STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

7 December 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Charles B. Gillespie, Jr. for directional drilling and an unorthodox subsurface location, Lea County, New Mexico.	CASE 9555

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:	Robert G. Stovall Attorney at Law Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico
For Charles B. Gillespie, Jr.:	James Bruce Attorney at Law HINKLE LAW FIRM 500 Marquette, N. W. Suite 740 Albuquerque, New Mexico 87102-2121

I N D E X

E X H I B I T S

MR. CATANACH: Call next Case 9555.

MR. STOVALL: Application of Charles B. Gillespie, Jr., for directional drilling and an unorthodox subsurface location, Lea County, New Mexico.

MR. CATANACH: Are there appearances in this case?

MR. BRUCE; Mr. Examiner, my name is Jim Bruce from the Hinkle Law Firm, representing the applicant. I have two witnesses to be sworn.

MR. CATANACH: Any other appearances?

Will the witnesses please stand and be sworn in?

(Witnesses sworn.)

MR. BRUCE: Mr. Examiner, in this case the applicant seeks to re-enter its Shipp Well No. 1, which is located in Section 11, 17 South, 37 East, and then proposes to plug back to the depth of approximately 8500 feet and directionally drill to an unorthodox location 990 feet from the north line and 2310 feet from the east line of Section 11.

As will be shown, the unit for

the well is the west half of the northeast quarter.

WILLIAM ROBERT CROW,

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

DIRECT EXAMINATION

BY MR. BRUCE:

Q Mr. Crow, would you please state your full name and city of residence?

A William Robert Crow. I reside in Midland, Texas.

Q And what is your occupation and who are you employed by?

A I'm an exploration geologist. I'm employed by Charles Gillespie, Jr.

Q And have you previously testified before the OCD as a geologist?

A No, I have not.

Q Will you please briefly state your educational and work background?

A I have a BS degree in geology from Texas Tech University; graduated in 1981.

I went to work for Getty Oil Company and worked for them from '81 till '84. At that time I went to

work for Cavalcade Oil Corporation of Lubbock. I worked for them from '84 to '86, at which time I went to work for Charles Gillespie and I've worked there since then till present.

Q And does your area of responsibility include southeast New Mexico?

A Yes, that's my main area of interest.

Q And are you familiar with the geology involved in this case?

A Yes, I am.

MR. BRUCE: Mr. Examiner, are the witness' credentials acceptable?

MR. CATANACH: They are.

Q Mr. Crow, looking at Exhibits A and B, would you please briefly describe them for the examiner?

A Exhibit A is a list of the offset operators to the proration unit and Exhibit B is a land plat showing the area and the leases of the offset operators.

Q And does it outline the west half northeast quarter proration unit?

A It outlines the proration unit and also shows in yellow the proposed bottom hole or subsurface location.

Q And have you been in contact with the offset operators?

A Yes, I have. I've been in verbal contact over the phone with all offset operators and they have verified they have been notified and none of them have showed any opposition.

Q Referring to Exhibits C and D, would you please briefly describe their contents for the examiner?

A Exhibit C is a structure map contoured on top of the Lower Strawn Lime, which is the objective in this area.

The wells colored in blue are previous Strawn producers and the closest Strawn producers in the Humble City Field South of us have all been plugged.

Exhibit D is an isopach map of Section 11 of the Strawn, Lower Strawn Lime, and it shows our interpretation of where we believe the original wellbore is on the north flank of an existing seismic defined anomaly, and we'd like to deviate to the south to get to the center of it.

Q And do you believe the Shipp No. 1 Well originally was located on the north flank of the porosity in this area?

A Yes, I do, deviated to the north a little bit on us, and we believe the best location would come back to the south.

Q And referring to Exhibit H, is that a

copy of the notice letter that you sent to all offset operators?

A Yes, it is.

Q And are waivers from Amerind, Bill Seltzer and Chevron attached to that Exhibit H?

A Yes, they are.

Q Were Exhibits A through D and H prepared by you or under your direction?

A Yes, they were.

Q And in your opinion is the granting of this application in the interest of conservation and the prevention of waste?

A I believe it is.

MR. BRUCE: Mr. Examiner, I move the admission of Exhibits A, B, C, D and H.

MR. CATANACH: Exhibits A, B, C, D and H will be admitted as evidence.

MR. BRUCE: I have no further questions at this time.

CROSS EXAMINATION

BY MR. CATANACH:

Q Mr. Crew, who originally drilled the well?

A The re-entry well? We did, Charles

Gillespie, Jr., as operator.

Q And that was drilled when? When was it drilled?

A Early 1987. I believe it was February or March. I'd have to look back to see what spud date of that well was, actual spud date.

Q Did your company obtain approval for an unorthodox location when the well was drilled?

A No, sir. That well was at that time drilled as a wildcat.

Q To what depth?

A It was going to go to the Mississippian.

Q And to what depth did the well penetrate? penetrate?

A 11, 880 feet.

Q And the Strawn formation was tested in that well or -- or --

A No, sir, it was not. There was no porosity in there so we did not test it.

Q No porosity.

A We ran one drill stem test in the lower clastic section but not the objective Strawn Lime.

Q The offset operator to the west is -- is who?

A Is ourselves.

Q Okay, Gillespie owns the northwest quarter of Section 11?

