

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MAY 6, 1987 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
<i>Bob Huler</i> <i>T. L. Hill</i>	<i>Byram</i> <i>Mobil Producing Trst N.M. INC</i>	<i>Santa Fe</i> <i>Midland Tx</i>
<i>Bob Cuddeback</i>	<i>" " " " "</i>	<i>" "</i>

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
Santa Fe, New Mexico

6 May 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Mobil Producing Texas and New Mexico, Inc. for an unorthodox oil well location, Lea County, New Mexico. CASE 9128

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: W. Perry Pearce  
Attorney at Law  
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Santa Fe, New Mexico 87504

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ROBERT GUDRAMOVICS

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MR. CATANACH: This hearing will come to order this morning for Docket No. 14-87.

Call the first case Numbr 9128.

MR. TAYLOR: The application of Mobil Producing Texas and New Mexico, Incorporated, for an unorthodox oil well location, Lea County, New Mexico.

MR. CATANACH: Are there appearances in this case?

MR. PEARCE: May it please the Examiner, I am W. Perry Pearce of the Santa Fe law firm of Montgomery and Andrews, P. A., appearing in this matter on behalf of Mobil Producing Texas and New Mexico, Inc., and I have one witness who needs to be sworn.

MR. CATANACH: Are there other appearances?

Will the witnesses please stand and be sworn?

(Witness sworn.)

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

## 1 DIRECT EXAMINATION

2 BY MR. PEARCE:

3 Q Thank you, sir. For the record would you  
4 please state your name, place of residence, and employer?5 A My name is Robert Gudramovics. My  
6 residence is in Midland, Texas, and my employer is Mobil  
7 Producing Texas and New Mexico, Inc.8 Q Mr. Gudramovics, what is your position of  
9 employment with Mobil?

10 A I'm a production geologist.

11 Q And have you appeared before the New Mex-  
12 ico Oil Conservation Commission or Division and its exami-  
13 ners previously and had your credentials as an expert in  
14 petroleum geology accepted --

15 A Yes.

16 Q -- and made a matter of record? Are you  
17 familiar with the application Mobil has filed in Case 9128?

18 A Yes, I am.

19 Q Thank you.

20 MR. PEARCE: Mr. Examiner, at  
21 this time I would tender the witness as an expert in petro-  
22 leum geology.23 MR. CATANACH: He is so quali-  
24 fied.

25 Could you please spell your

1 name, please?

2 A G-U-D-R-A-M-, as in Mary, O-V-, as in  
3 Victor, -I-C-S, as in Sam. It's pronounced Smith.

4 All right, it's four syllables and you  
5 can break it down to Gud-ra-mo-and instead of vics, V-I-C-S,  
6 it's vich, V-I-C-H. In previous hearings, everybody just  
7 called me Bob. Take your choice.

8 Q All right, sir, briefly what is Mobil  
9 seeking with its application today?

10 A We are seeking approval for an unorthodox  
11 well location for our Amoco State No. 2 Well, located in the  
12 South Shoe Bar Field in Lea County, New Mexico.

13 Q Okay, at this time I would like to refer  
14 you to what we have marked as Exhibit Number One to this  
15 proceeding. Open that up so we can talk about it.

16 As a matter of fact, I think the witness  
17 can speak up so he can be heard and we can all use one exhi-  
18 bit.

19 A Exhibit Number One is basically a land  
20 map showing the South Shoe Bar area. It shows an outline in  
21 red of the Lovington Deep Drilling Unit, of which Mobil  
22 operates and Amoco and Yates are partners in there. I would  
23 like to also point out that all of this is state lands and  
24 no matter where we drill within this unit all partners keep  
25 the same interest in the wellbore.

1                   The discovery well in the South Shoe Bar  
2 Devonian Field was our Mobil Lovington Deep State Unit No.  
3 1, which is located in the north half of the northeast quar-  
4 ter of Section 1, and outlined in green shows the 80 acres  
5 allocated to that well.

6                   The well that we're applying for the un-  
7 orthodox location will be our Mobil Lovington Deep Unit Amo-  
8 co State No. 2 Well, is located in the north half of the  
9 southwest quarter of Section 6 and the 80 acres we'd like to  
10 assign to this well is also outlined in green with the red  
11 arrow actually pointing to the well location.

12                   Q                   Mr. Gudramovics, I understand that at  
13 this point the pool boundaries of the South Shoe Bar Devon-  
14 ian have not yet been extended. What are the current boun-  
15 daries of that pool?

16                   A                   The current boundaries as far as I know  
17 just includes the 80 acres allocated to the discovery well.

18                   Q                   Okay, and the well on which you are seek-  
19 ing an unorthodox location approval is within a mile of  
20 those pool boundaries, is that correct?

21                   A                   That's correct.

22                   Q                   All right, sir.

23                   A                   Also I'd like to just point out that the  
24 surrounding acreage around this drilling unit, the west half  
25 is Mobil acreage; the northeast quarter -- the northeast

1 quarter of Section 6 is also Mobil acreage; and then just to  
2 the southeast quarter of Section 6 is Texaco; and then the  
3 north half of Section 7 is Texaco acreage.

4 Q All right, sir, anything else on Exhibit  
5 One?

6 A No, I believe that does it.

7 Q Okay, let's open up Exhibit Two, and if  
8 you would discuss that for the Examiner and those in atten-  
9 dance, please?

