

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Hal J. Rasmussen, Case 9874
Inc., for two unorthodox gas
well locations and simultaneous
dedication, and to amend, in part,
Division Order No. R-9073 and
Administrative Order NSL-2728,
Lea County, New Mexico

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

February 21, 1990

CUMBRE COURT REPORTING
(505) 984-2244

A P P E A R A N C E S

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BY: JAMES G. BRUCE, ESQ.

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1 HEARING EXAMINER: The hearing will come to
2 order. I'll call next case, No. 9874.

3 MR. STOVALL: Application of Hal J.
4 Rasmussen Operating, Inc., for two unorthodox gas well
5 locations and simultaneous dedications, and to amend,
6 in part, Division Order No. R-9073, and Administrative
7 Order NSL-2728, Lea County, New Mexico.

8 HEARING EXAMINER: I'll call for
9 appearances.

10 MR. BRUCE: Mr. Examiner, my name is Jim
11 Bruce from the Hinkle law firm in Albuquerque,
12 representing the Applicant, and we have one witness to
13 be sworn.

14 HEARING EXAMINER: Are there any other
15 appearances? Will the witness please stand and be
16 sworn.

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

20 DIRECT EXAMINATION

21 BY MR. BRUCE:

22 Q. Would you please state your full name and
23 city of residence.

24 A. My name is Jay Cherski, and I live in
25 Midland, Texas.

1 Q. Who do you work for and in what capacity?

2 A. I'm a petroleum engineer for Hal J.

3 Rasmussen Operating, Inc.

4 Q. Have you previously testified before the
5 OCD?

6 A. No.

7 Q. Would you please briefly discuss your
8 educational and work background?

9 A. I graduated in December of 1983 with a
10 petroleum engineering degree from the University of
11 Texas at Austin. I have worked primarily as a
12 drilling and production engineer for various oil and
13 gas companies over the last seven years, and I am
14 currently working for Hal J. Rasmussen Operating as a
15 petroleum engineer.

16 Q. Does your area of responsibility include
17 southeast New Mexico?

18 A. Yes.

19 Q. Are you familiar with the engineering
20 matters involved in Case 9874?

21 A. Yes.

22 MR. BRUCE: Mr. Examiner, is the witness
23 acceptable?

24 HEARING EXAMINER: He is.

25 Q. (BY MR. BRUCE) Mr. Cherski, what does Hal

1 J. Rasmussen Operating, Inc., seek in this case?

2 A. In reference to the nonstandard proration
3 unit consisting of the northeast quarter of Section 14
4 and the north half of Section 13 and the southwest
5 quarter of Section 14, first, we seek to obtain two
6 unorthodox gas well locations, one for Well No. 66
7 located 660 feet from the north and west lines of
8 Section 13, and Well No. 75, located 1,980 feet from
9 the north and west lines of Section 13. We intend to
10 recomplete these wells in the Jalmat pool.

11 Second, we seek to amend Division Order
12 R-9073 to include Well No. 71 in this nonstandard
13 proration unit, and we also seek to amend Division
14 Order NSL-2728 to include the northeast quarter of
15 Section 14 in the proration unit.

16 Q. Let's go to this Administrative Order NSL-
17 2728. That was approved for the No. 71 Well last
18 December, was it not?

19 A. Yes.

20 Q. By oversight, it only included the Section
21 13 acreage for the NSL; is that correct?

22 A. Yes. At the time that's all that that
23 proration unit consisted of.

24 Q. So you merely want to amend that order to
25 include the northeast quarter of Section 14; is that

1 correct?

2 A. Yes.

3 Q. Referring to Exhibit No. 1, would you
4 please describe its contents.

5 A. Exhibit No. 1 is a land plat. Outlined in
6 yellow is the nonstandard proration unit, and the
7 three wells in question are circled in red.

8 Q. Let's discuss these two unorthodox well
9 locations, the No. 66 and the No. 75. Would you
10 please describe the current status of these wells.

11 A. Both these wells are currently T.A.
12 Langlie-Mattix wells.

13 Q. What do you propose for the recompletion
14 operations?

15 A. We propose to set a cast iron bridge plug
16 above the Langlie-Mattix perforations and perforate
17 the Yates formation, acidize the formation, and do a
18 frac job to remove skin damage.

