the well which is located in the northwest
19 quarter northwest quarter of Section 5?

20 A No, sir, it should have no effect on that
21 well, which is the Union of California Turner No. 1. The
22 well, as of May, 1984, has a current production of 7 barrels
of oil per day and 70 barrels of water.

23 In that we anticipate gaining structure
24 in addition to the depleted nature of this well, it should
25 have no influence on that well.

1
2 Q Mr. Noble, are there just two currently
3 producing wells in the pool?

4 A That is correct.

5 Q And the total production is only 12 bar-
6rels a day, is that correct, approximately?

7 A That's correct.

8 Q Mr. Noble, do you feel that the drilling
9 of the well at the proposed -- amended proposed location
10 will enable Huber to better produce the recoverable reserves
under this 80-acre proration unit?

11 A Yes, sir, I do, in that the reservoir
12 should be best developed in the highest structural position
13 and the location remains above the proposed -- or the
projected oil/water contact.

14 Q Will the approval of this application af-
15 ford Huber the opportunity to produce his fair and equitable
16 share of the oil from the pool?

17 A Yes, sir.

18 Q In your opinion will this -- drilling
19 this well at this proposed location prevent waste?

20 A Yes, sir.

21 Q Do you feel that it will in any way im-
22 pair the rights of any of the offset operators?

23 A No, sir.

24 Q Were Exhibits Number Four and Five pre-
pared by you or under your supervision?

25 A Yes, sir.

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2 MR. JENNINGS: We would offer
3 at this time Huber's Exhibits Number Four and Five, Mr. Exa-
4 miner, and we have nothing further of this witness.

5 MR. QUINTANA: Exhibits Four
6 and Five will be accepted into evidence at this time.

7 CROSS EXAMINATION

8 BY MR. QUINTANA:

9 Q Mr. Noble, let me clarify a few things
10 here.

11 The proposed proration unit is the south
12 half of the southwest quarter of that section, excuse me, of
13 Section 32?

14 A Yes, sir.

15 Q And the special pool rules for this Tatum
16 Wolfcamp Pool, they state that it should be the south half
17 of the north half proration units?

18 Is that correct?

19 MR. JENNINGS: I have the rules
20 in front of me if you would --

21 MR. QUINTANA: Is that what's
22 stated in the rules, that it should be either the north half
23 or south half?

24 MR. JENNINGS: No, sir, this is
25 what I read from the rules.

It says, each well completed or
recompleted in the Tatum Wolfcamp Pool shall be located on a

1
2 unit containing 80 acres, more or less, which consists of
3 the north half, south half, east half, west half, of a
4 single governmental quarter section.

5 MR. QUINTANA: That's fine.
6 You've answered my question.

7 I have no further questions of
8 Mr. Noble.

9 Does any -- is there anybody
10 else that has questions of Mr. Noble?

11 If not, he may be excused.

12 A Thank you.

13 MR. TAYLOR: I have a question
14 for Mr. Lawrence, if I could.

15 Did you give notice to Union
16 Oil? I just didn't see a letter to --

17 MR. LAWRENCE: Yes, we did.
18 They initially didn't receive the letter so there's a signed
19 copy that was signed yesterday from Union.

20 MR. TAYLOR: I just didn't see
21 on the return receipts one from Union.

22 MR. LAWRENCE: No, they just
23 didn't ever receive that copy.

24 MR. QUINTANA: If there's no-
25 thing further in Case 8384, it will be taken under advise-
ment.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY
that the foregoing Transcript of Hearing before the Oil Con-
servation Division was reported by me; that the said tran-
script is a full, true, and correct record of the hearing,
prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete and correct transcript of the hearing
the Examiner heard by me on Oct. 17 1984
Albert P. Quintana Examiner
Oil Conservation Division