

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 NEARBURG PRODUCING )  
COMPANY, L.L.C., FOR AN UNORTHODOX )  
BOTTOMHOLE LOCATION AND DIRECTIONAL )  
DRILLING, EDDY COUNTY, NEW MEXICO )

CASE NO. 11,690

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 9th, 1997

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 9th, 1997, 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.

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 Examiner Hearing  
 CASE NO. 11,690

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## 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: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   9:59 a.m.:

3  
4           EXAMINER STOGNER: At this time I'll call Case  
5   Number 11,690.

6           MR. CARROLL: Application of Nearburg Producing  
7   Company, L.L.C., for an unorthodox bottomhole location and  
8   directional drilling, Eddy County, New Mexico.

9           EXAMINER STOGNER: Call for appearances.

10          MR. CARR: May it please the Examiner, my name is  
11   William F. Carr with the Santa Fe law firm Campbell, Carr,  
12   Berge and Sheridan. We represent Nearburg Producing  
13   Company in this matter.

14          I have three witnesses. Two have previously been  
15   sworn and their qualifications accepted here today, and I  
16   have one additional witness, Tim McDonald, who I would  
17   request be sworn at this time.

18          EXAMINER STOGNER: Any other appearances?

19          Will Mr. McDonald --

20          (Thereupon, the additional witness was sworn.)

21          EXAMINER STOGNER: Let the record show that Mr.  
22   Michael Gray and Jerry Elger have previously been sworn and  
23   their credentials accepted, even for Mr. Carr, in previous  
24   Case 11,689 and 11,683.

25          Mr. Carr?

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MICHAEL M. GRAY,

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

DIRECT EXAMINATION

BY MR. CARR:

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

A. Michael M. Gray.

Q. Are you familiar with the Application filed in this case on behalf of Nearburg Producing Company?

A. Yes, sir, I am.

Q. Are you familiar with the status of the lands in the subject area?

A. Yes, sir, I am.

Q. Would you briefly review for Mr. Stogner what Nearburg seeks with this Application?

A. Nearburg seeks to directionally drill a well to an unorthodox location at a bottomhole location of 2550 feet from the north line and 450 feet from the east line of Section 11, Township 22 South, Range 24 East, in Eddy County, New Mexico.

This well will be commenced from a surface location in an existing wellbore 2310 feet from the south line and 960 feet from the east line of Section 11.

Q. And in what pool are you hoping to complete this well?

1           A.    This pool is the undesignated Indian Basin-Upper  
2           Pennsylvanian Associated Pool.

3           Q.    Have you prepared exhibits for presentation here  
4           today?

5           A.    Yes, I have.

6           Q.    Let's go to Nearburg Exhibit Number 1.  Would you  
7           identify and review that, please?

8           A.    Nearburg Exhibit 1 is a locator map depicting the  
9           surface and subsurface location of the proposed well along  
10          with the existing unit within which the well will be  
11          completed.

12          Q.    It shows the ownership in the area?

13          A.    It shows the ownership based on the land map.  
14          There's -- Exhibit 2 is the ownership map.

15          Q.    All right.  And this is within a mile of the  
16          Indian Basin-Upper Pennsylvanian Associated Pool?

17          A.    Yes, sir, it is.

18          Q.    What are the status of the rules which govern  
19          development of wells in the undesignated Indian Basin-Upper  
20          Pennsylvanian Pool?

21          A.    The pool is pooled on 320 acres, with setbacks of  
22          660 feet from the lease line and 330 feet from the internal  
23          quarter-quarter lines.  There are special field rules in  
24          this field which allow for development of optional 80-acre  
25          locations.

1 Q. And other than those special rules that you've  
2 just summarized, this area is developed under the  
3 associated pool rules?

4 A. That's correct.

5 Q. What is the status of the acreage in the north  
6 half of Section 11?

7 A. It's -- The north half of Section 11 is a unit  
8 dedicated to the Nearburg Producing Company Chama Federal  
9 Number 1 well in the Indian Basin Associated Pool. It is  
10 held by production, and it is owned and operated by  
11 Nearburg Producing and Exploration Companies.

12 Q. And the primary objective in the well is what  
13 formation?

14 A. The Cisco/Canyon.

15 Q. Could you refer to Exhibit Number 2 and review  
16 that for Mr. Stogner?

17 A. Exhibit Number 2 is a map depicting ownership of  
18 land in the area, particularly the interest upon which the  
19 unorthodox location is encroaching, and also the location  
20 of the existing wells in the area.

