

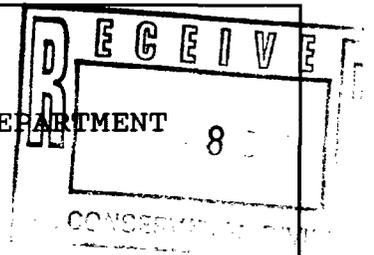
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## NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date SEPTEMBER 5, 1996 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
<p>Tanya Triggell            Ron Staley            [Signature]</p>	<p>Campbell, [Signature] &amp;            [Signature]            Amoco            [Signature]</p>	<p>Santa Fe            Denver            TAMS</p>

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION



IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: )  
 )  
APPLICATION OF BENSON-MONTIN-GREER )  
DRILLING CORP. FOR AN UNORTHODOX )  
OIL WELL LOCATION AND SIMULTANEOUS )  
DEDICATION, RIO ARRIBA COUNTY, )  
NEW MEXICO )

CASE NO. 11,595

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 5th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, September 5th, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

## I N D E X

September 5th, 1996  
 Examiner Hearing  
 CASE NO. 11,595

PAGE

## APPLICANT'S WITNESS:

RICHARD D. DOLECEK (Geophysical Engineer)  
 Direct Examination by Ms. Trujillo  
 Examination by Examiner Stogner

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## REPORTER'S CERTIFICATE

16

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	7	-
Exhibit 2	7	-
Exhibit 3	8	-

\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

RAND L. CARROLL  
 Attorney at Law  
 Legal Counsel to the Division  
 2040 South Pacheco  
 Santa Fe, New Mexico 87505

## FOR THE APPLICANT:

CAMPBELL, CARR, BERGE and SHERIDAN, P.A.  
 Suite 1 - 110 N. Guadalupe  
 P.O. Box 2208  
 Santa Fe, New Mexico 87504-2208  
 By: TANYA M. TRUJILLO

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:15 a.m.:

3  
4           EXAMINER STOGNER: This hearing will come to  
5 order for Docket Number 25-96. Please note today's date,  
6 September the 5th, 1996.

7           I'm Michael Stogner, appointed Hearing Examiner  
8 for today's cases.

9           At this time I'll call Case Number 11,595.

10          MR. CARROLL: Application of Benson-Montin-Greer  
11 Drilling Corp. for an unorthodox oil well location and  
12 simultaneous dedication, Rio Arriba County, New Mexico.

13          EXAMINER STOGNER: At this time I'll call for  
14 appearances.

15          MS. TRUJILLO: Mr. Examiner, I'm Tanya Trujillo  
16 from Campbell, Carr, Berge and Sheridan, here today on  
17 behalf of the Applicant.

18          I have one witness to present.

19          EXAMINER STOGNER: Are there any other  
20 appearances?

21          Will the witness please stand to be sworn at this  
22 time?

23          (Thereupon, the witness was sworn.)

24          EXAMINER STOGNER: Ms. Trujillo?

25          MS. TRUJILLO: Thank you.

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RICHARD D. DOLECEK,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MS. TRUJILLO:

Q. Could you state your name, please, for the record?

A. Richard D. Dolecek.

Q. And where do you reside?

A. 330 Conifer Drive, Evergreen, Colorado.

Q. By whom are you employed?

A. Discovery Exploration.

Q. And what is your position with Discovery?

A. I'm President of Discovery.

Q. And what is your connection with Benson-Montin-Greer today?

A. I'm a geophysical consultant to Benson-Montin-Greer.

Q. Have you previously testified before this Division?

A. No, I haven't.

Q. Could you summarize your educational background, please?

A. I have a BS degree in geophysical engineering from the Colorado School of Mines in 1970.

1 Q. And what about your work experience?

2 A. Twenty-six years in the oil and gas industry,  
3 started out with Exxon and worked for them for seven and a  
4 half years in New Mexico, Texas and Louisiana.

