

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date AUGUST 17, 1988 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Karen Aubrey	Kellahan Kellahan + Aubrey	Santa Fe
J.R. CARTER, JR.	Union Pacific Resources Co.	HOUSTON, TX
Gerald Drake, JR.	Union Pacific Resources Co.	Houston, TX.
Deborah Hawthorne	Union Pacific Resources Co.	Houston, TX
Chad Dickerson	Dickerson, Fisk & Vondra	ARTESIA
Carol L. Page	TXO Production Corp.	Midland, TX
Paul Hahn	Brynam	Santa Fe
Emil Z. Conell	Lower Basin Water Task Force	Artesia
W. Kay and Lamb	consultant	Artesia
James Bruce	Hinkle Law Firm	S.F.
W. K. Kell	Kell & Kell Attorneys	S.F.
Mark Nearberg	Nearberg Prod. Co.	Dallas
LOUIS MAZZULLO	Nearberg Prod. Co.	"
Thomas Dunbar	Nearberg Prod. Co.	Dallas
William J. Morris	BHP Petroleum Company Inc.	Midland, TX
Randall L. Davis	BHP Petroleum Company Inc.	Midland, TX

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NAME	REPRESENTING	LOCATION
Bill Duncan	Exxon Corp	Midland, TX
Gary Gould	Exxon Corp	Midland, TX
Robert C. Hsreen, Jr	Exxon Corp	Midland, TX
Yoll Hall	Campbell Black	ST
Laurence Sobaney	Exxon Corp	Midland TX

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

17 August 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of TXO Production Corpor- CASE
ation for an unorthodox bottomhole 9454
oil well Location, Lea County, New
Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Robert G. Stovall
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant: Chad Dickerson
Attorney at Law
DICKERSON, FISK & VANDIVER
Seventh & Mahone/Suite E
Artesia, New Mexico 88210

I N D E X

CAROL MORGAN SLEDGE

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E X H I B I T S

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TXO Exhibit Two, Agreement 6

TXO Exhibit Three, Completion Data 7

TXO Exhibit Four, Affidavit of Mailing 8

1 MR. CATANACH: Call Case 9454.

2 MR. STOVALL: Application of
3 TXO Production Corporation for an unorthodox bottom hole
4 oil well location, Lea County, New Mexico.

5 MR. CATANACH: Are there ap-
6 pearances in this case?

7 MR. DICKERSON: Mr. Catanach,
8 I'm Chad Dickerson of Artesia, New Mexico, on behalf of TXO
9 Production Corp. I have one witness.

10 MR. CATANACH: Are there any
11 other appearances?

12 Will the witness please stand
13 to be sworn in?

14
15 (Witness sworn.)

16
17 CAROL MORGAN SLEDGE,
18 being called as a witness and being duly sworn upon her
19 oath, testified as follows, to-wit:

20
21 DIRECT EXAMINATION

22 BY MR. CATANACH:

23 Q Ms. Sledge, will you state your name,
24 your occupation, and by whom you're employed?

25 A My name is Carol Sledge. I'm a landman

1 with TXO Production Corp. in Midland, Texas.

2 Q And you have previously testified before
3 this Division as a petroleum landman and your credentials
4 are a matter of record, are they not?

5 A Yes.

6 Q And are you familiar with the applica-
7 tion filed by TXO in Case 9454?

8 A Yes, I am.

9 MR. DICKERSON: Is the witness
10 qualified, Mr. Catanach?

11 MR. CATANACH: She is.

12 Q Will you summarize briefly, Ms. Sledge,
13 the purpose of TXO's application in this case?

14 A We are seeking to -- for an unorthodox
15 bottom hole location on our Penron-Byers No. 1 Well, loca-
16 ted in the south half southeast quarter of Section 3.
17 That's in Township 17 South, Range 37 East.

18 The well is located at 1013 feet from
19 the south and 688 feet from the east.

20 Q Excuse me, that's the actual bottom hole
21 location?

22 A That's the actual bottom hole location.

23 Q And what is the surface location?

24 A The surface location is a legal location
25 at 610 feet -- let me look here, it's 810 feet from the

1 south and 666 -- 660 feet from the east.

2 Q And what is the spacing rules in that
3 area?

4 A The spacing rules are 80 acres for the
5 Shipp-Strawn and 80 acres for the Humble City Atoka.

6 Q And your well has already been drilled,
7 you said

8 A Yes, it has.

9 Q And in what zone is it completed.

10 A It's completed in the Strawn.

11 Q And any other zones hereafter completed
12 in that well will be on statewide 40-acre spacing?

13 A Yes, sir.

14 Q Okay. What are the location, well loca-
15 tion requirements under the special pool rules in the
16 Strawn and Atoka formations?