21 Q. Have all of the offsets been notified of your  
22 plans for the development of this acreage?

23 A. Yes, sir, they have.

24 Q. Where is the offsetting ownership of Yates  
25 Petroleum Corporation located?

1           A.    Yates is in a section operated by Nearburg in --  
2 a unit comprised of the east half of Section 2 to the north  
3 of this unit.

4           Q.    And would you identify Exhibit Number 3, please?

5           A.    Number 3 is a waiver from Yates Petroleum for our  
6 proposed location.

7           Q.    You also are moving toward Merit and other  
8 interest owners?

9           A.    Yes, sir.

10          Q.    Has notice been provided to those interest owners  
11 in accordance with Oil Conservation Division rules and  
12 regulations?

13          A.    Yes, sir, they have.

14          Q.    And is Exhibit Number 4 an affidavit with  
15 attached letters and return receipts confirming that that  
16 notice has been provided?

17          A.    Yes.

18          Q.    Will Nearburg also be calling technical witnesses  
19 to review those portions of this case?

20          A.    Yes.

21          Q.    Were Exhibits 1, 2, 3 -- and I guess the notice  
22 affidavit was 5; is that right?

23          A.    Yes, sir, that's correct.

24          Q.    Were those exhibits prepared by you or compiled  
25 at your direction?



1 Q. Okay. What -- Is all of said Section 11 one  
2 common lease, or --

3 A. No.

4 Q. -- is it even split?

5 A. No, there are two leases -- You can see on the  
6 locator map, the east half of the east half of Section 11  
7 is -- It's a common lease, but it's different ownership.  
8 That's -- or actually it was different. Nearburg is the  
9 ownership of 100 percent of this working interest at the  
10 present time.

11 EXAMINER STOGNER: Okay. I have no questions.

12 MR. CARR: A follow-up question.

13 FURTHER EXAMINATION

14 BY MR. CARR:

15 Q. Can you just, Mr. Gray, explain why Nearburg is  
16 proposing to directionally drill this well, as opposed to  
17 going with a straight hole?

18 A. Tim McDonald will give the directional and  
19 economic testimony regarding that.

20 However, one reason we want to do this as a  
21 direction well, this is in an area called the Azotea Mesa  
22 area, which is mostly BLM. There's some state acreage,  
23 very little fee, and it's a very sensitive archeological  
24 and environmental area. In fact, Nearburg has won an award  
25 of some sort for cooperating with the BLM in this area.

1           This, in part, an effort to disturb as little  
2 land as possible, by utilizing existing roads and  
3 locations.

4           Q.    And Mr. McDonald will also review the economic  
5 benefits that accrue by using the existing wellbore --

6           A.    Yes.

7           MR. CARR:  -- is that right?

8                    That's all I have.

9           EXAMINER STOGNER:  Does anybody else have any  
10 questions of Mr. Gray at this time?

11                    You may be excused.

12                    Mr. Carr?

13           MR. CARR:  At this time I would call Mr. Elger.

14                               JERRY B. ELGER,

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

17                               DIRECT EXAMINATION

18 BY MR. CARR:

19           Q.    Mr. Elger, have you made a geological study of  
20 the area which is the subject of this Application?

21           A.    Yes, I have.

22           Q.    And are you prepared to share the results of that  
23 study with Mr. Stogner?

24           A.    Yes, I am.

25           Q.    And you have prepared exhibits for presentation

1 here today?

2 A. Yes, I have.

3 Q. Let's go to what has been marked for  
4 identification as Nearburg Producing Company Exhibit Number  
5 6. Would you review that for the Examiner?

6 A. This is a type log for the -- showing the  
7 interval of the reservoir for the undesignated Indian  
8 Basin-Upper Penn Associated Pool. The top of the  
9 Cisco/Canyon represents the top of that particular  
10 reservoir in this area. And the reservoir is  
11 characteristically a porous and vuggy dolomite.

12 This particular log shows the P from the top to  
13 bottom is reading a dolomite lithology. And the base has  
14 been marked, you can see the interval. The overall  
15 interval of the reservoir in this area is approximately a  
16 little over 600 feet.

17 Q. And where is the McKittrick Federal 11 1-Y well  
18 located?

19 A. We'll locate that on -- It's also included on  
20 Exhibit Number 8, which is a cross-section with the upper  
21 part of this reservoir included.

