

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:

Application of Tenneco Oil Company CASE
for an unorthodox gas well location, 8832
Lea County, New Mexico.

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:

W. Thomas Kellahin
Attorney at Law
KELLAHIN & KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501

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I N D E X

GARY FITZSIMMONS

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1

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MR. STOGNER: Call next Case

3

Number 8832.

4

5

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

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MR. STOGNER: Call for appear-
ances.

9

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MR. KELLAHIN: If the examiner
please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing
on behalf of the applicant and I have one witness to be
sworn.

13

14

MR. STOGNER: Are there any
other appearances?

15

16

Will the witness please stand
and be sworn?

17

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(Witness sworn.)

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MR. KELLAHIN: Mr. Examiner,
the Exhibit Number One is the notice to the offset
operators.

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Attached to the Exhibit One are
the return receipt cards indicating that Phillips Petroleum,
Sun Exploration, and Union Texas Petroleum each received

1 notice of this hearing. The notice was sent on January 27th
2 of '86.

3

4

GARY FITZSIMMONS,

5 being called as a witness and being duly sworn upon his
6 oath, testified as follows, to-wit:

7

8

DIRECT EXAMINATION

9

BY MR. KELLAHIN:

10

Q Mr. Fitzsimmons, for the record would you
11 please state your name and occupation?

12

A Gary Fitzsimmons. I'm an exploration
13 geologist.

14

Q Mr. Fitzsimmons, have you previously tes-
15 tified before the Division?

16

A No, I haven't.

17

Q Would you describe when and where you ob-
18 tained your degree?

19

A I got my BS in 1976 in San Diego State
20 University.

21

Q Subsequent to graduation, Mr. Fitzsim-
22 mons, have you been employed as a petroleum geologist?

23

A Yes, I have.

24

Q Would you describe your employment his-
25 tory for the examiner?

1 A Three and a half years with Tenneco.
2 Four and a half years with Credo Petroleum, and I've been
3 re-employed by Tenneco in the last year.

4 Q Mr. Fitzsimmons, have you made a study of
5 the geologic facts surrounding Tenneco's application for an
6 unorthodox gas well location as described in the applica-
7 tion?

8 A Yes, I have.

9 MR. KELLAHIN: Mr. Examiner, we
10 tender Mr. Fitzsimmons as an expert petroleum geologist.

11 MR. STOGNER: Mr. Fitzsimmons,
12 what did you receive your BS degree in?

13 A Geology.

14 MR. STOGNER: Mr. Fitzsimmons
15 is so qualified.

16 Q Let me direct your attention to Exhibit
17 Number Two and have you identify that exhibit for us.

18 A Okay. This is a map on the Wolfcamp
19 structure that has been seismically integrated.

20 Q Would you identify for the examiner the
21 location of the proposed well within Section 13?

22 A We want to locate it 660 feet from the
23 south line and 1980 feet from the west line.

24 Q What, in your opinion, Mr. Fitzsimmons,
25 are the principal or primary formations that may produce

1 from this well?

2 A Okay. This location is primarily tar-
3 geted for the Ranger Lake zone, which is a Pennsylvanian
4 zone that produced to the southwest of this prospect area.
5 There is some potential in the Devonian.

6 Q The Ranger Lake Pool is spaced on what
7 acreage spacing?

8 A 80 acres; it's an oil pool.

9 Q And insofar as that pool is concerned,
10 will the proposed location be a standard location?

11 A Yes, it will.

12 Q It is unorthodox, then, for the Devonian
13 gas zone only.

14 A Yes, it is.

15 Q What is the proposed spacing unit that
16 Tenneco would dedicate to the well if it's capable of pro-
17 ducing Devonian gas?

18 A It would be an upright.

19 Q Okay, the west half of the section?

20 A Yes, the west half.

21 Q What conclusions do you reach with re-
22 gards to the necessity of an unorthodox location for the De-
23 vonian, Mr. Fitzsimmons?

24 A Well, the primary generation of this
25 prospect, we were looking at the Pennsylvanian. I did not

1 consider the Devonian to be an objective that Tenneco would
2 consider viable.

3 Subsequent to selling this prospect to
4 somebody else, they proposed that we go to the Devonian.
5 Now they're paying the bill s e don't have too much prob-
6 lem with that.

