

NEW MEXICO OIL CONSERVATION COMMISSION

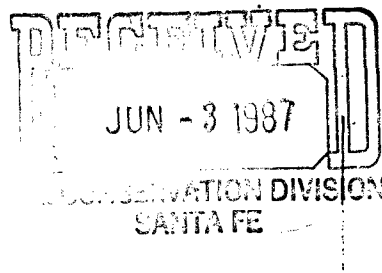
EXAMINER HEARING

SANTA FE, NEW MEXICO

M.S.

Hearing Date APRIL 8, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
HUGH INGRAM	Conoco	HOBBS
JOEL PORTER	Conoco	Hobbs
Bill Savage	Conoco	40665
merch Merchant	Baruch Foster (Unique)	"
AR Kandiolo	Curtis Little	Cuytee
W. T. Kellohim	Kelblan Kella aubay	Santa Fe
Paul Hahn	Pyram	Smiths 7e
DON WALKER	MERIDIAN OIL	FARMINGTON
ROB STANFIELD	MERIDIAN OIL	HOUSTON
Jim Bruce	Hinkle Law Firm	SF
David Fry	Phillips	Houston
George Broome	T. H. McElvain	Santa Fe
E. R. Manning	El Paso Natural	El Paso
Jack Caguan	Merich Inc.	all. NM
Steve Lane	Chaco oil	"



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
Santa Fe, New Mexico

8 April 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Long Trusts for an un- CASE
orthodox oil well location and non- 9115
standard oil proration unit, Roosevelt
County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

JUN - 3 1987

CONSERVATION
SANTA FE

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

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

For the Applicant:

James G. Bruce
Attorney at Law
HINKLE LAW FIRM
P. O. Box 2068
Santa Fe, New Mexico 87504

1

2

I N D E X

3

4

DAVID R. FOX

5

Direct Examination by Mr. Bruce

4

6

Cross Examination by Mr. Stogner

9

7

8

9

10

E X H I B I T S

11

12

Long Exhibit One, Land Plat

5

13

Long Exhibit One-A, C-102

6

14

Long Exhibit Two-A, Correspondence

6

15

Long Exhibit Two-B, Correspondence

6

16

Long Exhibit Three-A, Correspondence

6

17

Long Exhibit Three-B, Correspondence

6

18

Long Exhibit Four, Structure Map

7

19

Long Exhibit Five, Cross Section B-B'

7

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STOGNER: Call Case Number
9115.

MR. TAYLOR: The application of
Long Trusts for an unorthodox oil well location and nonstan-
dard oil proration unit, Roosevelt County, New Mexico.

MR. STOGNER: Call for appear-
ances.

MR. BRUCE: Mr. Examiner, my
name is Jim Bruce from the Hinkle Law Firm in Santa Fe, re-
presenting the applicant, and I have one witness to be
sworn.

MR. STOGNER: Are there any
other appearances in this matter?

Will the witness please stand
and be sworn?

(Witness sworn.)

DAVID R. FOX,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

1

2

DIRECT EXAMINATION

3

BY MR. BRUCE:

4

Q

Mr. Fox, would you please state your full name and your place of residence?

6

A

My name is David Rawlin Fox. I live at 1903 Hilton Head, Missouri City, Texas.

8

Q

And what is your occupation and who is your employer?

10

A

I'm a associate exploration geologist with Phillips Petroleum in Houston.

12

Q

What is the relationship between the applicant and Phillips Petroleum Company?

14

A

Long Trusts and Phillips Petroleum are drilling this well as a joint venture. Although Long Trusts is an operator of the well, under the joint veture agreement Phillips developed the geology on this prospect.

18

Q

Have you previously testified before the OCD?

20

A

No, I have not.

21

Q

Would you please give a brief summary of your educational and work background?

23

A

I graduated in 1980 from Texas A & M University with a BS degree in geology.

25

I've worked as an exploration geologist

1 with Phillips Petroleum for approximately seven years. The
2 last five years I've done exploration for Phillips in south-
3 east New Mexico and West Texas.

4 Q And are you familiar with Case 9115 and
5 the geological matters involved in this case?

6 A Yes, I am.

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

9 MR. STOGNER: He is.

10 Q Briefly, Mr. Fox, what is sought in this
11 application?

12 A Long Trusts seeks approval of an unorthodox
13 oil well location for its Lambirth B No. 3 Well, to be
14 drilled 900 feet from the north line and 1650 feet from the
15 east line of Section 3, Township 6 South, Range 33 East,
16 Roosevelt County, New Mexico.

17 The well is to be drilled in the South
18 Peterson Fusselman Pool. Lots 1 and 2 of Section 3 are to
19 be dedicated to the well and Long Trusts also requests ap-
20 proval of a nonstandard 93.90 acre oil spacing and proration
21 unit. The nonstandard unit is necessitated by a variation
22 in the U. S. government survey.

23 Q Would you please refer to Exhibit Number
24 One and describe its contents for the examiner?

25 A Exhibit Number One is a land plat showing

1 the proposed well location and the nonstandard spacing unit.

2 The offset operators are also noted and
3 they are BHP Petroleum Americas, Incorporated, colored in
4 blue; Curry County Oil Company in pink; Phillips Petroleum
5 Company in yellow.