22 Q. Let's go to your next exhibit, the structure map,  
23 Exhibit 7. Could you review that for Mr. Stogner?

24 A. Exhibit Number 7 is a structure map on the top of  
25 the Cisco/Canyon reservoir pool in this area. I would

1 mention that Nearburg -- about eight to ten months ago,  
2 Nearburg Producing Company conducted a 3-D seismic survey  
3 across the majority of the acreage that is shown on this  
4 particular plat. The structure is an incorporation of the  
5 well tops, but it -- integrated into this interpretation is  
6 the geophysical interpretation of that 3-D.

7 Also shown on this particular plat are wells that  
8 either are currently producing or have produced in the past  
9 or are shut in or whatever, their status is wells that have  
10 produced hydrocarbons from the Cisco/Canyon dolomite  
11 reservoir.

12 The cumulatives are shown as well as -- Well, I  
13 just believe the cumulatives are shown. The current daily  
14 rates are also shown.

15 Q. And basically, this shows a good location  
16 structurally?

17 A. This shows that -- what our intent is, based on  
18 our 3-D interpretation, we would like to re-enter the well,  
19 the McKittrick 11, former dry hole, and sidetrack it to the  
20 bottomhole -- proposed bottomhole location that's been  
21 identified, because the 3-D survey indicates a fairly  
22 significant amount of dip, and we believe we can encounter  
23 some of that reservoir above what is probably an oil-water  
24 contact in this area.

25 Q. Let's go to the structural cross-section, Exhibit

1 8. Would you review that?

2 A. Exhibit Number 8 is a structural cross-section.  
3 It includes the -- on the right side, the log that I also  
4 utilized as the type log for this pool, the Florida Chama  
5 Federal Number 1.

6 There's a narration associated with this  
7 particular well of completion attempts in the dolomite  
8 reservoir, the upper part of the dolomite reservoir.

9 Also shown are -- highlighted in yellow, are that  
10 area of this reservoir in which hydrocarbon shows were  
11 indicated, according to the mud log. And where the well is  
12 currently perforated is shown in red, about the top four to  
13 five feet of the reservoir.

14 Also shown at the top of the log are what the  
15 potential from that set of perforations was. It pumped 52  
16 oil and 30 MCF and 342 barrels of water per day on a  
17 potential test that was conducted in November of 1993.

18 The production history from that well, along with  
19 the -- in conjunction with the mud log, shows -- indicates  
20 that only the very upper portion of the dolomite at that  
21 location was above what we consider to be an oil-water  
22 contact, which is somewhere -- somewhere where you run out  
23 of mud log shows.

24 The well that Nearburg is proposing to re-enter  
25 to kick off, that was drilled in the south half of Section

1 11, the McKittrick Federal 11 I Number 1, the top of the  
2 dolomite reservoir was encountered below the subsea level,  
3 where hydrocarbon shows were indicated over in the --  
4 correspondingly in the Chama Federal Well. And no  
5 hydrocarbon shows were recorded, and no drill stem tests  
6 were run in the course of drilling that particular well.

7 Our conclusion is that that well -- all of the  
8 reservoir in that well is below water.

9 Again based on the 3-D, it's our intent to plug  
10 that -- re-enter that well, and kick it off at a depth that  
11 Mr. McDonald will testify to, to a bottomhole location of  
12 2550 from the north and 400 feet from the east, where,  
13 according to the 3-D survey, the top of the Cisco/Canyon  
14 reservoir should be encountered at a subsea depth of minus  
15 3910, which corresponds to significant -- a gain in  
16 structural elevation over the Chama -- the Florida Chama  
17 Federal well, which has indicated hydrocarbons in the top  
18 part of it.

19 Q. Were Exhibits 6 through 8 prepared by you?

20 A. Yes, they were.

21 MR. CARR: At this time, Mr. Stogner, we would  
22 move the admission into evidence of Nearburg Exhibits 6  
23 through 8.

24 EXAMINER STOGNER: Exhibits 6 through 8 will be  
25 admitted into evidence.

1 MR. CARR: And that concludes my direct  
2 examination of Mr. Elger.

3 EXAMINER STOGNER: I take it there's no Exhibit  
4 Number 4?

5 MR. CARR: There is no Exhibit Number 4. These  
6 were numbered last night by Mr. Owen, and somehow we missed  
7 4, and I don't know --

8 EXAMINER STOGNER: Okay, let the record show that  
9 there is no Exhibit 4.

10 EXAMINATION

11 BY EXAMINER STOGNER:

12 Q. Referring to Exhibit Number 7, also Exhibit  
13 Number 8, the cross-section out, you indicate a structural  
14 high, that that's what you're aiming for, and that's that  
15 little area that takes in Section 11 -- parts of Section 11  
16 and parts of Section 12; is that correct?

