

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

5 February 1986

EXAMINER HEARING

IN THE MATTER OF:

The disposition of cases called at
this docket but for which no testi-
mony was presented.

CASE
8775, 8809,
8810, 8819,
8820, 8821,
8806, 8805,
8789, 8823,
8813, 8689.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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

19 February 1986

EXAMINER HEARING

IN THE MATTER OF:

The disposition of cases called on
Docket 6-86, 19 February, 1986, in
which no testimony was presented.

CASE
8773, 8810,
8823

*Transcript in
Case 8773*

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

LOUIS J. MAZZULLO

Direct Examination by Mr. Carr 4

Cross Examination by Mr. Stogner 9

E X H I B I T S

Nearburg Exhibit One, Plat 4

Nearburg Exhibit Two, Map 6

Nearburg Exhibit Three, Notices 7

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MR. STOGNER: Call next Case Number 8823.

MR. TAYLOR: The application of Nearburg Producing Company for an unorthodox gas well location, Lea County, New Mexico.

MR. STOGNER: Call for appearances.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell & Black, of Santa Fe. We represent Nearburg Producing Company.

I would request that the record reflect that my witness, Louis Mazzullo, remains under oath and that his qualifications as a petroleum geologist have been accepted and made a matter of record, and that he's qualified to testify in this case.

MR. STOGNER: The record will so reflect.

Are there any other appearances?

There being none, you may proceed, Mr. Carr.

1 immediately adjacent to the well.

2 Q Mr. Mazzullo, what is the primary objec-
3 tive in the well?

4 A The primary objective of the well by
5 Nearburg was the Morrow formation.

6 Q And what would be a standard location for
7 this laydown unit for a Morrow well?

8 A A Morrow well would require 660 feet from
9 the south line and 1980 feet from the east line.

10 Q What is the actual well location?

11 A The actual well location is 660 feet
12 south and 760 feet east.

13 Q Could you provide the Examiner with some
14 background on the well and summarize the events which have
15 resulted in today's hearing?

16 A Yes. This well was a re-entry of an old
17 Shell well, the Shell No. 1 Sinclair Federal, which was
18 drilled several years ago and abandoned as a Bone Spring
19 test. So it was standard as -- it was on a standard loca-
20 tion for a Bone Spring test.

21 Earlier last year Nearburg, or at the
22 time Chama Petroleum Company, came in and re-entered the old
23 wellbore and attempted to clean it out.

24 When they failed in their re-entry at-
25 tempt on the old wellbore, they were -- they were given BLM

1 approval to skid the rig westward 100 feet and we drilled a
2 new well down to the Morrow formation, which we completed on
3 June the 8th, 1984 -- which we spudded on June the 8th,
4 1985. I'm sorry.

5 The request for an allowable was filed on
6 Division Form C-104 and is being held pending approval of
7 this location.

8 Q Mr. Mazzullo, the re-entry was approved
9 by Oil Conservation Division Order R-7834, was it not?

10 A Yes, it was.

11 Q And that was entered on February 26th,
12 1985?

13 A Yes, it was.

14 Q No approval has been received on the C-
15 104.

16 A None yet.

17 Q Would you now go to Nearburg Exhibit Num-
18 ber Two and review that for Mr. Stogner?

19 A Nearburg Exhibit Number Two is the origi-
20 nal geologic map prepared by myself which highlights the
21 primary Morrow sand objective in the original re-entry at-
22 tempt. It shows the reason why we wanted to re-enter the
23 wellbore at a nonstandard location. As you well know, the
24 Morrow is a pretty tricky formation to try to pinpoint and
25 on the basis of this sand Isopach of the primary pay zone in

1 the area, I felt that a location as close to the east line
2 of Section 23 would be the optimum geological location for a
3 successful well.

4 If we were to move it any -- to a stand-
5 ard location 1980 feet to the east -- to the -- from the
6 east, I felt like the well would not be successful.

7 Q Now at this time is this well a -- being
8 completed in a single zone or are you dually completing the
9 well?

10 A At the time -- at this time the well has
11 been completed in the Morrow and we are testing up-hole po-
12 tential in the Bone Spring.

13 Q But the well is at a standard location in
14 the Bone Spring.

15 A It's at a standard location in the Bone
16 Spring.

17 Q Would you identify what has been marked
18 as Nearburg Exhibit Number Three?

19 A Nearburg Exhibit Number Three are notices
20 correctly sent to all the offset operators with the appro-
21 priate return receipts validated informing them of this ap-
22 plication.

23 Q Is the location of the well as depicted
24 on this exhibit correctly set forth?

25 A Yes, it is.

1 Q And have you checked that and know that
2 of your own personal knowledge?

3 A Yes, I did.

4 Q And this notice has been sent by certified
5 mail in accordance with Rule 1207 of the Oil Conservation
6 Division rules and regulations.

7 A It has, and all the offset operators have
8 responded.

9 Q Mr. Mazzullo, in your opinion will gran-
10 ting this application be in the best interest of conserva-
11 tion, the prevention of waste, and the protection of corre-
12 lative rights?

13 A Yes, I do.

14 MR. CARR: At this time --

15 Q Were Exhibits One through Three prepared
16 by you or compiled under your direction and supervision?

17 A Yes, they were.

18 MR. CARR: At this time, Mr.
19 Stogner, we would offer into evidence Nearburg Exhibits One
20 through Three.

21 MR. STOGNER: Exhibits One
22 through Three will be admitted into evidence at this time.

23 MR. CARR: And that concludes
24 my direct examination of Mr. Mazzullo.

25

CROSS EXAMINATION

1
2 BY MR. STOGNER:

3 Q Mr. Mazzullo, is this production in the
4 Morrow, would that be dedicated to any particular pool or is
5 this considered a wildcat area?

6 A This is a wildcat area. By a prior Divi-
7 sion Order Nearburg and Chama had limited -- had gotten a
8 limitation of the pool rules of the Lea South Field, which
9 is the offsetting field, to the Section line between 23 and
10 24. Those wells were drilled on 160-acre spacings and the
11 Rett Federal was dedicated -- 320-acre spacing was dedicated
12 to the Rett Federal.

13 MR. CARR: Mr. Stogner, I be-
14 lieve that the limitation of the Lea Penn Pool was also ad-
15 dressed in Order R-7834, which was dated February 26th of
16 1985.

17 MR. STOGNER: 1985?

18 MR. CARR: Yes, sir.

19 MR. STOGNER: Thank you, Mr.
20 Carr. I'll take administrative notice of Order R-7834.

21 And I have no questions for
22 this witness.

23 Are there any questions of Mr.
24 Mazzullo?

25 If not, he may be excused.

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Anything further in Case Number

8823?

MR. CARR: Nothing further.

MR. STOGNER: If not, this case
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 (Commission) 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. 8823, heard by me on 5 March 1986.

Michael S. Hayes, Examiner
Oil Conservation Division