

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico

31 July 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Rio Pecos Corporation CASE
for an unorthodox gas well location, 8663
Lea County, New Mexico.

BEFORE: Gilbert T. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Jeff Taylor
Division: Legal Counsel to the Division
 Oil Conservation Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

TODD M. WILSON

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E X H I B I T S

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MR. QUINTANA: We'll call Case 8663.

MR. TAYLOR: The application of Rio Pecos Corporation for an unorthodox oil well location, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness to be sworn.

MR. QUINTANA: Are there other appearances in Case 8663?

If not, would you have the witness stand and be sworn in at this time, please?

(Witness sworn.)

MR. KELLAHIN: Mr. Examiner, we're seeking an unorthodox oil well location in the Casey-Strawn Pool.

This 80-acre tract is immediately adjacent to the Casey-Strawn Pool. Mr. Wilson, while waiting for his case, has examined the nomenclature docket for today and finds that the Commission is taking his acreage out of the Casey-Strawn Pool and proposes to put it in

1 the Northeast Lovington-Pennsylvanian Pool.

2 I think it would be most expe-
3 dient to have you change the nomenclature case, 8670, and to
4 change sub-paragraph (e), which says contract the Casey-
5 Strawn Pool for this Section 27, northwest quarter.

6 MR. TAYLOR: You mean delete
7 that?

8 MR. KELLAHIN: Delete that and
9 leave that acreage in the Casey-Strawn Pool, and to delete
10 (n), which would then extend the Northeast Lovington-Penn
11 Pool to cover Section 27, the northwest quarter.

12 So if you strike 27, northwest
13 quarter, from (n), then the balance of that ought to be cor-
14 rect.

15 MR. QUINTANA: Let me --

16 MR. KELLAHIN: It's not some-
17 thing you need to do now but it's something you need to be
18 aware of, that we are seeking to apply for an exception for
19 acreage that apparently is not intended to be in the pool to
20 which we seek the exception.

21 MR. QUINTANA: Let me take a
22 quick five minute recess here and (not understood).

23

24 (Thereupon a recess was taken.)

25

1 MR. QUINTANA: Let the record
2 show that the Casey Strawn Pool and the Northeast Lovington
3 Pennsylvanian Pool have the same exact pool rules for a well
4 location requirements, so we will proceed with the case and
5 under -- under the set pool that has been advertised and
6 when they do change it, we will change it in the order.

7 MR. KELLAHIN: We won't have to
8 readvertise our case?

9 MR. QUINTANA: Won't have to
10 readvertise the case.

11
12 TODD M. WILSON,
13 being called as a witness and being duly sworn upon his
14 oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. KELLAHIN:

18 A Mr. Wilson, for the record would you
19 please state your name?

20 A Yes, sir. Todd Wilson.

21 Q Have you previously testified before the
22 Division, Mr. Wilson?

23 A Yes, I have.

24 Q And what is your educational background?

25 A Bachelor's degree from the University of

1 New Mexico and a Master of Science degree from Oklahoma
2 State University.

3 Q You've testified as a petroleum geologist
4 before the Division?

5 A Yes, I have.

6 Q Pursuant to your employment with Rio Peco
7 Corporation, have you prepared the geologic basis upon which
8 Rio Pecos seeks the unorthodox oil well location advertised?

9 A Yes.

10 MR. KELLAHIN: We tender Mr.
11 Wilson as an expert petroleum geologist.

12 MR. QUINTANA: He's considered
13 an expert petroleum geologist.

14 You may proceed.

15 Q Mr. Wilson, let me show you the landman's
16 plat which is marked as Exhibit One and have you identify,
17 first of all, the proposed unorthodox well location for us.

18 A Okay. The proposed location is 1470 feet
19 from the north line, 660 feet from the west line, Section
20 27, Township 16 South, Range 37 East, Lea County, New Mexi-
21 co.

22 Q And what is the proposed spacing and pro-
23 ration unit for the well?

24 A The proposed spacing is 80 acres. The
25 proration unit will encompass the south half of the north-

1 west quarter, Section 27, Township 16 South, Range 37 East.

2 Q Based upon the Casey-Strawn rules are you
3 at a standard location to the west boundary of Section 27?

4 A Yes, we are.

5 Q And you are unorthodox as to the north
6 boundary of the proration unit.

7 A Yes, we are.

8 Q And who is the operator that controls
9 that proration unit in the north half of the northwest quar-
10 ter?

11 A Yates Petroleum Corporation.

12 Q Do you have the consent of Yates to move
13 closer to the common boundary?

14 A Yes.

15 Q All right. Let me have you identify for
16 us, Mr. Wilson, the significance of the various colored well
17 locations or wells on the plat.

18 A The orange colored well plot indicates
19 Lower Strawn oil production; the blue indicates Pennsyl-
20 vanian oil production.