17 A. That is correct. I might add that this will be  
18 the first attempt to incorporate and drill for targets that  
19 have been identified by our 3-D in this particular area, so  
20 we're -- and we did have a very hard time processing the  
21 data across this particular area. So there is a high  
22 degree of risk associated with this particular sidetrack in  
23 terms of encountering the depths that have been predicted  
24 by the 3-D.

25 Q. Now, referring to your cross-section, Exhibit

1 Number 8, am I to understand that the blue portions on the  
2 two logs -- Is that a watered-out area?

3 A. No, that just identifies dolomite -- where  
4 there's dolomite reservoir rock. That portion has been  
5 shaded in blue.

6 Q. Okay. Again, the original well or the well that  
7 you're re-entering and directionally drilling from, that  
8 was in the same structure, but definitely off of the high  
9 in which you're showing here that exists to the north and  
10 to the east of this area. Was that watered out, or what  
11 did the Cisco/Canyon show for this particular vertical  
12 well?

13 A. Well, this entire area is right off of the east  
14 southeast flank of the Indian Basin complex, and we're  
15 right there where the original oil-water contact for this  
16 entire hydrodynamic system existed initially, and I believe  
17 that well encountered the top of the reservoir rock too low  
18 to have ever encountered any hydrocarbon column.

19 No mud log shows were reported, no drill stem  
20 tests were run, and the well was -- Actually it was a well  
21 that was drilled by -- I forgot who the original well was  
22 drilled -- It was drilled as a Cisco/Canyon objective in  
23 the Sixties, I believe, and was later re-entered by  
24 Nearburg, who drilled it -- continued to drill that well  
25 from the Cisco/Canyon down to a Morrow objective.

1           This will be the second time Nearburg has re-  
2 entered this well.

3           Q.    Is there a distinct water contact in this  
4 formation?

5           A.    I believe there is, and from what I know of the  
6 reservoir, all of the producing activity that's either on  
7 this map or even off of this map, where you see the base of  
8 the mud log shows indicated by this Chama -- Florida Chama  
9 Fed Number 1, which is going to be at an approximate subsea  
10 depth of minus 4040, is -- there are no wells that have  
11 been completed, to my knowledge, below that subsea depth.

12                   Whether there's a distinct -- you don't see --  
13 Because of the characteristics of the formation water, you  
14 don't see distinct -- you can't -- there's not an  
15 identifiable oil-water contact, based on resistivity log  
16 profiles.

17                   There appears to be probably a sort of a  
18 transition zone where you do get a mix of hydrocarbons and  
19 water, and again, because of the hydrodynamics of this  
20 entire system and all of the amount of activity back to the  
21 west of this area, that varies from location to location.  
22 But I would characterize it more as a transition zone  
23 rather than a distinct oil-water contact.

24           Q.    Can that transition zone be indicated on this --  
25 on Exhibit Number 7, your plat? Is it that distinct or --

1           A.    I believe it could, yes.  You could trace around  
2 that interval or just above minus 4050 subsea, and that  
3 would be -- that would represent an approximate base of  
4 that transition zone.

5           Q.    Is that a gas-water transition or an oil-water  
6 transition?

7           A.    That's a good question.  We're still trying to  
8 answer that question.

9           Q.    Okay, that's why it's an associated pool, huh?  
10                    Why was it not prudent of drilling more to the  
11 north and trying to stay on the far -- There again, I'm  
12 referring to Exhibit Number 7 -- I hope we haven't made  
13 this question clear -- trying to hit that furtherest  
14 western point of that structural high, as opposed to --

15           A.    This was --

16           Q.    -- going the shortest distance?

17           A.    Yeah, we picked the shortest distance --

18           Q.    And why?

19           A.    -- and basically ended up encroaching on  
20 ourselves.

21           Q.    Was that more for economic reasons on the  
22 directional drilling portion?

23           A.    That played a big role, I'm sure.

24           Q.    Okay.  And I'm assuming Mr. McDonald will --

25           A.    Yes.

1 EXAMINER STOGNER: -- be covering that aspect of  
2 it? Okay.

3 What kind of -- I'll tell you what, let's -- I'll  
4 hear what Mr. McDonald says, and then if I have any other  
5 questions of Mr. Elger I'll ask it again.