6 There are unleased mineral interests to
7 the west and southwest. These are denoted by green.

8 Q Would you please now refer to Exhibit
9 Number One-A and describe it briefly?

10 A Exhibit Number One-A is the Form C-102
11 filed with the Division showing the well location. The well
12 is in Lot 2 of Section 3, and the field rules require a well
13 to be within 150 feet of the center of Lot 2.

14 The proposed well is located 180 feet
15 further east than the pool rules permit, thus any possible
16 adverse effect would be on the operators to the east who
17 have consented to the well.

18 Q Were the offset operators notified of the
19 unorthodox location request?

20 A Yes. Letters notifying BHP and Curry
21 County, and the return receipts are submitted as Exhibits
22 Two-A and Two-B.

23 BHP and Curry County have consented to
24 the unorthodox locations and their written consents to the
25 well location are submitted as Exhibits Three-A and Three-B.

1 Phillips is a joint venture with Long
2 Trusts in the drilling of this well and has no objections.

3 Q Would you please now refer to the geolo-
4 gical exhibits marked as Exhibits Four and Five and describe
5 the reason for seeking the unorthodox location?

6 A Exhibit Number Four is a structure map
7 contoured on the base of the lower porosity zone of the Fus-
8 selman formation. The scale of the map is one inch equals
9 1000 feet and the contour interval is 50 feet.

10 The proposed location is marked as such
11 in Section 3 of 6 South, Township 6 South, Range 33 East.

12 Exhibit Number Five is cross section B-
13 B', which runs from southwest to northeast as noted on the
14 structure map. The cross section is a structural cross sec-
15 tion hung on a datum of -3300 feet.

16 Beginning with B on the southwest end,
17 the first well of the cross section is the Energy Reserves
18 Miller 10 No. 1 in Section 10.

19 The next well is the Miller 10 No. 2 and
20 the final well to the northeast at B' is the Phillips Lam-
21 birth 2-B.

22 The reservoir which the proposed well
23 will be drilled for is the lower porosity zone in the Fus-
24 selman formation and is marked by the blue color on the
25 cross section.

1 This porosity zone is truncated by the
2 PrePennsylvanian unconformity up dip to the east. The un-
3 conformity is marked by a serrated line in the cross section
4 and is labeled as the PrePenn unconformity.

5 As you can see from the cross section,
6 moving up dip more and more of the porosity is eroded until
7 the entire porous section is truncated. This up dip trunca-
8 tion of the porosity is marked on the structure map by the
9 red dashed line and represents the up dip limit of the re-
10 servoir.

11 The reservoir is constrained down dip, or
12 to the west, by the oil-water contact, which is marked as
13 such on the structure map.

14 The proposed location was chosen because
15 it represents the location with the greatest amount of poro-
16 sity above the oil-water contact. A location further to the
17 east would provide less effective porosity for the reser-
18 voir. A location further to the west would put more of the
19 effective porosity below the oil-water contact. Therefore
20 the best location for the proposed well, according to the
21 information available to me at this time is 900 feet from
22 the north line and 1650 feet from the east line of Section
23 3.

24 Q Mr. Fox, in your opinion will the gran-
25 ting of this application be in the interest of conserva-

1 tion, the prevention of waste, and the protection of correl-
2 ative rights?

3 A Yes, it will.

4 Q Were Exhibits One through Five prepared
5 by you or obtained from the business records of the appli-
6 cant?

7 A Yes, they were.

8 MR. BRUCE: Mr. Examiner, at
9 this time I move the admission of Exhibits One through Five.

10 MR. STOGNER: Exhibits One
11 through Five will be admitted into evidence.

12 MR. BRUCE: I have no further
13 questions of this witness at this time.

14

15 CROSS EXAMINATION

16 BY MR. STOGNER:

17 Q Mr. Fox, Exhibit Number Four, could you
18 please tell me a little bit more about that old Phillips
19 well?

20 A The Phillips Lambirth 2-B was drilled, I
21 believe, in 1984. The well was drilled to a TD of
22 approximately 8000 feet. The Fusselman formation which was
23 the target reservoir for the well, most of the effective
24 porosity had been eroded; therefore a completion attempt was
25 considered un-commercial.

1 Q Did it plug back and test any other for-
2 matins up above the Fusselman?

3 A No, sir, it didn't.

4 Q Has this well been staked yet?

5 A Yes.

6 Q Your proposed well?

7 A Yes, it has.

8 Q Has it started drilling yet?

9 A No, sir, it has not.

10 Q Do you all have any other wells located
11 up in this area?

12 A Not at the present time, no. We do have
13 -- we do have some production in this unit, the South Peter-
14 son Field. We do not have any current wells proposed.

15 Q You mentioned you've got a letter here
16 from Curry County Oil Company. Where do they have interest
17 at again?

18 A Their interest is marked --

19 Q Oh, in pink.

20 A -- in pink, yes, sir.

21 Q Okay.

22 MR. STOGNER: I have no further
23 questions of this witness.

24 Are there any other questions
25 of Mr. Fox?

1 If not, he may be excused.

2 Mr. Bruce, do you have anything
3 further in this case?

4 MR. BRUCE: No, Mr. Examiner.

5 MR. STOGNER: Does anybody
6 else have anything further in Case Number 9115?

7 If not, this case will be taken
8 under advisement.

9

10 (Hearing concluded.)

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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 this 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. 9115,
heard by me on 8/24/87 1987.
Michael J. Henry Examiner
Oil Conservation Division