

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico

8 May 1985

EXAMINER HEARING

IN THE MATTER OF:

| | |
|------------------------------------|------|
| Application of Amerind Oil Co. for | CASE |
| amendment of Division Order No. | 8587 |
| R-7796, Lea County, New Mexico. | |

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

| | |
|--------------------------|--------------------------------|
| For the Oil Conservation | Jeff Taylor |
| Division: | Attorney at Law |
| | Legal Counsel for the Division |
| | Oil Conservation Division |
| | Santa Fe, New Mexico 87501 |

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|--------------------|----------------------|
| For the Applicant: | James G. Bruce |
| | Attorney at Law |
| | HINKLE LAW FIRM |
| | P. O. Box 2068 |
| | Santa Fe, New Mexico |

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I N D E X

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4 STATEMENT BY MR. BRUCE

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6 BILL SELTZER

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Direct Examination by Mr. Bruce

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9 ROBERT C. LEIBROCK

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Direct Examination by Mr. Bruce

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E X H I B I T S

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16 Amerind Exhibit One, Plat

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17 Amerind Exhibit Two, Map

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MR. QUINTANA: We'll call next

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Case 8587.

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MR. TAYLOR: The application of
Amerind Oil Company for amendment of Division Order R-7796,
Lea County, New Mexico.

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MR. BRUCE: Mr. Examiner, my
name is Jim Bruce from the Hinkle Law Firm in Santa Fe, and
I have two witnesses to be sworn.

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MR. QUINTANA: Are there other
appearances in Case 8587?

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If not, gentlemen, please stand
up and be sworn in.

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(Witnesses sworn.)

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MR. BRUCE: Before we begin,
Mr. Examiner, the location listed on the advertisement here
is 1320 feet from the north line, and I believe there have
been previous discussions with the -- between the applicant
and the OCD that that would be changed to 1330 feet.

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MR. QUINTANA: So it will be
readvertised.

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MR. BRUCE: In our discussions
it was said it would not need to be readvertised.

1 MR. QUINTANA: Would not need
2 to be readvertised, okay.

3 Was that 1330?

4 MR. BRUCE: 1330.

5 MR. QUINTANA: You may proceed.

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7 BILL SELTZER,
8 being called as a witness and being duly sworn upon his
9 oath, testified as follows, to-wit:

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11 DIRECT EXAMINATION

12 BY MR. BRUCE:

13 Q Would you please state your name, city of
14 residence, occupation, and relationship to the applicant?

15 A My name is Bill Seltzer. I live in Mid-
16 land, Texas, where I am an independent landman and a land
17 consultant for Amerind Oil Company.

18 Q And have you previously testified before
19 the OCD and had your qualifications as a petroleum landman
20 made a matter of record?

21 A Yes, I have.

22 Q Are you familiar with Amerind's applica-
23 tion in connection with this case and with the land owner-
24 ship matters relating to the area embraced within this ap-
25 plication?

1 A Yes, sir.

2 MR. BRUCE: Mr. Examiner, is
3 the witness considered qualified?

4 MR. QUINTANA: Yes, he is.

5 Q Would you please state for the record,
6 Mr. Seltzer, what Amerind seeks in this case?

7 A Amerind seeks an order approving an unor-
8 thodox well location in the Strawn formation underlying the
9 west half of the northeast quarter of Section 28, Township
10 16 South, Range 37 East, Lea County, New Mexico.

11 Q And you are seeking an amendment of Divi-
12 sion Order R-7796, is that correct?

13 A Is that that number?

14 Q Yes.

15 A Yes.

16 Q And that order approved -- previously ap-
17 proved a compulsory pooling in this unit?

18 A No. Or yeah, that was it, but we had a
19 -- isn't it just an unorthodox location?

20 Q Yeah, right, but that previous order ap-
21 proved a compulsory pooling in this unit.

22 A Yes.

23 Q And now you just merely seek to approve
24 an unorthodox well location, is that correct?

25 A Uh-huh, unorthodox location.

1 Q Would you please refer to Exhibit Number
2 One and explain the exhibit to the examiner?

3 A Exhibit Number One is a plat showing a
4 six section area with wells in that area noted on the plat,
5 as well as a proposed well location on the west half of the
6 northeast quarter of Section 28.

7 Amerind is the operator of this unit and
8 also controls all offsetting acreage in the northwest and
9 northeast quarter of Section 28 and therefore we need no ne-
10 cessity for -- to notify the offset operators.

11 Q As a matter of fact, Amerind owns all of
12 the surrounding area, operates all the surrounding acreage,
13 is that correct?

14 A That's correct.

15 Q In your position as land consultant for
16 Amerind, are you advised as to Amerind's plans for the drill-
17 ling of the well in the unit?

