

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

6 January 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Nearburg Producing CASE
Company for compulsory pooling and 9283
unorthodox gas well location, Eddy
County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

For the Applicant:

William F. Carr
Attorney at Law
CAMPBELL & BLACK P.A.
P. O. Box 2208
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I N D E X

MARK NEARBURG

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1
2 MR. STOGNER: We'll call next
3 Case 9283, which is the application of the Nearburg
4 Producing Company for compulsory pooling and an unorthodox
5 gas well location, Eddy County, New Mexico.

6 We'll call for appearances.

7 MR. CARR: May it please the
8 Examiner, my name is William F. Carr with the law firm
9 Campbell & Black in Santa Fe. We represent Nearburg
10 Producing Company and have one witness.

11 Initially we would request that
12 the portion of this case which relates to compulsory pooling
13 be dismissed. All interest owners named in the application
14 have voluntarily committed their interest to the well.

15 MR. STOGNER: Thank you, Mr.
16 Carr.

17 Are there any other appearances
18 in this case?

19 There being none, will the
20 witness please stand?

21
22 (Witness sworn.)

23
24 Mr. Carr?
25

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name for the record?

A Mark Nearburg.

Q Mr. Nearburg, where do you reside?

A Dallas, Texas.

Q By whom are you employed?

A Nearburg Producing Company.

Q And in what capacity?

A Vice President, Land Manager.

Q Have you previously testified before this Division and had your credentials as a landman accepted and made a matter of record?

A Yes.

Q Are you familiar with the application filed in this case?

A Yes.

Q Are you familiar with the subject lands?

A Yes.

MR. CARR: Are the witness' qualifications acceptable?

MR. STOGNER: Mr. Nearburg's qualifications are acceptable.

1 Q Mr. Nearburg, would you briefly state
2 what you seek with this application?

3 A Due to topographic conditions we seek an
4 unorthodox Morrow gas well location 1755 from the north line
5 and 660 from the east line of Section 15, Township 20 South,
6 25 East.

7 Q Would you refer to what's been marked for
8 identification as Nearburg Exhibit Number One, identify
9 this, and review it for the Examiner?

10 A This is a land map that shows the pro-
11 posed location on an east half unit highlighted in yellow.

12 Q Would you review the offsetting owner-
13 ship?

14 A J. M. Huber offsets in the northwest
15 quarter. Nearburg owns all the other offsets on the north-
16 ern part of the unit.

17 Q Will you now refer to Exhibit Number Two
18 and identify this?

19 A Exhibit Number Two is a plat prepare by
20 John West Engineers from Hobbs. It shows the well location
21 up in the northeast quarter and then the southwest quarter
22 of the plat is a detail showing a paved road that necessi-
23 tated moving the location to the north.

24 Q And is the proximity to this road the on-
25 ly reason for the unorthodox location?

1 A Yes. If the well was at the standard lo-
2 cation 1980 from the north line the well location would be
3 12 feet from the south edge of the road, so the road would
4 run through the location.

5 Q Have you given notice of this application
6 and sought waivers from the offsetting owners?

7 A Yes, we've sought waivers from Tierra Oil
8 Company, J. M. Huber Corporation, and Exxon Company USA, all
9 of which have been received in writing with the exception of
10 Exxon and theirs is in the mail.

11 Q Are there any other offsetting owners?

12 A No.

13 Q Would you identify what has been marked
14 as Exhibit Number Four, please?

15 A Exhibit Number Four is an affidavit from
16 Marte Lightstone with the firm of Campbell & Black with at-
17 tachments of the certified notices to Tierra, Exxon, and Hu-
18 ber.

19 Q Does this provide notice as required by
20 Division Rule 1207?

21 A Yes.

22 Q When do you plan to spud the well?

23 A January 15th.

24 Q And if you do not spud the well by that
25 date do you face any particular problem?

1 A Yes. We face the loss of certain leases
2 under the proration unit.

3 Q Do you therefore request that this appli-
4 cation be expedited?

5 A Yes.

6 Q Were Exhibits One through Four prepared
7 by you or compiled under your direction and supervision?

8 A Yes.

9 MR. CARR: At this time, Mr.
10 Stogner, we would move the admission of Nearburg Exhibits
11 One through Four.

12 MR. STOGNER: Exhibits One
13 through Four will be admitted into evidence.

14 MR. CARR: And that concludes
15 my direct examination of Mr. Nearburg.

16
17 CROSS EXAMINATION

18 BY MR. STOGNER:

19 Q Mr. Nearburg, in the application, this
20 was originally for compulsory pooling from the surface down
21 through the base of the Mississippian formation, now, the
22 page two of your first -- I'm sorry, no, Exhibit Number Two
23 is the C-102 and you've put down there Cemetery Morrow. Are
24 you just seeking an unorthodox location in the Cemetery Mor-
25 row or do you also seek unorthodox location for any pools or

1 formations spaced on 300 -- spaced on 320 acres?

