

NEW MEXICO OIL CONSERVATION COMMISSION
EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 25, 1981 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
William F. Carr Ron Westbrook	Campbell, Eynd and Black John H. Hendrix Corp	Santa Fe Midland, Tex
James T. Jurney Gene Salley	Jurney & Christy Jack Brynberg & Assoc.	Roswell Santa Fe
M. Ettinger	Grynberg & Assoc.	Denver.
Ken Bateman	White Creek Kilbuck & Co. PA	Santa Fe
H. T. Hummel	Twin Montana Inc.	Graham Tex.
John R. Kipster	Montgomery & Archer PA	Santa Fe, NM
Royce W. Lubke	ARCO oil & GAS	Midland, Tex
Huan Q. Pham	ARCO oil & GAS	Midland, Tex
R. M. Ralston	Carl A. Schellinger	Roswell, NM
L. R. Reddy	Carl A. Schellinger	Roswell, NM
Lynn Teckendy	Consolidated Oil & Gas	Denver, CO.
John Tishman	Consolidated Oil & Gas	Denver, CO.
Sue Umshler	USGS, Conservation	Albuquerque, NM
JAMES Cooksey L. J. Jacconi M. R. Ames M. L. Feldman	Jack E. L. Harmon Imoco Oil Company Imoco Oil Co. Imoco Oil Co.	Imoco Oil Co., TX Houston, TX Houston, TX Houston, TX

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NAME	REPRESENTING	LOCATION
Victor F. Vasicek	V-F Petroleum Inc	Midland, TX
J. M. Fullinwider	V-F PETROLEUM INC.	Midland, TX
Jack G. Elam	V-F Petroleum Inc	Midland, TX
John E. Casey	Jake L. Hamon	Mid, Tex
Charles E. Verquon	Cawkin's Oil Co.	Farmington, N.M.
H. N. Burton	Proco Oil & Gas	Dallas, TX.
M. F. Kellahin	Kellahin & Kellahin	Santa Fe
Michael Larson	Cavalcade Oil Corp	Oriskany

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 February 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Carl A. Schellinger
for a unit agreement, Chaves
County, New Mexico.

CASE
7157

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Randolph M. Richardson, Esq.
Roswell, New Mexico

*Hearing
Register
in this
Transcript*

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I N D E X

GEORGE REDDY

Direct Examination by Mr. Richardson	3
Cross Examination by Mr. Nutter	10

E X H I B I T S

Applicant Exhibit One, Map	6
Applicant Exhibit Two, Map	7
Applicant Exhibit Three, Map	7
Applicant Exhibit Four, Map	7
Applicant Exhibit Five, Report	8

1
2 MR. NUTTER: The hearing will come to
3 order, please.

4 Call Case Number 7157 first.

5 MR. PADILLA: Application of Carl A.
6 Schellinger for a unit agreement, Chaves County, New Mexico.

7 MR. RICHARDSON: Randolph M. Richardson,
8 Roswell, New Mexico, appearing on behalf of applicant.

9 The Division has already been furnished
10 a copy of the unit agreement. I'd like to hand you some
11 revised Exhibits A and B, and also a geologic report.

12 And I have one witness to be sworn.

13
14 (Witness sworn.)

15
16 GEORGE REDDY
17 being called as a witness and being duly sworn upon his oath,
18 testified as follows, to-wit:

19
20 DIRECT EXAMINATION

21 BY MR. RICHARDSON:

22 Q Mr. Reddy, would you please state your
23 name and present occupation?

24 A My name is George Reddy. I'm a con-
25 sulting geologist in Roswell, New Mexico.

1
2 MR. NUTTER: How do you spell your last
3 name, please?

4 A. R-E-D-D-Y.

5 MR. NUTTER: Thank you.

6 Q. Would you please state your educational
7 and professional background which would enable you to testi-
8 fy as an expert witness in this case?

9 A. I have a Bachelor of Science and Master
10 of Science degrees from University of New Mexico; worked
11 in the petroleum industry approximately twenty years; the
12 past five and a half years I've lived and worked in Roswell,
13 New Mexico, as a consulting geologist.