18 A Yes. Amerind proposed to drill a well in
19 the west half of the northeast quarter at an unorthodox lo-
20 cation to approximately -- approximate depth of 11,600 feet
21 in order to test the Strawn formation.

22 Mr. Leibrock will testify further on the
23 geological reasons for seeking the unorthodox location.

24 Q Does Amerind seek expedited approval in
25 this matter?

1 A Yes. Amerind is at this time making a
2 surface location and will move in on the site as soon as
3 this order is approved.

4 Q In your opinion will the granting of
5 Amerind's application be in the interest of conservation,
6 the prevention of waste, and the protection of correlative
7 rights?

8 A Yes.

9 Q Was Exhibit One prepared by you?

10 A Yes.

11 MR. BRUCE: At this time I move
12 the admission of Exhibit Number One.

13 MR. QUINTANA: Exhibit One will
14 be entered as evidence.

15 MR. BRUCE: I have no further
16 questions of the witness.

17 MR. QUINTANA: I have o ques-
18 tions of the witness.

19 He may be excused.

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21 ROBERT C. LEIBROCK,
22 being called as a witness and being duly sworn upon his
23 oath, testified as follows, to-wit:

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DIRECT EXAMINATION

BY MR. BRUCE:

Q Would you please state your name and city of residence?

A My name is Robert C. Leibrock. I live in Midland, Texas.

Q And what is your occupation?

A I am a Vice President in charge of Exploration and Field Development for Amerind.

Q And have you previously testified before the New Mexico OCD as a petroleum engineer?

A Yes.

Q Are you familiar with Amerind's application for an unorthodox location, which is the subject of this hearing?

A Yes.

MR. BRUCE: Mr. Examiner, is the witness considered qualified?

MR. QUINTANA: Yes, he is.

Q Mr. Leibrock, would you please describe Exhibit Two for the Examiner?

A The Exhibit Two is a structure map contoured on top of the Lower Strawn Lime.

The proration unit is outlined in yellow

1 and the unorthodox location is identified.

2 The proposed location is 1980 feet from
3 the east line and 1330 from the north line.

4 The proration unit is the west half of
5 the northeast quarter of Section 28.

6 Q Will you please explain the reason for
7 seeking this unorthodox location and in connection with your
8 answer would you please describe Exhibit Two in more detail?

9 A Okay. The Strawn reservoir as shown on
10 this exhibit includes several fields, the Northeast Loving-
11 ton Penn Field, Casey Strawn, and the Humble City Strawn
12 Field, which is just off to the south; it's not shown on
13 this map.

14 All of these fields consist of reservoirs
15 which are made up of limestone ridges, or mounds, with erra-
16 tic porosity development.

17 The trapping mechanism is primarily stra-
18 tigraphic with up-dip porosity pinchout to the southwest.

19 Although porosity development is diffi-
20 cult to predict, it does appear to be associated to some ex-
21 tent with structural nosing or terracing and several of
22 these noses can be noted on this exhibit, particularly in
23 Sections 18, 20, and 34.

24 Amerind has drilled five producing wells
25 in the Northeast Lovington Penn Field. Subsurface control

1 from these wells combined with that from offset producing
2 wells and dry holes clearly demonstrates the importance of
3 well location in this trend.

4 This can be seen the fact that most of
5 the better wells in this trend are immediately offset by dry
6 holes.

7 The discovery well, the Tidewater
8 Montith No. 1 in Section 20 has produced over 1-1/4 million
9 barrels of oil but is immediately adjacent to three dry
10 holes in this same formation.

11 Similarly, in Section 28 you'll notice to
12 the south of our proposed location the Yates Burton dry hole
13 and to the northwest, the Tom Brown Montith in Section 21.

14 Our intent here is to get approximately
15 halfway in between these two dry holes because we feel that
16 the axis of this particular producing trend lies approxi-
17 mately halfway between these two dry holes.

18 And for these reasons we think that a lo-
19 cation in either of the orthodox locations in this proration
20 unit could result in much poorer wells or quite possibly dry
21 holes.

22 Q In your opinion will the granting of
23 Amerind's application be in the interest of conservation,
24 the prevention of waste, and the protection of correlative
25 rights?

1 A Yes.

2 Q Was Exhibit Two prepared by you or under
3 your direction?

4 A Yes.

5 MR. BRUCE: At this time I move
6 admission of the Exhibit Number Two.

7 MR. QUINTANA: Exhibit Two will
8 be entered as evidence.

9 MR. BRUCE: I have no further
10 questions of this witness.

11 MR. QUINTANA: I have no ques-
12 tions of the witness, either.

13 Anyone else have questions of
14 the witness?

15 If not, he may be excused.

16 Anyone else have anything fur-
17 ther in Case 8587?

18 If not, it will be taken under
19 advisement.

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21 (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. 8587
heard by me on May 8 1985.

Silbert P. Quintana Examiner
Oil Conservation Division