6 MR. CARR: That being the case we'll call Mr.  
7 McDonald.

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

11 DIRECT EXAMINATION

12 BY MR. CARR:

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

14 A. My name is Tim McDonald.

15 Q. And where do you reside?

16 A. Dallas, Texas.

17 Q. By whom are you employed?

18 A. Nearburg Producing Company.

19 Q. And what is your current position with Nearburg?

20 A. I'm a petroleum engineer.

21 Q. Mr. McDonald, have you previously testified  
22 before this Division?

23 A. Yes, I have.

24 Q. At the time of that testimony, were your  
25 credentials as a petroleum engineer accepted and made a

1 matter of record?

2 A. Yes, they were.

3 Q. Are you familiar with the Application filed in  
4 this case on behalf of Nearburg Producing Company?

5 A. Yes, I am.

6 Q. And are you familiar with Nearburg's plans to  
7 directionally or intentionally deviate this wellbore?

8 A. Yes.

9 Q. Have you prepared exhibits to review with Mr.  
10 Stogner?

11 A. Yes, I have.

12 MR. CARR: Are the witness's qualifications  
13 acceptable?

14 EXAMINER STOGNER: They are.

15 Q. (By Mr. Carr) Initially, Mr. McDonald, let's go  
16 back to Exhibit Number 2 and, if you would, just from this  
17 exhibit, review the surface and bottomhole location for the  
18 well.

19 A. Okay, the current surface location is 2310 from  
20 the south line, 960 from the east line, and the bottomhole  
21 location is 2550 from the north line and 400 from the east  
22 line.

23 Q. And the bottomhole is within the dedicated  
24 acreage or project area for the well?

25 A. Yes, sir.

1 Q. All right. Now, let's go to Exhibit Number 9.  
2 Will you identify and review that for Mr. Stogner?

3 A. Exhibit Number 9 is a directional program  
4 prepared by DIG, a directional company in Midland, for our  
5 plan for deviating the existing wellbore to move it to our  
6 proposed bottomhole location.

7 It shows a kickoff point at a measured depth of  
8 4538 feet, and it shows the angle that we plan to follow.  
9 We plan to be -- Our total displacement will be 700 feet at  
10 the bottomhole location. We actually plan to drill  
11 vertically into the formation. We'll turn the well back at  
12 actually about 7840, we'll be back at vertical, and we'll  
13 enter the formation vertically at that point.

14 It also shows the -- it shows a -- both a  
15 vertical and a horizontal, it shows the angle being north  
16 53, 7 east.

17 Q. And what is the second page of this exhibit?

18 A. Second page is the tabular computation of the  
19 curve on the first page.

20 Q. Let's go now to your next exhibit, Nearburg  
21 Exhibit Number 10, and -- the horizontal view, and I'd ask  
22 you to simply review what that shows.

23 A. All this shows, it shows the existing surface  
24 location, the bottomhole location, and it shows the project  
25 area, which is the north half of Section 11.

1 Q. And what will the producing area for the well?

2 A. The producing area --

3 Q. Will it be just the standard setback within the  
4 spacing unit?

5 A. It will actually will be somewhat different  
6 because we're nonstandard here.

7 Q. Okay, the producing area would be what?

8 A. The producing area would be -- My understanding  
9 of the rules, the way you would normally draw it would be  
10 the 660 setbacks on the four corners, and here -- The  
11 reason I didn't draw it on here is, I wasn't sure how it  
12 applied here with it being nonstandard. I guess it would  
13 be the 400 of the east line and 660 off the north quarter  
14 -- the northeast quarter, northeast corner, the northwest  
15 corner, and then also the distance from the centerline off  
16 the southwest corner, and then 660 from the west there.

17 Q. And Mr. McDonald, when you drill and complete the  
18 well, in fact, the wellbore in this formation will be  
19 totally confined to the project and producing area as  
20 you've just defined it?