19 Q. What reserves do you estimate recovering
20 from each of these wells, and I refer you to Exhibits
21 2 and 3?

22 A. We estimate recovering approximately 500
23 million cubic feet of gas.

24 Q. The calculations for reserves are done on
25 Exhibit No. 2; is that correct?

1 A. Yes.

2 Q. And that calculation is based on the
3 decline curve marked as Exhibit No. 3; is that
4 correct?

5 A. Yes.

6 Q. What does Exhibit No. 3 come from?

7 A. It is based on our experience on previous
8 recompletions in this field and recompletions in the
9 Kermit Yates field.

10 Q. In your opinion, is it feasible to drill
11 new wells to the Jalmat pool in this unit?

12 A. No.

13 Q. And that's based on your estimate of
14 recoverable reserves; is that correct?

15 A. Right.

16 Q. Referring to Exhibit No. 4, what area do
17 you estimate will be drained by each of the two wells,
18 the No. 66 and the No. 75?

19 A. Based on data from surrounding wells, we
20 expect to recover -- I mean drain approximately 74
21 acres.

22 Q. And as a result, do you believe there will
23 be any adverse effect on the offsetting acreage?

24 A. No, we don't.

25 Q. Was notice of this hearing sent to all of

1 the offset operators?

2 A. Yes.

3 MR. BRUCE: Mr. Examiner, I had my head
4 somewhere this morning, and I forgot to bring the
5 certified return receipts. Request permission to mail
6 them in to you.

7 HEARING EXAMINER: Mr. Bruce, do you recall
8 the date on which those were sent out to the offset
9 operators?

10 THE WITNESS: February 6 is the date that
11 they signed them. We sent them probably February the
12 2nd.

13 HEARING EXAMINER: When you said "they
14 signed," the offset operators signed?

15 THE WITNESS: The return receipts, they
16 were signed and returned to us February 6.

17 Q. (BY MR. BRUCE) And who were the offset
18 operators?

19 A. Conoco, Parker & Parsley, Chevron, and
20 Meridian.

21 Q. Do you have anything further you wish to
22 state in this case?

23 A. No.

24 Q. Were Exhibit Nos. 1 through 4 prepared by
25 you?

1 A. Yes.

2 Q. And, in your opinion, is the granting of
3 this application in the interests of conservation, the
4 prevention of waste, and the protection of correlative
5 rights?

6 A. Yes.

7 MR. BRUCE: Mr. Examiner, I move the
8 admission of Exhibits 1 through 4.

9 HEARING EXAMINER: Exhibits 1 through 4
10 will be admitted into evidence.

11 MR. BRUCE: Nothing further at this time.

12 CROSS-EXAMINATION

13 BY HEARING EXAMINER:

14 Q. You said Parker & Parsley, Chevron, and
15 Conoco were offset?

16 A. And Meridian. They are the southeast
17 corner of Section 13 and the northeast corner of
18 Section 24.

19 Q. How about to the west in Section 14 in the
20 west half?

21 A. That is us, Hal J. Rasmussen.

22 Q. Mr. Cherski, while I've got you here, let's
23 review some of these administrative orders and
24 existing orders in some of these wells here.

25 Administrative Order NSL-2728 was issued on

1 December 7; is that correct?

2 A. Correct.

3 Q. One of the reasons you're here today is
4 because of the last paragraph in the particular order;
5 is that correct?

6 A. Correct.

7 Q. In which you had 90 days from December 7 to
8 come in and have these particular nonstandard
9 locations which referred to some upcoming nonstandard
10 proration units that would be approved. That was a
11 matter in Case No. 9775; is that correct?

12 A. Correct.

13 Q. By the way, there are some others that
14 are --

15 A. Yes. We have applied for those
16 administratively.

17 Q. Let's refer to that Order R-9073, which
18 approved five wells to be designated to your
19 nonstandard proration unit. What are these wells
20 doing, the 20, 21, 22, 77, and 13 at this time?

21 A. The 20 and 21 are both producing
22 approximately 20 Mcf a day, and we expect those to be
23 TA'd in the near future. The 22 is producing
24 approximately 85 Mcf per day, and the 13 is producing
25 approximately 150 Mcf per day.