21 Q Would you turn now to Exhibit Number Two,
22 Mr. Wilson, and identify for us the well log?

23 A Okay. Exhibit Number Two is a portion of
24 the (not understood) No. 2 Carter Well, which is located
25 1330 feet from the north line, 1980 feet from the east line,

1 Section 28, Township 16 South, Range 37 East.

2 It's a portion to include the Strawn and
3 the Atoka formations to display the correlations that we've
4 used in our interpretation here.

5 Also indicated are the perforations of
6 zone productive in the Lower Strawn formation.

7 Q What is the purpose of Exhibit Number
8 Two?

9 A The purpose of Exhibit Number Two is just
10 an example of the correlation.

11 Q All right, sir. Would you turn now to
12 Exhibit Number Three and identify that for us?

13 A Exhibit Number Three is an Isopach map
14 from the top of the Lower Strawn Limestone to the top of the
15 Atoka. It displays a series of northwest/southeast trending
16 algal mounds that have developed in the Lower Strawn Lime-
17 stone.

18 These algal mounds are found productive
19 to the northwest in the Northeast Lovington Field, immed-
20 iately south of us in the Casey Field.

21 Additional data includes interpretations
22 from dipmeters that we've run on the Shipman 1 and the Ship-
23 man 2 Wells, which are located in the north half of the
24 northwest quarter, Section 27, and the Amerand No. 1 Carter
25 Well located in the northeast of the northeast of Section

1 28.

2 This is our primary intention for picking
3 this unorthodox drill site is the fact that all three of
4 these dipmeters consistently confirm the development of the
5 mound core facies to the southwest in the two Shipp Wells in
6 Section 27 and to the south/southeast in the Amerand Carter
7 Wells in Section 28.

8 Q Using Exhibit Number Three as a basis for
9 your explanation, Mr. Wilson, will you describe for the Exa-
10 miner the reasons you have for choosing the proposed unor-
11 thodox location over the closest standard location?

12 A The basic reason is essentially the dip-
13 meter data. It indicates in the Shipp No. 1 Well, which is
14 located in the northeast of the northwest quarter of Section
15 27, that the dip has an orientation of north 60 degrees east
16 with a magnitude of 20 degrees.

17 The Shipp No. 2 Well, located in the
18 northwest of the northwest of Section 27 has a dip orienta-
19 tion of north 25 degrees east, a magnitude of 18 degrees.

20 If you triangulate the dipmeter data from
21 these three wells, you come up with a location in Section 27
22 that we've picked that will maintain maximum algal mound
23 thickness and, as we'll see later, maximum structural posi-
24 tion.

25 Q What happens in terms of your position on

1 the Strawn mound if you have to move to the closest standard
2 location?

3 A Well, according to our dipmeter data and
4 experience in drilling in here, we'd probably drill on a
5 tight section. We would not be in the mound core facies.

6 Q Let's turn now to the structure map, Mr.
7 Wilson, and have you identify that. I believe it's marked
8 as Exhibit Number Four.

9 A Okay, the structure map just displays in
10 here that the production that occurs in the north half of
11 the northwest quarter of Section 27 and also the north half
12 of the northeast quarter of Section 28, appears to be on the
13 north flank of the structural closure, a portion of that
14 structural closure which is situated in the northwest quar-
15 ter of 27 at the drill site that we want to drill.

16 Q What is your timing for commencing this
17 well, Mr. Wilson?

18 A As soon as possible.

19 Q Do you have an opinion as to whether or
20 not this is the optimum location within this 80-acre tract
21 from which to drill and test the Strawn formation?

22 A Yes. To move to the east I feel would be
23 a detriment to trying to find a clean mound core facies
24 that's productive.

25 Q Were Exhibits One through Four prepared

1 by you or compiled under your direction and supervision?

2 A Yes.

3 MR. KELLAHIN: That concludes
4 our examination of Mr. Wilson.

5 We move the introduction of Ex-
6 hibits One through Four.

7 MR. QUINTANA: Exhibits One
8 through Four will be entered as evidence in this case.

9 Did you say you had a waiver
10 from the offset operator who you're crowding?

11 MR. KELLAHIN: We don't have a
12 written waiver but Yates participates in this well and is
13 the operator of the 80-acre tract immediately to the north
14 of us.

15 MR. QUINTANA: He is partici-
16 pating in this well, also.

17 MR. KELLAHIN: That's my under-
18 standing.

19 A Yates operated the two wells in the north
20 half of Section 27 and we'll operate this unorthodox drill-
21 site.

22 MR. KELLAHIN: They have an in-
23 terest, though, in this well.

24 A Oh, yeah, definitely.

25 MR. QUINTANA: I have nothing

1 further for the witness.

2 He may be excused.

3 Anything further in Case 8663?

4 MR. KELLAHIN: No, sir.

5 MR. QUINTANA: If not, Case
6 8663 will be taken under advisement.

7

8 (Hearing concluded.)

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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 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 and true transcript of the hearing in the Examination of No. 8663, heard by me on July 31 1985.

Silbert P. Quintana, Examiner
Oil Conservation Division