21 A. Yes, it will be.

22 Q. Let's go to Exhibit Number 11.

23 A. Okay.

24 Q. Could you identify this for Mr. Stogner and  
25 explain why this is included?

1           A.     Exhibit Number 11 is a cost estimate for the  
2 proposed re-entry operations to -- It shows a dryhole cost  
3 of \$313,240, a completion cost of \$269,505 and a total  
4 completed well cost of \$582,745

5           Q.     And if we go to your next exhibit, Exhibit 12,  
6 what is that?

7           A.     Exhibit 12 is a cost estimate for a new-drill  
8 vertical well at the proposed bottomhole location, and the  
9 dryhole cost on that well would be estimated to be  
10 \$413,970, the completion cost would be \$266,695 and the  
11 completed well cost of \$680,665.

12          Q.     So you can save approximately \$100,000 by  
13 intentionally deviating this well and using the old  
14 wellbore?

15          A.     If everything goes well, yes.

16          Q.     In your opinion, will granting of this  
17 Application and the drilling of this well as proposed be in  
18 the best interest of conservation, the prevention of waste  
19 and the protection of correlative rights?

20          A.     Yes, I think it would be.

21          Q.     How soon does Nearburg hope to spud this well?

22          A.     We have a rig scheduled for the 17th of February.

23          Q.     And when you drill the well, will you conduct  
24 directional surveys on the well?

25          A.     Yes, we will.

1 Q. And will you provide copies of those to both the  
2 Oil Conservation Division offices in Santa Fe, as well as  
3 Artesia?

4 A. Yes, we will.

5 Q. Were Exhibits 9 through 12 prepared by you?

6 A. Yes, they were.

7 MR. CARR: We move the admission of Nearburg  
8 Exhibits 9 through 12.

9 EXAMINER STOGNER: Exhibits 9 through 12 will be  
10 admitted into evidence at this time.

11 MR. CARR: And that concludes my direct  
12 examination of Mr. McDonald.

13 EXAMINATION

14 BY EXAMINER STOGNER:

15 Q. Does this particular well have all the production  
16 casing still cemented in the hole?

17 A. No, when we plugged it, we shot off the casing at  
18 7275 feet. It has the surface casing, which is -- Actually  
19 it has just a conductor casing set at 30 feet, and then it  
20 has the surface casing set at 1797 feet, which is 8 5/8.

21 Q. I'm sorry, what was the intermediate casing depth  
22 again?

23 A. It's 1797 feet.

24 Q. Okay. And you were able to pull 7200 feet of the  
25 production casing?

1 A. That's correct.

2 Q. So you will be kicking off in an open-hole  
3 interval?

4 A. That's correct.

5 Q. And should this well be commercially productive,  
6 what would the production casing program for this well be  
7 at that time?

8 A. We'll run 5 1/2 casing to TD.

9 Q. Down to TD, and then perforate -- or produce out  
10 of perforations?

11 A. That's correct.

12 Q. My question that I was going to ask Mr. Elger was  
13 more of a reservoir engineering question. The existing  
14 well in that north half, is that still producing and  
15 holding that proration unit?

16 A. The well is currently shut in. It's waiting on  
17 electrical installation there. We tested the well. It's  
18 been approved by the BLM to be shut in pending the power  
19 company setting a substation which --

20 Q. Did it --

21 A. -- it could be anytime. We've been waiting --

22 Q. What kind of a GOR test did it have, or what kind  
23 of production do you anticipate on that well?

24 A. On the new well?

25 Q. Yeah.

1           A.    We don't really know.  At that structural  
2 position we anticipate it would be a gas well.

3           Q.    I didn't know if there was any show of condensate  
4 or oil in this particular portion of that --

5           A.    These wells, they do make -- we see both a  
6 condensate-type oil and more of a black oil also, some of  
7 the wells.

8           Q.    So essentially you're hoping to sidetrack into  
9 some sort of attic production, essentially?

10          A.    Yeah, we're looking for another structural high.

11               EXAMINER STOGNER:  Okay, I have no other  
12 questions of either Mr. Elger or Mr. McDonald at this time.

13               MR. CARR:  And that concludes our presentation.

14               EXAMINER STOGNER:  Does anybody else have  
15 anything further in Case 11,690?

16               Mr. Carr, would you provide me a rough draft --

17               MR. CARR:  Yes, sir, I will.

18               EXAMINER STOGNER:  -- a copy of findings?

19               And with that, I'll take Case Number 11,690 under  
20 advisement.

21               (Thereupon, these proceedings were concluded at

22 10:32 a.m.)

23                               \* \* \*

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the examiner hearing of Case No. 11690  
heard by me on 1/11/87 19 87

Michael J. Stogner, Examiner

Oil Conservation Division

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                   )    ss.  
 COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL January 14th, 1997.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 14, 1998