5 Since that time I've lived in the Denver area and  
6 worked Rocky Mountain basins specifically the last six  
7 years, pursuing Mancos Exploration on the Jicarilla Apache  
8 Reservation and the adjacent Santa Fe National Forest,  
9 which includes this area.

10 Q. Are you familiar with the Application filed in  
11 this case?

12 A. Yes, I am.

13 Q. And are you familiar with the subject area of  
14 this case?

15 A. Yes.

16 MS. TRUJILLO: Mr. Examiner, I tender Mr. Dolecek  
17 as an expert witness, as an expert geophysicist.

18 EXAMINER STOGNER: Mr. Dolecek is so qualified.

19 MS. TRUJILLO: Thank you.

20 Q. (By Ms. Trujillo) Mr. Dolecek, could you briefly  
21 state what Benson-Montin-Greer seeks with this Application?

22 A. Yes, they seek exception to Division Rule 4 (A)  
23 of the special pool rules and regulations for the West  
24 Puerto Chiquito-Mancos Oil Pool to simultaneously dedicate  
25 the existing Canada Ojitos Unit Well Number 23 and the

1 proposed Canada Ojitos Well Number 44, the B-22, to the  
2 640-acre oil spacing and proration unit comprised of  
3 Section 22, Township 26 North, Range 1 West, Rio Arriba  
4 County, New Mexico.

5 Benson-Montin-Greer Drilling Corp.'s Canada  
6 Ojitos Unit Well Number 23 is located at an unorthodox well  
7 location 1302 feet from the south line and 1413 feet from  
8 the west line of said Section 22. This location was  
9 approved by Division Administrative Order NSL-1424, dated  
10 October 7th, 1981.

11 Benson-Montin-Greer Corporation's Canada Ojitos  
12 Unit Well Number 44, the B-22, is proposed at an unorthodox  
13 oil well location, 227 feet from the north line and 2480  
14 feet from the east line of the same said Section 22.

15 Benson-Montin-Greer proposes to continuously and  
16 concurrently produce Mancos oil from both those wells  
17 within that section.

18 Q. Did Benson-Montin-Greer seek to obtain  
19 administrative approval of this Application?

20 A. Yes, they did. They filed an application for  
21 administrative approval on June 24th, 1996. The  
22 application was denied because the special pool rules and  
23 regulations for the West Puerto Chiquito-Mancos Oil Pool  
24 allow only one oil well in each 640-acre spacing unit  
25 within the pool.

1           Q.    Mr. Dolecek, were Exhibits prepared under your  
2 direction for introduction in this case?

3           A.    Yes, they were.

4           Q.    Okay, could you turn to what has been marked as  
5 Exhibit Number 1 and describe that for the Examiner,  
6 please?

7           A.    Yes, Exhibit 1 is the OCD Form C-102 which shows  
8 the spacing unit for the well and the location of the well  
9 in Section 22. The well will be the Number 44 well in the  
10 unit, or the B-22 well.

11                   The entire section, we want to be dedicated to  
12 this well and to the Canada Ojitos Well Number 23.

13           Q.    Could you move to what has been marked as Exhibit  
14 Number 2 and describe that for the Examiner, please?

15           A.    Exhibit Number 2 is a shot of a topographic map  
16 that shows Section 22, the spacing unit, shows the location  
17 of the Canada Ojitos Unit Well Number 3, the N-22, as well  
18 as the proposed B-22 location, both of which lie in Section  
19 22.

20                   The dark north-south-trending line is a fault  
21 that was picked up off the seismic data. The seismic data  
22 that was shot in the area is the dotted east-west line that  
23 runs across the top quarter of the page. The well location  
24 was selected off of that data.

25                   The idea is, the B-22 well will be located from

1 the N- -- or separated from the N-22 by that north-south-  
2 trending fault, as well as being in an area on the seismic  
3 line that has the signature that's associated with  
4 productive fractured Mancos formation.