7 Now as far as the evaluation of the
8 Devonian, I have here this Wolfcamp structure map. I use
9 this as a good indication of what we see throughout the
10 Pennsylvanian because we do see a strong conformity of
11 structure through depth, and when we get down into the
12 Devonian we run into more problems with -- with structural
13 interpretation. Primarily in this area we have a problem
14 with a lack of adequate sonic control where we can -- can
15 interpret our seismic to begin with, and secondly, we find
16 that the structure's in the Devonian are much smaller and a
17 much more difficult target to hit.

18 Because of that, we would want to drill
19 the optimum location both on the Pennsylvanian and the
20 Devonian. In the Pennsylvanian you can see that that loca-
21 tion is right at the height of our structure and as close as
22 we can get to the main producing horizons in the Ranger Lake
23 Field. We feel that if we move off that location we're sig-
24 nificant'y increasing our risk and concerning what's happen-
25 ing to oil prices presently, we may not be able to drill

1 that well.

2 When we get down to the Devonian, again
3 we want to have the best structure location possible and the
4 correspondence we see in the area between what we see in the
5 Pennsylvanian structure with the Devonian structure, we feel
6 that this is a good picture for the Devonian, as well.

7 Therefore, that is where we would want to
8 drill with the Devonian well. If we have to move off that
9 location, again, our risks significantly increase and the
10 well probably will not be drilled to the Devonian.

11 Q Was Exhibit Number Two prepared by you or
12 compiled under your direction and supervision, Mr. Fitzsim-
13 mons?

14 A It was prepared by me.

15 MR. KELLAHIN: That concludes
16 our examination of Mr. Fitzsimmons, Mr. Examiner.

17 We move the introduction of Exhibits One
18 and Two.

19 MR. STOGNER: Exhibits One and
20 Two will be admitted into evidence.

21

22 CROSS EXAMINATION

23 BY MR. STOGNER:

24 Q For clarification, Mr. Fitzsimmons, who is the
25 owner of the land due south of this acreage?

1 A We are, Tenneco Oil.

2 Q And how about to the east?

3 A Well, immediately offsetting to the east,
4 I'll have to be quite frank, I don't remember who owns that,
5 but we own the rest of this Section 13.

6 MR. KELLAHIN: Immediately to
7 the east in this Section 13 it's Phillips Petroleum Company,
8 Mr. Stogner.

9 MR. STOGNER: Do they have a
10 well producing or are they just owners of the --

11 A They're just owners of the acreage.

12 Q Pursuant to Rule 12072, was Phillips
13 notified?

14 MR. KELLAHIN: Yes, sir, they
15 were.

16 MR. STOGNER: And this Exhibit
17 One is a copy of a letter that was sent to them?

18 Oh, here it is. (Not clearly
19 understood.)

20 MR. KELLAHIN: Yes, sir.

21 MR. STOGNER: Okay. I'm sorry,
22 I overlooked it. I just saw (not clearly understood.)

23 The primary target, as I under-
24 stand it, is the Morrow?

25 A Well, it's Pennsylvanian Ranger Lake

1 Zone. It's Cisco in age; most people agree that it's Cisco
2 in age.

3 Q But you're going down deep enough to --
4 sufficient to test the Devonian, is that correct?

5 A That's what we propose due to the request
6 of the people who bought this prospect from us.

7 Q I see.

8 A That was not our original intention.

9 Q And you are within a mile of the West
10 Ranger Lake Devonian Gas Pool, is that correct?

11 A Yes, we are.

12 Q And that's developed on 320 acres.

13 A No, the Pennsylvanian is developed on 80
14 acres; the Devonian is 320 acres.

15 Q How does the Wolfcamp fit into this re-
16 quest today?

17 A Well, the Wolfcamp is the seismic marker
18 that we've used to do our interpretation. When you get down
19 into the Pennsylvanian, we have had difficulties in loop
20 correlating through, and so we've got as high as -- as close
21 to the marker as we could with a good -- as close a horizon
22 as we could with a good seismic marker, which in this case
23 happened to be the Wolfcamp, and we went ahead and did the
24 interpretation, the seismic integration interpretation off
25 of that.

1 Now I have done other interpretation
2 deeper, but it was strictly based on well control, but we
3 have seen a very close conformity.

4 MR. STOGNER: Okay. I have no
5 further questions of Mr. Fitzsimmons.

6 Is there any other questions of
7 this witness?

8 MR. KELLAHIN: If not, he may
9 be excused.

10 Anything further in Case Number
11 8832?

12 If not, this case will be taken
13 under advisement.

14

15 (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 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. 8832,
heard by me on 19 February 1986.

Michael E. Stogner, Examiner
Oil Conservation Division