2 A Any pool. We have the Anderson Well in
3 the north half of Section 10 and since this proration unit
4 was within a mile of that we use the Cemetery Morrow Pool on
5 the application.

6 You have a good point, though, if we end
7 up geologically with another pool, we should leave it open
8 for that.

9 Q Okay, let's refer to Exhibit Number Four.
10 This is your notification. Did this notification also in-
11 clude the fact that you were compulsory pooling?

12 A Yes.

13 Q These offset parties?

14 MR. CARR: Yes, it did.

15 A These parties were not being compulsory
16 pooled. These are the operators.

17 Q The offset operators.

18 A Of offset acreage, so they -- it was not
19 necessary to pool them.

20 Q Okay. I'm still kind of confused on it.
21 Exhibit Number Four, that was the whole packet of things
22 sent to the offset operators?

23 A Oh, I see what you're saying. The refer-
24 ence in there references compulsory pooling and unorthodox
25 location.

1 MR. CARR: Mr. Stogner, we sent
2 notice letters to everyone that was being compulsory pooled.
3 We also sent the attached letters with attached return re-
4 ceipts to those that were being -- that were involved in the
5 unorthodox location hearing.

6 The affidavit from Ms. Light-
7 stone just covers both.

8 MR. STOGNER: All right. What
9 I was trying to get at was the --

10 MR. CARR: We were not certain
11 that we were going to abandon a compulsory pooling applica-
12 tion until yesterday.

13 MR. STOGNER: I guess what I
14 was concerned about was the notification to the offset oper-
15 ators, was it made clear to them that it was for all forma-
16 tions spaced on 320 acres and not just the Morrow.

17 MR. CARR: The letter to the
18 offset owner talks about force pooling all mineral interests
19 from the surface to the base of the Mississippian and then
20 it says it would be dedicated to its Anderson Well at an un-
21 orthodox location, so I would -- I would contend that that
22 addresses all formations from the surface to the base of the
23 Mississippian and identifies the location by footage.

24 MR. STOGNER: And those were
25 those letters dated December 16th.

1 MR. CARR: Yes, sir.

2 MR. STOGNER: Okay. What's the
3 nearest producing well that has -- or producing gas well
4 that has 320 acres dedicated to it, Mr. Nearburg? When I'm
5 looking at Exhibit Number One the closest one I see is over
6 in Section 16 back to the west. Is there another one I'm
7 not aware about or missing?

8 A Either that or the well on the north half
9 of Section 10.

10 Q And do you know what formations those are
11 --

12 A The one in 10 is a Morrow well that Near-
13 burg operates. I'm not certain that the well in 16 has been
14 plugged back. I don't know its status.

15 Q Okay. Now, there is some plugged and
16 abandoned wells, it appears, in Section 14, 11, 22 --

17 A Yes.

18 Q -- and 21. Were those oil tests or gas
19 tests or did they have any gas production?

20 A The well in Section 11 was drilled by
21 Amoco in 1979. It was a marginal Morrow producer and was
22 plugged back to the Glorieta Yeso; has since been plugged
23 and abandoned for several years.

24 The well in Section 14, the dry hole in
25 the northwest quarter was only drilled to 3-or-400 feet and

1 abandoned.

2 The Gulf well in the southwest quarter
3 was a San Andres discovery in 1976 and has since been plug-
4 ged in the early 1980's.

5 MR. STOGNER: Okay. I have no
6 further questions of this witness.

7 Are there any other questions
8 of Mr. Nearburg?

9 MR. CARR: Nothing further.

10 MR. STOGNER: There being none
11 he may be excused.

12 Mr. Carr, do you have anything
13 further in Case Number 9283?

14 MR. CARR: Nothing further in
15 this case, Mr. Stogner.

16 MR. STOGNER: Does anybody else
17 have anything further in this case?

18 There appearing none, this case
19 will be taken under advisement.

20

21 (Hearing concluded.)

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 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. 9283,
heard by me on 6 January 1988.

Michael E. Stogner, Examiner
Oil Conservation Division