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I N D E X

F. FERRELL DAVIS

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MR. QUINTANA: We'll call the last case we have today, which is 8555.

MR. TAYLOR: The application of Harben-Davis, a Partnership, for an unorthodox oil well location, Lea County, New Mexico.

MR. HALL: Mr. Examiner, Scott Hall from the law firm of Campbell & Black, P. A., of Santa Fe.

I have one witness who needs sworn this morning.

(Witness sworn.)

F. FERRELL DAVIS,
being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. HALL:

Q Please state your name.
A Ferrell Davis.
Q And where do you reside?
A Midland, Texas.
Q Where are you employed and in what capacity?

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A I am a partner in the partnership of Harben-Davis.

Q Okay. Have you previously testified before the Division?

A Yes.

Q And what case is that?

A Case Number 8501.

Q All right. Did that case involve the same lands that are the subject of this instant proceeding?

A Yes, it did, the southwest quarter southwest quarter Section 22, Township 16 South, Range 38 East.

Q And are you then familiar with the application in this case?

A Yes.

MR. HALL: Mr. Examiner, we would offer Mr. Davis as a qualified expert.

MR. QUINTANA: He is considered as a qualified witness.

Q Mr. Davis, tell us, what does Harben-Davis seek with this application?

A We seek an unorthodox well location.

Q All right, and how is that location presently advertised by the Division?

A It's presently advertised as 100 feet from the west line and 990 feet from the south line of Section 22.

Q And what is the actual location?

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A It is actually located 145 feet from the west line and 990 feet from the south line.

Q And what is the objective horizon for this well?

A The Abo Reef at approximately 8500 feet.

Q And are you familiar with the location and spacing requirements for the Abo Reef?

A Yes.

Q What is that?

A The 40-acre proration units no closer than 330 feet to a lease line.

Q All right. Then is the actual location in fact closer to the center of that standard location for the Abo Reef?

A Than we had originally advertised it.

Q Yes. Mr. Davis, why is the unorthodox location necessary?

A Because of a circular pivot irrigation system.

Q Mr. Davis, I'm going to hand you what's been marked as Applicant's Exhibit Number One, and ask you to identify that, please.

A Okay, yes, this is the -- this is our C-102 as approved by the --no, excuse me, this is the staking permit on the 145-foot from the west line location, as re-surveyed by John West Engineering on March the 26th.

Q And that exhibit shows the actual loca-

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tion, does it not?

A Yes.

Q I'm going to hand you now what's been marked as Exhibit Number Three and ask you to identify that, please.

A This is a lease plat showing the direct and diagonal offset proration units to the southwest quarter southwest quarter Section 22, and the ownership thereof.

Q All right. The ownership is reflected by the colored in parcels?

A Yes, sir.

Q Does the yellow reflect the Harben-Davis interest?

A Yes, it does.

Q What does the green reflect?

A Michaelson Producing Company is operator of those coloration units.

Q And what does the orange parcels --

A Those are --

Q -- reflect?

A -- unleased mineral interests.

Q All right, Mr. Davis. Have you sought to obtain waivers from the offset owners?

A Yes. We have waivers from the Michaelson or the green acreage, Michaelson Producing Company, and have subsequently acquired a farmout on the direct west offset.

Q All right, I'm going to hand you what's

1
2 been marked as Applicant's Exhibit Two, and ask you to iden-
3 tify that, please.

4 A Yes. This is a waiver from Michaelson
5 Producing Company, dated March 19th, where they have no
6 objection to our unorthodox location.

7 Q Now, Mr. Davis, I understand you have not
8 obtained waivers from the interest owners to the south and
9 southeast of the location, is that correct?

10 A That's true.

11 Q Approximately how many interest owners
12 are there?

13 A I would say there's approximately fifty
14 to sixty separate mineral owners in those two proration
15 units.

16 Q All right. Are those unleased interests
17 in fact affected by this well?

18 A No, they would not be affected by this
19 well as we're not crowding their mineral interest.

20 Q Okay. Mr. Davis, I'm going to show you
21 what's been marked as Applicant's Exhibit Four and ask you
22 to identify that, please.

23 A Yes. This is an Eastman Whipstock Multi
24 -- Magnetic Multi-shot Survey that was run on March 31 when
25 the surface casing was set at 350 feet and on April the 7th,
which was last Sunday, when we set intermediate casing at
approximately 4600 feet.

Q All right, and what does that survey

1
2 show?

3 A This survey demonstrates that we are not
4 drifting towards the leaseline. The bottom hole location is
5 north 61 degrees east, 36.06 feet from the bore of the well.

6 Q All right, Mr. Davis, do you believe that
7 production from the subject well should be restricted or
8 penalized due to its unorthodox location?

9 A No, sir, if we stay on our leaseline, as
10 we will demonstrate to the Commission that we will, at TD
11 we will still be on our leaseline.

12 Q All right. Is it your opinion that the
13 granting of this application will be in the best interest of
14 conservation, prevention of waste, and protection of
15 correlative rights?

16 A Yes, sir.

17 MR. HALL: At this time, Mr.
18 Examiner, we would move the admissions of Exhibits One
19 through Four.

20 Additionally we understand that
21 the well has been spudded by virtue of permit approval from
22 the District Supervisor and consequently we would request
23 an expedited order be entered in this matter.

24 That concludes our direct.

25 MR. QUINTANA: Exhibits One
through Four will be entered as evidence.

CROSS EXAMINATION

BY MR. QUINTANA:

Q Mr. Davis, the reason for the unorthodox location is because of an irrigation system?

A Yes, sir.

Q A circular irrigation system. How does that -- do you have an exhibit showing its relationship to that well?

A Yes. The original -- what did we do with our original -- 100 foot -- okay, we have it.

This is a C-102 showing our original location at 100 feet from the west line, and that 100 feet from the west line actually fell right on the last stand of the irrigation system, or the wheel, the last wheel that pivots around the circumference, and we moved it to 145 feet, which would put it halfway in between the last -- the last wheel.

MR. HALL: Do you want us to put this into evidence?

MR. QUINTANA: Yes, I want an exact location as to what we have, because when we talk about an unorthodox location based on an irrigation system it doesn't show anything as to what it is.

MR. HALL: Okay. We'd move the admission of Five.

MR. QUINTANA: Exhibit Five will be entered as evidence in this case.

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This case will have to be readvertised to correct the error. It stated that the well is 100 feet from the west line and instead it should be 145 feet from the west line.

MR. HALL: Mr. Examiner, in that regard I would note that the actual location is in fact closer to the standard location. I believe the rules would exempt readvertisement, maybe.

MR. TAYLOR: Closer to it?

MR. HALL: Yes.

MR. QUINTANA: Thank you for noting that for me.

Are there further questions of the witness?

If not, he may be excused.

Is there anything further in Case 8555?

If not, Case 8555 will be taken under advisement.

(Hearing concluded.)

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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 Conservation Division was reported by me; that the said transcript 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 record of the proceedings in the Examiner hearing of Case No. 8555, heard by me on APRIL 10 1985.

Gilbert P. Quintana Examiner
Oil Conservation Division