17 A 150 feet from a governmental quarter
18 quarter section and this is an orthodox surface location
19 and an unorthodox bottom hole location.

20 Q So your surface location 810 feet from
21 the south line and 660 feet from the east line is a legal
22 location under the Shipp-Strawn and Humble City Atoka Pool
23 rules.

24 The bottom hole location is what is un-
25 orthodox that we're seeking to have approved here.

1 A Yes.

2 Q Okay. Identify what we have submitted
3 as Exhibit Number One, Ms. Sledge, and tell Mr. Catanach
4 what that map shows.

5 A Exhibit Number one is the actual acreage
6 proration unit for the Penron-Byers No. 1, the land plat.

7 Q And with your given bottom hole actual
8 location, you are then too close to the northern spacing
9 unit boundary, is that right?

10 A Yes.

11 Q And Pennzoil is shown to be the operator
12 of that acreage?

13 A Yes.

14 Q Refer to what we have submitted as Exhi-
15 bit Number Two and summarize that for Mr. Catanach.

16 A Exhibit Two is the farmout agreement be-
17 tween Pennzoil and Chevron (not clearly understood). If
18 you'll note on page 2 and the top of page 3, they have the
19 language in there saying that we cannot bottom hole any
20 place within 250 feet off the lease line.

21 Q And for the purposes of carrying out
22 your agreement with Pennzoil, TXO was also required to --

23 A To run directional surveys.

24 Q From top to bottom in this wellbore?

25 Identify what we have submitted as Exhi-

1 bit Number Three, Ms. Sledge, and tell Mr. Catanach what we
2 have compiled in that exhibit.

3 A Exhibit Three is all the completion
4 papers filed with the OCD, as well as the, let's see, we've
5 got a request for authorization to transport oil for our
6 allowable and --

7 Q Excuse me just a second. When was this
8 well spudded?

9 A On May 7th.

10 Q And TD was reached on what date?

11 A July 9th.

12 Q And your well completion report shows
13 that it is completed in the Strawn formation at the present
14 time?

15 A Yes, it is.

16 Q What was the potential test, production
17 test, on this well?

18 A 447 barrels of oil and 360 MCF gas.

19 Q And is the well producing at this time?

20 A Yes, it is.

21 Q The last instrument in -- that forms
22 part of Exhibit Number Three, Ms. Sledge, is a directional
23 survey. This was the survey required by your farmout
24 agreement with Pennzoil?

25 A Yes, it is. This is a directional survey

1 and on the back page, if you'll look under the section en-
2 titled Rectangular Coordinates, that will show you how far
3 off your surface locations you are. You're 203.4 feet from
4 the north, which would give you the 1013 feet from the
5 south line, and 28.15 feet west, which would add 28.15 to
6 your 660 making it 688.15 from the east to your bottom
7 hole.

8 Q And was this directional survey fur-
9 nished to the Hobbs office of the Division?

10 A Yes. We filed it with all our papers.

11 Q Okay, Ms. Sledge, identify what we have
12 submitted as TXO Exhibit Number Four.

13 A Exhibit Four is the Affidavit of Mailing
14 that we sent to Pennzoil in this case.

15 Q And as far as you've heard from Pennzoil
16 they have no objection --

17 A No.

18 Q -- to the location approval requested?

19 Ms. Sledge, were Exhibits One, Two,
20 Three and Four compiled by you or under your direction and
21 supervision?

22 A Yes.

23 MR. DICKERSON: Mr. Catanach,
24 move admission of TXO Exhibits One through Four.

25 MR. CATANACH: Exhibits One

1 through Four will be admitted as evidence.

2 Q Ms. Sledge, in your opinion will the
3 granting of this application be in the interest of conser-
4 vation, the prevention of waste, and the protection of cor-
5 relative rights?

6 A Yes.

7 MR. DICKERSON: I have no fur-
8 ther questions of this witness, Mr. Catanach.

9
10 CROSS EXAMINATION

11 BY MR. CATANACH:

12 Q Ms. Sledge, was the -- was the well in-
13 tententionally deviated?

14 A No, sir. The way it was drilled up
15 there, the well deviates itself, as I'm told by our Engi-
16 eering Department, to the north, anyway. Pennzoil contem-
17 plated that in the drilling of their well to the north and
18 that's when they put the 250-foot rule in there, in the
19 farmout agreement.

20 Q Do you know what pool the Hobbs office
21 has put you in? The Shipp Strawn?

22 A The Shipp Strawn.

23 MR. CATANACH: I have no fur-
24 ther questions of the witness. She may be excused.

25 Is there anything further in

1 this case?

2 MR. DICKERSON: Nope.

3 MR. CATANACH: If not, Case
4 9454 will be taken under advisement.

5

6 (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. 7454,
heard by me on August 17 19 81,
David R. Ceterach, Examiner
Oil Conservation Division