A Yes, sir, and the northeast quarter of 10.

Q And the northeast quarter of 10. So in effect, you would be crowding yourselves.

A Yes, sir.

Q What does your isopach map, the data on your isopach map, what was based on? How did you -- what data did you utilize to construct the map?

A All those figures were taken off electric logs from all those wells down in there, and that's the interval from the top of the Lower Strawn Lime to the base where the clastics begin.

Q Okay, no seismic data was used?

A Seismic data is not used to create an isopach map but seismic data is the primary tool used out here to interpret these mounds, and that's what we have selected this unorthodox bottom hole location on.

MR. CATANACH: No. further questions. The witness may be excused.

Mr. Bruce?

MR. BRUCE: We'll call David Wendall Hastings.

DAVID WENDALL HASTINGS,

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

DIRECT EXAMINATION

BY MR. BRUCE:

Q Will you please state your full name and city of residence?

A David Wendall Hastings. I live in Midland, Texas.

Q And who are you employed by and in what capacity?

A I'm presently employed by Charles B. Gillespie, Jr. I'm a Production Manager.

Q And have you previously testified before the OCD?

A No, I have not.

Q Would you please briefly describe your educational and employment background>

A I have a Bachelor of Science degree from the University of Texas, Permian Basin in geology and I've worked for Mr. Gillespie since 1981.

Q And do your areas of responsibility include?

A I handle all the drilling and production

activities (not clearly understood.)

Q And are you familiar with the drilling and production activities related to this particular well?

A Yes, I am.

MR. BRUCE: Mr. Examiner, is the witness -- are the witness' credentials acceptable?

MR. CATANACH: They are.

Q Mr. Hastings, referring to Exhibit E, would you describe the proposed operations that the applicant is requesting to do for this well?

A Okay. Exhibit E is a re-entry procedure. The well is temporarily abandoned with plugs set as described under Article No. 3.

First of all we'd move in a rig and set up a blowout preventer.

We would pick up a nonmagnetic drill collar with the bottom hole assembly, drill out the cement plugs down to a depth of approximately 8500.

At that point we would drop a magnetic multishot survey tool and acquire a survey of the current bottom hole location.

We would also run a gyro survey while we were out of the hole from the cased point, which is at 4498.

Depending on the survey data we would

select a sidetrack plugback depth and we would set a 300 foot cement plug. After allowing the plug to set up we would go back in the hole with our drilling assembly, sidetrack bit, mud motor, bent sub and nonmagnetic drill collar and drill, orient the direction of the tool, with a surface readout survey.

And we would drill approximately 60 to 70 feet with this assembly.

After orienting the wellbore to the direction and angle that we want to achieve, we would trip back in the hole with the angle building assembly and acquire the average angle that we wish to hit the desired target, 70 foot, roughly 75 foot radius area.

Once that angle is achieved then we'd trip back in the hole with a (unclear) hole assembly to hold that desired angle and to hit the target area. Once we TD the well we would run a multishot survey to acquire the bottom hole location as required by the Oil Conservation Division.

Q And referring to Exhibits F and G, would you just briefly describe their contents?

A Exhibit F is the present wellbore diagram under present conditions. The cement plugs are listed on the diagram. The casing as listed is also shown.

Q And Exhibit G?

A Exhibit G, of course, is our sidetrack wellbore diagram showing the current wellbore and casing with the proposed wellbore which is exaggerated. This diagram is exaggerated (not clear) showing the sidetrack depths and the proposed casing program.

Q And is the TD of 11,800 the true vertical depth?

A True vertical depth.

Q Were Exhibits E, F and G prepared by you?

A Yes, they were.

Q And in your opinion will the granting of this application be in the interest of conservation and the prevention of waste?

A Yes, it will.

MR. BRUCE: Mr. Examiner, I move the admission of Exhibits E, F and G.

MR. CATANACH: Exhibits E, F and G will be admitted as evidence.

CROSS EXAMINATION

BY MR. CATANACH:

Q Mr. Hastings, do you know what depth the Mississippian is in this well? Was it not penetrated?

A I believe it penetrated right at the top

of the Mississippian originally.

Q Prior testimony indicated that the well was drilled as a Mississippian test. Do you know why the well was not drilled through the Mississippian?

A I think according to the geologic evidence we did not receive any good shows or anything in the Mississippian and we didn't feel like we needed to drill the thing on any deeper.

Q Mr. Hastings, have you run a directional survey on the well as of yet?

A No. No, we have not.

Q If I understood some testimony previously, they said the well to the north --

A That's correct. Based on four prior wells, or four subsequent wells, actually, that we drilled since this in the area, and from those wells we feel like that at 8500 feet we're approximately 100 feet north of the surface location. At total depth we're approximately 250 feet north of the surface location.

Q So if I understand the proposal, you're going to be going approximately 700 feet due south for the (not clearly heard.)

A Correct, approximately 6-to-700 feet.

Q And you do plan to run a survey to determine where you -- where the wellbore is at this present

time.

A That's correct.

Q And then kick off and sidetrack.

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

MR. BRUCE: Nothing further in the case, Mr. Examiner.

MR. CATANACH: Being nothing further in this case, Case 9555 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 (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. 9555 heard by me on December 7 19 82

David R. Catanach, Examiner
Oil Conservation Division