5 It is the only position we can drill the well in  
6 that area and stay close to the seismic data, as well as  
7 stay out of the topographic areas that you see on the map.

8 Without that well, the oil that we feel is in  
9 place cannot be drained by any existing well, so it's  
10 necessary to drain the oil from the Mancos formation in  
11 that location.

12 Q. Could you move to what we have marked as Exhibit  
13 Number 3, please, and describe this exhibit?

14 A. Exhibit Number 3 is another topo sheet that just  
15 shows the rough terrain in the area that really limits  
16 where you can put a wellbore in there.

17 A combination of the previous exhibit and this  
18 exhibit demonstrate that topography is one of the main  
19 concerns, the second being to stay on the seismic line so  
20 you can drill into the signature we see on that line.

21 Q. Mr. Dolecek, are there any other operators who  
22 may be affected by this Application?

23 A. No, there aren't. This location is an interior  
24 well in the Benson-Montin-Greer-operated Canada Ojitos  
25 unit. Accordingly, there are no other affected operators

1 and no other party to whom notice if this Application is  
2 required by Oil Conservation Division rule.

3 Q. In your opinion, is the proposed well necessary  
4 to effectively produce the oil under this 640-acre spacing  
5 unit?

6 A. Yes, without this well you can't drain the oil  
7 that we have -- or we feel is mapped in here based on the  
8 seismic data.

9 Q. Will approval of this Application be in the best  
10 interest of conservation, the prevention of waste and the  
11 protection of correlative rights?

12 A. Yes.

13 Q. Have you reviewed Benson-Montin-Greer Exhibits 1  
14 through 3, and can you testify to their accuracy?

15 A. Yes, I have reviewed them, they are accurate and  
16 were prepared under my direction.

17 MS. TRUJILLO: Mr. Examiner, I offer Exhibits 1  
18 through 3 into evidence, and I have no further questions  
19 for Mr. Dolecek at this time.

20 EXAMINATION

21 BY EXAMINER STOGNER:

22 Q. Mr. Dolecek, you referred to the existing well as  
23 the N-22?

24 A. Yes, sir.

25 Q. Is that also identified as the Canada Ojitos Unit

1 Well Number 23, as in your --

2 A. Yes.

3 Q. -- Application and advertisement?

4 A. Yes, that's the 23rd well within the unit. This  
5 is -- The N-22 is the designation within that section that  
6 specifies the location of the well.

7 Q. Okay, so when you refer -- That's Benson-Montin-  
8 Greer's designation as the N-22?

9 A. Yes.

10 Q. But the Canada Ojitos Unit Well Number 23 is its  
11 official designation?

12 A. Yes.

13 Q. Okay. When I look at Exhibit Number 2, that one  
14 we'll call the N-22 well --

15 A. Uh-huh.

16 Q. -- I see the N-22 in the exhibit. Is that the  
17 well location, just right north of there?

18 A. Yes, the black dot.

19 Q. Okay. The proposed well, is it drilling into the  
20 same productive interval, other than the fault separating  
21 the two?

22 A. The same productive interval, but with a  
23 different signature, we feel, based on the seismic. We  
24 don't have seismic through the N-22, but have shot  
25 extensive data in the area.

1           The N-22 is not a really good well. We feel the  
2 location we want to drill now will be based on the seismic  
3 data.

4           Q. Are there any other wells to the north or east of  
5 your proposed B-22 well that is productive from that same  
6 signature that you're looking at?

7           A. Yes, but mar -- Not from that same signature, no.  
8 There are some marginally productive wells, but no really  
9 good wells.

10          Q. Is this in the area where there's pressure  
11 maintenance and reinjection of gas?

12          A. Yes, sir, most of the pressure maintenance is to  
13 the south of this area.

14          Q. Is this area affected by the pressure  
15 maintenance?

16          A. Hopefully.

17          Q. Hopefully. The pressure maintenance or the  
18 injection, is it in the signature of the N-22 or your  
19 proposed B-22 well?