14 Q. Are you familiar with the Campbell
15 Station Unit area and the matters contained in the applica-
16 tion to the Division for approval of the unit agreement?

17 A. Yes.

18 Q. Have you ever testified before the Divi-
19 sion before as an expert witness?

20 A. Yes.

21 MR. RICHARDSON: Are the qualifications
22 acceptable?

23 MR. NUTTER: They are.

24 Q. Has the unit area been designated by
25 the United States Geological Survey as an area logical,

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suitable for development under a unit plan of operation?

A. No, it has not. There are no --- there's no Federal acreage in this proposed unit.

Q. Would you please tell the Division the total number of acres within the unit area and the number and percentages of acres of Federal, fee, and State?

A. 3840.98 acres in the unit, and it's 100 percent State acreage.

Q. Would you please tell the Division the township and range in which this unit is located and the approximate location with reference to the nearest town?

A. The unit is located in portions of Townships 8 and 9 South, Range 27 East. It's approximately 22 miles northeast of Roswell in Chaves County.

Q. Mr. Reddy, would you please refer to the geological report which has been handed to the Division and marked as Exhibits One through Five? Was this report prepared by you?

A. Yes.

Q. And would you please review the report briefly, referring to the maps by name and indicating the significance of such maps and written report?

A. Okay, the report is based on four maps that are presented with it.

1
2 The first of these is Exhibit One. It's a structure
3 map on top of the Queen formation. Contour interval on this
4 map is 25 feet. The scale on all the maps presented is one
5 inch equal one mile.

6 It's on this uppermost unit, the Queen,
7 that this prospect is based upon in many respects because
8 it offers more control. There are more wells drilled to it
9 than any of the other zones of interest.

10 And on the Queen formation the structure
11 here is indicated to be a strong nose plunging eastward over
12 the prospect. There's a possibility of closure in the east
13 half of Section 32, the west half of Section 33 of Township
14 8 South, Range 27 East.

15 The Queen was the objective for some of
16 the shallower wells drilled in the prospect area where they
17 cored it in some cases, and in one case, in the northwest
18 corner of Section 32, of 8 South, 27 East, a completion
19 attempt was made in the Shannon Well. The cores that were
20 cut in the Queen sand indicated shows of oil but most cases
21 it was also very tight, having salt flood porosity. The
22 one well in which a test was attempted -- I mean a completion
23 was attempted proved also that the formation was tight; how-
24 ever, we do consider it a secondary objective on this pros-
25 pect and as I said before, it offers the basic structural

data for the deeper zones.

Exhibit Two is also a structure map on top of the uppermost porosity zone in the San Andres formation, the P-1 zone; contour interval on this map is 50 feet, and many of the points from these shallower Queen wells have been projected to the P-1 horizon on the basis of the thickness in here by wells, and on the basis of that, these projected points, again a strong east plunging nose is indicated to occur over the prospect area.

Cores in the P-1 zone and attempted completions on the west side of the estimated permeability limit indicated that it was very tight. But porosity increases to the east and we believe that permeability will increase to the east, and it's on that basis that we've drawn the prospect area in color.

Exhibit Three is a structure map on top of the pre-Woodford Paleozoics and it's the deepest zone to be tested here. Again it's projected from the shallower structure. The nearest control are the two wells to the north in Sections 16 and 17 -- or Section 17, where they encountered the pre-Woodford Paleozoics, and this structure is based strictly on projection from these shallower beds.

Exhibit Four is a composite prospect map showing the limits of the three prospects that have been

1
2 shown on the previous maps, the light green being the Queen
3 prospect; the brown is the P-1 zone; and the dark green are
4 the pre-Woodford Paleozoics rocks prospect and their rela-
5 tion to our proposed unit boundary.

6 Q. Could you please refer to Exhibit Five,
7 which is the written report, and just briefly run through
8 and tell the Division the formations likely to be encountered
9 and considered prospective or productive?

