

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

6 18 November 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Conoco, Inc., to CASE  
10 amend Division order No. R-6141, 9263  
11 Lea County, New Mexico.

12 BEFORE: David R. Catanach, Examiner  
13  
14  
15

16 TRANSCRIPT OF HEARING  
17

18 A P P E A R A N C E S  
19

20 For the Division: Jeff Taylor  
21 Attorney at Law  
22 Legal Counsel to the Division  
23 State Land Office Bldg.  
24 Santa Fe, New Mexico 87501

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## I N D E X

HUGH INGRAM

Direct Examination by Mr. Kellahin	4
Cross Examination by Mr. Catanach	11

## E X H I B I T S

Conoco Exhibit One, Plat	5
Conoco Exhibit Two, Wellbore Diagram	8
Conoco Exhibit Three, Waiver	9
Conoco Exhibit Four, Waiver	9
Conoco Exhibit Five, Waiver	9
Conoco Exhibit Six, Return Receipts	10
Conoco Exhibit Seven, APD	10

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MR. CATANACH: Call next Case  
9263.

MR. TAYLOR: The application  
of Conoco, Incorporated, to amend Division Order No. R-6141,  
Lea County, New Mexico.

MR. CATANACH: Are there  
appearances in this case?

MR. KELLAHIN: If the Examiner  
please, I'm Tom Kellahin from the Santa Fe law firm of  
Kellahin, Kellahin & Aubrey. I'm appearing on behalf of the  
applicant and I have one witness to be sworn.

MR. CATANACH: Are there any  
other appearances in this case?

Will the witness please stand  
and be sworn in?

(Witness sworn.)

MR. KELLAHIN: Mr. Examiner, we  
have submitted to you Conoco Exhibits One through Seven.

In addition, I have given you a  
copy of the existing Order R-6141 for which Conoco seeks to  
make the amendments.

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HUGH INGRAM,

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q For the record, Mr. Ingram, would you  
please state your name?

A My name is Hugh Ingram.

Q And what is your occupation, sir?

A Conservation Coordinator for Conoco in  
Hobbs Division.

Q Mr. Ingram, have you previously testified  
before the Oil Conservation Division as an expert petroleum  
landman?

A Yes, I have.

Q And have you made a study of the facts  
surrounding this particular application by Conoco?

A Yes, I have.

Q And are Exhibits One through Seven exhi-  
bits that were prepared or compiled under your supervision  
and direction?

A Yes.

Q And contain either work that you have

1 caused to be performed or copies of documents from public  
2 record files or files of the Hobbs office of Conoco, Inc.?

3 A That's correct.

4 MR. KELLAHIN: We tender Mr.  
5 Ingram as an expert petroleum landman.

6 MR. CATANACH: He is so quali-  
7 fied.

8 Q Mr. Ingram, if you'll turn to Exhibit  
9 Number One and refresh the Examiner's memory on what speci-  
10 fically Conoco seeks to accomplish with this application.

11 A In this application Conoco seeks author-  
12 ity to drill its Meyer A-1 Well No. 19 at an unorthodox lo-  
13 cation and also simultaneous dedication of two gas wells in  
14 the Eumont-Yates-Seven Rivers-Queen Gas Pool to a 440-acre  
15 nonstandard proration unit.

16 Q Let me direct your attention to Exhibit  
17 Number One and have you take a few minutes and orient the  
18 Examiner as to the information on that display, identifying  
19 the wells that are the subject of this application.

20 A Exhibit Number One is a map showing out-  
21 lined in green the Meyer A-1 Lease, and outlined in red is  
22 the 440-acre proration unit that is subject of this applica-  
23 tion.

24 This is an existing proration unit and  
25 was approved by Order R-6141 dated October 12, 1979, for the

1 Meyer A-1 Wells No. 6, 11, and 14, and simultaneous dedica-  
2 tion were provided by this order.

3 Q When we look for Well 6 we see Well 6 in  
4 the northwest quarter of -- of the northeast quarter of 18,  
5 there's 6.

6 14 is down in the south -- I'm sorry, the  
7 northwest of the southeast?

8 A That's correct.

9 Q All right, and then Well No. 11 is the  
10 well indicated with the arrow to the far right?

11 A In Section 17, that's right.

12 Q Okay. What is identified by the second  
13 arrow, and I believe that's Well No. 19, is it?

14 A That's Well No. 19, the well of this ap-  
15 plication. That's the well that we propose to drill to the  
16 Eumont Gas Pool.

17 Q All right.

18 A The advertisement for this case named  
19 Well No. 6 as being a well that will share this proration  
20 unit; however, this well, as well as Well No. 14, have now  
21 been dedicated to the Eunice-Monument South Unit and are no  
22 longer completed in the Eumont Gas Pool.

23 The Meyer A-1 Well No. 11 in Section 17,  
24 to which the red arrow points, is still a Eumont gas well  
25 and will share the 440-acre proration unit with the proposed

1 Meyer A-1 Well No. 19. These two wells are indicated by the  
2 red arrows and are the only wells that will share the prora-  
3 tion unit at this time.

4 Q So we need to modify the original order  
5 to substitute in that -- the fact that we're simultaneously  
6 dedicating 19 and 11 and then to approve 19 at an unorthodox  
7 location.

8 A That's correct.

9 Q Explain to the Examiner the reason the  
10 40-acre tract surrounding Well No. 7 is deleted or omitted  
11 from the proration unit.

12 A Well No. 7 is a Eumont oil well and it  
13 will remain as a Eumont oil well at least for the time being  
14 and that's the reason that we have omitted that 40-acre  
15 tract, because it will be dedicated to that well as an oil  
16 well.