20          A. It's in a very much updip location and more in  
21 the signature of the N-22.

22          Q. Has Benson-Montin-Greer drilled like wells along  
23 this boundary and established that fault line, I should  
24 say, along this --

25          A. Different faults to the south where they've

1 acquired other data, yes, we've shot wells through --  
2 excuse me, shot seismic data through good and poor wells  
3 and developed our idea of what the signature should be on  
4 that basis.

5 Q. Is this a fairly localized fault --

6 A. Yes.

7 Q. -- or is it pretty extensive?

8 A. Fairly localized.

9 Q. Fairly localized.

10 Okay, in looking at -- There again, referring to  
11 Exhibit Number 2, you show your fault line and it comes  
12 down and it ends about the middle of the page. Is that  
13 pretty true and accurate?

14 A. Yes, sir, it's based on our interval of seismic  
15 data.

16 We have additional data to the south, and that  
17 fault does not carry down onto that data.

18 Q. Okay. Now, I also show a plugged and abandoned  
19 well at the end of that fault line.

20 A. Yes.

21 Q. Was that able to help establish the existence of  
22 that fault?

23 A. No, it's a small fault and pretty much vertical,  
24 so you're going to have trouble picking it up in any of the  
25 wellbores.

1 Q. So it pretty well just established that was the  
2 end of the fault?

3 A. Right.

4 Q. Okay. How far north do you think this extends?

5 A. Another mile.

6 Q. Another mile?

7 Now, I notice on your Exhibit Number 3, the  
8 proposed well, you call it the Canada Ojitos Unit Number 44  
9 (B-22).

10 A. Right.

11 Q. What is the official well designation that the  
12 APDs are going to be drilled under?

13 A. The Canada Ojitos Unit Number 44.

14 Q. Do you know if an API number has been given that?

15 A. I don't.

16 Q. Is this going to be on federal, state or fee  
17 lands?

18 A. Federal.

19 Q. Federal?

20 Do you know what the status of the APD at this  
21 time is with the BLM?

22 A. No, I don't. I know it's been pursued for an  
23 extensive length of time, but I don't know the status at  
24 this time.

25 Q. Is this -- The BLM handling this area, is that

1 out of Albuquerque or Farmington?

2 A. It's actually on Forest Service lands, out of  
3 Cuba.

4 Q. And that's with the Santa Fe National Forest --

5 A. Yes, sir.

6 Q. -- right?

7 Do you know what the allowable will be for a  
8 well, pursuant to the rules and regulations pertaining to  
9 the West Puerto Chiquito-Mancos?

10 A. No, sir.

11 Q. But you are aware that both the B-22 and N-22  
12 wells will be sharing the allowable?

13 A. Yes.

14 Q. Okay. About the surface and topographic  
15 conditions and it being on the Santa Fe Forest, do you know  
16 if the location as staked and shown on the exhibits have  
17 been approved or authorized by the Forest Service?

18 A. I know it's been applied for, and they've gone  
19 through the environmental analysis, so on and so forth.

20 I assume it's approved at this point, but I have  
21 not received notification of that.

22 EXAMINER STOGNER: Okay. I have no other  
23 questions of this witness.

24 Do you have any other questions, Ms. Trujillo?

25 MS. TRUJILLO: No, I do not.

1 EXAMINER STOGNER: You may be excused.

2 Does anybody else have anything further in Case  
3 Number 11,595?

4 Then this case will be taken under advisement.

5 Thank you, sir.

6 (Thereupon, these proceedings were concluded at  
7 8:31 a.m.)

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I do hereby certify that the foregoing is  
a correct and true record of the proceedings in  
the examination of Case No. 11595,  
heard by me on Sept. 5, 1996.

  
\_\_\_\_\_, Examiner  
Oil Conservation Division