10 A. Okay, the Permian we expect to encounter
11 at about 250 feet, and as I mentioned earlier, the Queen
12 is considered a secondary objective. Also in the Permian
13 section the P-1 zone, a primary objective, and the deepest
14 Permian prospective zone is the Abo, which again is a pri-
15 mary objective.

16 The Pennsylvanian rocks, carbonates,
17 are expected to be secondary objectives and the Silurian,
18 Ordovician, or pre-Woodford rocks are primary objectives.

19 Q. Would you please tell the Division the
20 projected depth and location of the initial test well?

21 A. The projected depth is 7000 feet and
22 the proposed location for the well is the southwest quarter
23 of Section 34, Township 8 South, Range 27 East.

24 Q. Will 7000 feet penetrate the basement
25 granite?

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A. Yes, we believe it will.

Q. In other words, this is a granite basement test?

A. It is.

Q. Have the other working interest owners within the unit area been contacted?

A. Yes.

Q. In your opinion what percentage of the working interest will be committed and what percentage of the royalty will be committed?

A. About 98 percent of the working interest and 100 percent of the royalty interest.

Q. In your opinion will the operation of this area under the proposed unit plan of operation be in the interest of conservation and prevention of waste?

A. Yes.

Q. Will the different institutions of the State, if any, receive their fair share of production, if established?

A. Yes.

Q. In the event of production will the correlative rights of all parties to the unit agreement be protected?

A. Yes.

1
2 MR. RICHARDSON: I would like to move
3 that the geological report be entered in evidence at this
4 time.

5 MR. NUTTER: And that includes all of
6 these other exhibits?

7 MR. RICHARDSON: Right.

8 MR. NUTTER: Applicant's exhibits will
9 be admitted. I believe they're numbered One through Five.

10 MR. RICHARDSON: Right.

11 MR. NUTTER: One through Five.

12 MR. RICHARDSON: And I have nothing
13 further.

14
15 CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Reddy, now you mentioned going from
18 the Pennsylvanian on into the pre-Woodford formation.

19 A Yes.

20 Q And on your Exhibit Five you go -- you
21 mention the Siluro-Ordovician. Is the Devonian not present
22 in this area?

23 A Well, it is not, except possibly some
24 Woodford section, which is partially Devonian.

25 Q Well, the Woodford is normally a shale,

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isn't it?

A. Right.

Q. And then the Devonian is immediately below that.

A. Well, there's a little bit of difference of opinion on that. Some people call it the Siluro-Devonian but the Siluro, what is called the Siluro-Devonian on a regional scale is pinching out very near this prospect.

Q. I see.

A. And we've -- I chose to refer to it as simply pre-Woodford. We will either have Silurian or Montoya section below the --

Q. And that's down in the Ordovician, then.

A. Right. Each of these are prospective in this area.

Q. And then the Queen would be a secondary objective --

A. Right.

Q. -- as well as some of these other formations, Abo, and so forth.

A. That's correct.

Q. There's a possibility of that.

Now, if you're expecting the Precambrian at 7000 feet, why would the unit agreement call for drilling

1
2 to a depth sufficient to penetrate the granite and in any
3 case not be required to drill in excess of 11,800?

4 MR. RICHARDSON: That's some of my
5 damned foolishness by not changing the unit agreement.

6 MR. NUTTER: Oh, that's taken from an
7 old unit agreement and that number could have been changed?
8 You're not going to drill deeper than 11,800 anyway, are
9 you?

10 MR. RICHARDSON: That's one of my little
11 doings. Just strike that and put 7000.

12 MR. NUTTER: Okay.

13 Are there any other questions of the
14 witness? He may be excused.

15 Do you have anything further, Mr.
16 Richardson?

17 MR. RICHARDSON: No, sir.

18 MR. NUTTER: Does anyone have anything
19 they wish to offer in Case Number 7157?

20 We'll take the case under advisement.

21
22 (Hearing concluded.)
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 Conserva-
tion 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 C.S.R.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a true and correct copy of the proceedings in
the hearing of Case No. 7157
dated 2/25 1981.
[Signature], Examiner
Oil Conservation Division