1 Q. And the No. 77?

2 A. The No. 77 is producing approximately 350
3 Mcf per day.

4 Q. And they are all gas wells in the Jalmat
5 pool; is that correct?

6 A. Correct.

7 Q. Back to the NSL-2728, the No. 71, what is
8 it presently doing?

9 A. It is a current recompletion. We currently
10 have it shut in for a bottom hole pressure test, and
11 we expect it to produce approximately 250 to 300 Mcf a
12 day.

13 Q. Did this well indeed test out to be a gas
14 well?

15 A. Yes, at this time.

16 Q. What work have you done on the 66 and 75?

17 A. None.

18 Q. So they're still in the Langlie-Mattix?

19 A. Yes.

20 Q. On my Exhibit 1, you have some other wells,
21 18, 74?

22 A. Those are -- I'm not sure exactly which of
23 those are TA'd. The remaining wells in that proration
24 unit are Langlie-Mattix wells.

25 Q. There's one that appears to be penciled in,

1 No. 122?

2 A. The 122 is a recent well we drilled, and it
3 is a Langlie-Mattix well.

4 Q. Are there going to be any other Jalmat
5 wells in this proration unit?

6 A. Hopefully, with these we will approach our
7 allowable and hopefully not. We prefer not to. We're
8 running out of wellbores.

9 Q. On January 19, I received an objection from
10 Conoco, which, by the way, for the record, there is no
11 objection from Conoco here today. Have you talked to
12 Conoco subsequent to this January 19th date?

13 A. No, we have not.

14 Q. You haven't had any kind of correspondence,
15 whether it be verbal or letters, about their
16 objection?

17 A. We have sent them a letter concerning these
18 particular objections, and prior to this, Hal had
19 talked to Hugh Ingram about these, and he said on a
20 few of these, he might object to, but he said he
21 probably would not appear before the Commission to --
22 he said he might administratively object to a few of
23 these.

24 Q. When you said Hal, you're talking about Mr.
25 Rasmussen?

1 A. Hal Rasmussen; I'm sorry.

2 Q. And Hugh Ingram is in the Hobbs office?
3 He's a conservation coordinator; is that correct?

4 A. Right. And Hugh, Mr. Rasmussen had talked
5 to him when he approved Well No. 71 in the southwest
6 corner of that section.

7 Q. So this was back in December?

8 A. Correct. Well, he probably talked to Mr.
9 Ingram probably in November.

10 Q. So you're really not aware if they've done
11 much talking, or even what it consisted of?

12 A. No.

13 HEARING EXAMINER: I have no other
14 questions of Mr. Cherski.

15 MR. BRUCE: I have nothing further in the
16 case.

17 HEARING EXAMINER: Mr. Cherski may step
18 down.

19 Does anybody else have anything further in
20 Case No. 9874? If not, this case will be taken under
21 advisement.

22

23

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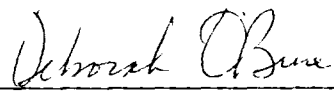
1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)
4) ss.
5 COUNTY OF SANTA FE)

6 I, Deborah O'Bine, Certified Shorthand
7 Reporter and Notary Public, HEREBY CERTIFY that the
8 foregoing transcript of proceedings before the Oil
9 Conservation Division was reported by me; that I
10 caused my notes to be transcribed under my personal
11 supervision; and that the foregoing is a true and
12 accurate record of the proceedings.

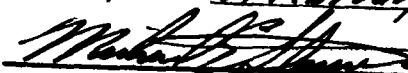
13 I FURTHER CERTIFY that I am not a relative
14 or employee of any of the parties or attorneys
15 involved in this matter and that I have no personal
16 interest in the final disposition of this matter.

17 WITNESS MY HAND AND SEAL February 22, 1989.

18 
19 DEBORAH O'BINE
20 CSR No. 127

21 My commission expires: August 10, 1990

22
23 I do hereby certify that the foregoing is
24 a complete record of the proceedings in
the Examiner hearing of Case No. 9874
25 heard by me on 21 February 1990.

 Examiner
Oil Conservation Division