17 Q Let me direct your attention now to Well  
18 19 and the reason it is at an unorthodox location. What is  
19 the footage location for that well?

20 A Well No. 19 is located 1980 feet from the  
21 north line, 890 feet from the east line of Section 18, Town-  
22 ship 21 South, Range 36 East, Lea County, New Mexico.

23 Q Is it necessary, Mr. Ingram, to drill  
24 this well at an unorthodox location?

25 A Yes. Any location within the proration

1 unit would have to be unorthodox because of the configura-  
2 tion of the proration unit and because the statewide rules  
3 would require that any well within that unit would be lo-  
4 cated 1980/1980 feet from the outer boundaries of the prora-  
5 tion unit, and there's not a location like that available.

6 Q For the Eumont Gas Pool what are the well  
7 location and spacing unit requirements?

8 A The Eumont Gas Pool is based on 640-acre  
9 spacing and a standard location for a well on 640 acres  
10 would be 1980/1980 from the outer boundary.

11 Q Are there nonstandard proration units in  
12 the Eumont Gas Pool?

13 A Yes. I was looking through the prorated  
14 -- the proration schedule for the Eumont Gas Pool just re-  
15 cently and of about 350 proration units in that pool I've  
16 counted three that are standard in size.

17 Q So for Well 19 there is no location with-  
18 in that configuration of unit for which you would have a  
19 standard location.

20 A That's correct.

21 Q All right. Let's turn to Exhibit Number  
22 Two and have you describe what that shows.

23 A Exhibit Number Two is a wellbore diagram  
24 showing how we would propose to complete the Well No. 19.  
25 it just shows the surface casing that would be cemented to

1 the surface and also the production string would be cemented  
2 to the surface.

3 The perforations, of course, will be cho-  
4 sen after logging the well, but we have shown the estimated  
5 gross interval here to be from about 3000 feet to about 3400  
6 feet, and one of the purposes, also, for this exhibit is to  
7 show that the tubing will be set within, well within, 250  
8 feet of the top perforation, which is required by State re-  
9 gulation.

10 Q Okay. Would you identify and describe  
11 for us Exhibit Number Three?

12 A Exhibit Number Three is a copy of a let-  
13 ter ballot that we had sent to offset operator, in this case  
14 ARCO. They have signed that letter ballot waiving any ob-  
15 jection to this location.

16 Q Exhibit Number Four?

17 A Exhibit Number Four is a letter sent to  
18 Chevron asking for their waiver and as you can see, it has  
19 been approved by Chevron.

20 Q Exhibit Number Five?

21 A Exhibit Number Five is the same letter  
22 that was sent to Texaco as an offset operator and it was al-  
23 so approved.

24 Q Are there any other offset operators from  
25 whom you have not yet received signed waivers?

1           A           Yes. Shell is an offset operator. They  
2 have acreage in Section 17, being the east half of the  
3 southeast quarter. We have not yet received Shell's signed  
4 letter ballot; however, I called them on Monday of this week  
5 and was informed that they have signed the waiver letter and  
6 it is in the mail and probably in our office by now.

7           Q           Exhibit Six represents a copy of the re-  
8 turn receipt slip showing that you've mailed it November  
9 9th?

10          A           That's right.

11          Q           And Exhibit Number Seven?

12          A           Exhibit Number Seven is a copy of an ap-  
13 plication for permit to drill that has been approved by the  
14 BLM, this well being located on Federal acreage.

15          Q           What's the reason for drilling this well  
16 at this time, Mr. Ingram?

17          A           We think that there are reserves remain-  
18 ing in Section 18 in the Eumont Gas Pool that can be re-  
19 covered by the drilling of this well and Wells No. 6 and 14,  
20 as I mentioned, have been dedicated to the south -- the Eun-  
21 ice-Monument South Unit, operated by Chevron, which is a  
22 Grayburg-San Andres unit.

23                           MR. KELLAHIN: That concludes  
24 my direct examination of Mr. Ingram.

25                           We would move the introduction

1 of Conoco Exhibits One through Seven.

2 MR. CATANACH: Conoco Exhibits  
3 One through Seven will be admitted as evidence.

4

5 CROSS EXAMINATION

6 BY MR. CATANACH:

7 Q Mr. Ingram, the No. 14 and the No. 6  
8 Wells, were those recently recompleted or donated to the  
9 Eunice-Monument South Unit?

10 A Yes. They were -- they were dedicated to  
11 the unit upon unit -- approval of the unit but they have  
12 just recently been deepened to the Grayburg-San Andres and  
13 they will become unit wells.

14 Q Had they been producing up to that time?

15 A They had produced -- Well No. 6 was a  
16 current producer from the Eumont Gas Pool.

17 Well No. 14 had been shut in for, oh,  
18 several months prior to -- even before unitization.

19 Q Okay, so you feel that that the Well No.  
20 19 is necessary to recover the remaining reserves in Section  
21 18?

22 A Yes. That's our intent, is to recover  
23 reserves that have not been recovered from the Eumont Gas  
24 Pool.

25 Q Could I get you to supply us with a copy

1 of that Shell waiver once you receive it?

2 A All right.

3 Q Get that from Shell?

4 A Yes, we will. I'll do that soon as I get  
5 back.

6 MR. CATANACH: Okay, I have no  
7 further questions of the witness. He may be excused.

8 Is there anything further  
9 in Case 9263?

10 MR. KELLAHIN: No, sir.

11 MR. CATANACH: If not, it will  
12 be taken under advisement.

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14 (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. 9263,  
heard by me on November 18, 1987.  
David R. Catanach, Examiner  
Oil Conservation Division