

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 5 September 1984

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Marbob Energy Cor-
10 poration for two unorthodox loca-
11 tions, Eddy County, New Mexico.

CASE
8325

12 BEFORE: Gilbert P. Quintana, Examiner

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14 TRANSCRIPT OF HEARING

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16 A P P E A R A N C E S

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19 For the Oil Conservation
20 Division:

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Energy and Minerals Dept.
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22 For the Applicant:

Kevin J. Bliss
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Marbob Energy Corp.
P. O. Drawer 217
Artesia, New Mexico 88210

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I N D E X

JOHN R. GRAY

Direct Examination by Mr. Bliss 3

Cross Examination by Mr. Quintana 8

E X H I B I T S

Marbob Exhibit One, C-102 5

Marbob Exhibit Two, C-102 5

Marbob Exhibit Three, C-101 5

Marbob Exhibit Four, C-101 5

Marbob Exhibit Five, Plat 6

Marbob Exhibit Six, Plat 7

Marbob Exhibit Seven, Letter 7

Marbob Exhibit Eight, Letter 7

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MR. QUINTANA: The hearing will
come to order.

We'll call next Case 8325.

MR. ROYBAL: Case 8325, appli-
cation of Marbob Energy Corporation for two unorthodox loca-
tions, Eddy County, New Mexico.

MR. BLISS: May it please the
Examiner, my name is Kevin Bliss, in-house attorney for the
applicant and I am appearing on behalf of applicant.

I have one witness who needs to
be sworn in.

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

Will the witness please stand
and be sworn in?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. BLISS:

Q Will you state your full name and place
of residence?

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A My name is John R. Gray, Artesia, New Mexico.

Q Mr. Gray, by whom are you employed and in what position?

A I'm the President of Marbob Energy Corporation.

Q And have you ever testified before the Oil Commission and had your credentials accepted and made a matter of record?

A I have.

Q And are you familiar with the application of Marbob Energy Corporation in this case?

A I am.

Q And with the proposed M. Dodd A No. 31 and M. Dodd No. 34 Wells?

A I am.

MR. BLISS: Are the witness' qualifications acceptable?

MR. QUINTANA: The witness is considered competent and qualified petroleum man.

Q Mr. Gray, what does Marbob Energy Corporation seek with the application in this case?

A We seek two unorthodox locations.

Q And they are the wells --

A Yes, the M. Dodd A 31 and the M. Dodd A 34.

Q Will you please refer to what has been

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marked as Marbob Exhibit Number One and identify -- and Two, and identify them both?

A Exhibit Number One is our C-102 of the proposed location.

Q For which well?

A For the M. Dodd A 31.

Q And Exhibit Number Two?

A Is the draft of a C-102 for our M. Dodd A No. 34.

Q Referring to Exhibit Number One, what the footage description for that M. Dodd A 31?

A That's 1350 from the north and 330 from the east of 27, 17, 29.

Q What Section again?

A 22, 17, 29.

Q Okay, and referring to Exhibit Number Two, what is the footage description for the M. Dodd A No. 34?

A M. Dodd A No. 34 is 100 foot from the north, 330 from the east of 22, 17, 29.

Q Okay, will you now please refer to Exhibit -- Marbob Exhibits Three and Four and identify them?

A Exhibit Four -- or Three is our C-101 of our application to drill.

Q And for which well?

A For the M. Dodd A 31.

Q And Exhibit Number Four?

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A Exhibit Number Four is our application to drill the M. Dodd A No. 34.

Q In what pool do you propose to drill both wells?

A In the Grayburg-Jackson-Seven Rivers, Queen-Grayburg-Jackson-San Andres Pool.

Q Will you please refer to what has been marked for identification as Marbob Exhibit Five identify it and explain what it is?

A This is Marbob's plat of existing wells and proposed wells.

Q And could you explain why these particular locations were chosen for the M. Dodd A 31 and the M. Dodd A No. 34?

A You'll note that at the M. Dodd A No. 31, this location would have possibly been orthodox other than the fact that where the location laid it would have cost \$60,000 to do the archaeology on the location. We also felt like it was too close to the other well out there where we wanted to drill. We're drilling quite a lot of these unorthodox locations due to the old wells that are in the field and the way we treat and stimulate we have to have the distance.

The M. Dodd A No. 34 on the same plat, we moved out in order to get away from the No. 10 Well, which was originally produced out of the same zones that we are going to produce out of.

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Q Will you now refer to Marbob Exhibit Number Six and identify this for the Examiner?

A Marbob -- this is a plat of the offset operators that have wells producing out of the San Andres formation.

Q And how was this information obtained?

A It was obtained through the Eddy County records.

Q Okay. Now will you refer to Marbob Exhibits Numbers Seven and Eight and identify them?

A These are certified letters of notification to the offset operators.

Q Mr. Gray, in your opinion will granting this application as to both the M. Dodd A locations No. 31 and 34 be in the best interest of conservation and the prevention of waste?

A It will.

Q And in your opinion would approval of this application protect correlative rights?

A It will.

Q And were Exhibits One through Eight either prepared by you or prepared by others your direct supervision and can you testify as to their accuracy?

A They are and I can.

MR. BLISS: At this time I would like to offer Marbob Exhibits One through Eight.

MR. QUINTANA: Marbob Exhibits

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One through Eight will be so admitted.

MR. BLISS: And I have no further questions.

MR. QUINTANA: Are there questions of the witness?

CROSS EXAMINATION

BY MR. QUINTANA:

Q Would you reiterate again to me the reasons for placing these wells at the unorthodox locations? You said one reason was you hadn't spent \$6,000 for an archeological test -- archeological study of the area?

A Right.

Q What was the other reason?

A The other reason is, if you'll go back to Exhibit Number Five, note the No. 10 Well in the center of the 40 was produced out of that same horizon that we're working with.

If we go 330/330 out of the corner we're going to be bumping right up again 400 foot of that old existing well, and we're moving out for distance.

We stimulate these wells with something in the neighborhood of, oh, anywhere from 6-to-8000 barrels of fluid.

Q And you feel a possibility that stimulation build-up might affect your Well No. 10?

A Right.

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Q Would that asme reason apply to No. -- M.
Dodd A No. 31?

A It does.

MR. QUINTANA: Any further
questions of the witness? The witness may be excused.

Case Number 8325 will be taken
under advisement.

(Hearing concluded.)

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 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 correct and true copy of the transcript of the hearing held on SEPT. 5 1984 at 8325.
Albert P. Quintana, Examiner
Oil Conservation Division

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