10 A Exhibit Two is on a scale of one inch to  
11 1000 feet. It's a structure map on top of the Devonian for-  
12 mation in the South Shoe Bar Field area. It indicates the  
13 discovery well, a second well drilled, the Amoco State No.  
14 1, and the well we're applying for the unorthodox location,  
15 the Lovington Deep Amoco State No. 2 Well.

16 That's basically it.

17 Q All right, sir, I would ask you now to  
18 look at what we've marked as Exhibit Number Three to this  
19 proceeding and I would ask you to specifically look on Page  
20 4 of that. First of all, if you'd state for the record what  
21 that exhibit is.

22 A Sure. Exhibit Number Three is a case  
23 Order No. 8949, which was the application by Mobil Producing  
24 Texas and New Mexico, Inc., for a new field discovery and  
25 discovery allowable for the discovery well in the South Shoe

1 Bar Field.

2 Q All right, sir, and I would ask you to  
3 look at Page 4, Rule No. 4 of that document, please, and  
4 state for the record what that rule provides.

5 A Rule No. 4 states that each well shall be  
6 located within 150 feet of the center of a governmental  
7 quarter quarter section or lot.

8 Q Okay, before we discuss that, I'd like  
9 for you please to open up Exhibit Number Four to this pro-  
10 ceeding, because I think it may help everybody understand if  
11 we have that exhibit before us.

12 A Sure. Exhibit Number Four is a location  
13 plat on a scale of one inch to 100 feet. It shows the  
14 southwest quarter 160 acres of Section 6. It's just to  
15 point out where the Lovington Deep Amoco State No. 2 Well  
16 location is and the circle around the center of an orthodox  
17 location.

18 Q And the circle around that well spot is  
19 150-foot radius circle, is that right?

20 A That's correct.

21 Q Okay. It appears from that exhibit that  
22 the well location is outside of that circle and that's the  
23 reason for the unorthodox location application, is that cor-  
24 rect?

25 A That's correct. It's 62.2 feet outside

1 that 150-foot circle.

2 Q All right, sir. If it had only been  
3 moved horizontally or vertically within that spacing unit,  
4 would the well have violated the 150-foot rule?

5 A Could you repeat that question?

6 Q Yeah, I'm sorry. The well is unorthodox  
7 only because it has been moved diagonally within the spacing  
8 unit, is that correct?

9 A That is correct.

10 Q And so the actual measurement, if 660 is  
11 the center of the quarter quarter section, the well has just  
12 moved, been moved to 150 feet south and west, is that cor-  
13 rect?

14 A That is correct, and that was -- that was  
15 the mistake we made when we applied for the location. When  
16 we originally applied, when I originally chose that location  
17 I chose it as being the most southwesterly position in an  
18 orthodox location.

19 Q Okay, you discussed, I don't know whether  
20 you will need to refer to it or not, you discussed surround-  
21 ing acreage on a previous exhibit. This well has been moved  
22 in a southwesterly direction and is crowding in that direc-  
23 tion. Who controls the acreage to the west of this loca-  
24 tion?

25 A The acreage to the west and to the south

1 is controlled by Mobil and is part of the Lovington Deep  
2 Drilling Unit.

3 Q Okay. How about the cornering acreage  
4 rather than just the southern and westerly tracts, is that  
5 cornering tract to the southwest also Mobil controlled?

6 A That's correct.

7 Q All right.

8 A And too, the north half of this 80-acre  
9 location is also Mobil controlled.

10 Q Is it your opinion that approval of an  
11 unorthodox location without penalty at this location will  
12 act to prevent waste and protect the correlative rights of  
13 the interest owners in this unit?

14 A That's correct.

15 Q And is it your opinion that approval of  
16 that location will not damage these correlative rights of  
17 any surrounding interest owners?

18 A That's correct.

19 Q All right, sir. Do you have anything  
20 further to add at this time?

21 A No.

22 MR. PEARCE: Mr. Examiner, I  
23 have nothing further at this time. We'll be happy to have  
24 the witness address anything you'd like him to.

25

1 MR. PEARCE: Mr. Examiner, we  
2 would move the admission of Mobil Exhibits One through Four  
3 into evidence.

4 MR. CATANACH: The exhibits  
5 will be admitted.

6

7

CROSS EXAMINATION

8 BY MR. CATANACH:

9 Q I'm curious about the Amoco State No. 1  
10 Well. When was it -- has that already been drilled and com-  
11 pleted?

12 A Yes, it has. The Amoco State No. 1 Well  
13 was the second well we drilled in the south in the Lovington  
14 Deep Drilling Unit. It was drilled down to Basement, total  
15 depth of 15,000, in excess of 15,000 feet.

16 We attempted to complete it in the Devon-  
17 ian formation and because of mechanical problems we were un-  
18 able to do that.

19 Since then we have completed it in the  
20 Pennsylvanian formation as a top allowable Pennsylvanian  
21 well (inaudible.)

22 Q What Pennsylvanian pool is that?

23 A It's currently not assigned to a pool.

24 Q So it's an oil well?

25 A Yes, it is. It's an oil well and we have

1 plans to assign it to the South Shoe Bar, to the South Shoe  
2 Bar Pennsylvanian Pool.

3 Q Does Mobil have any intention of trying  
4 to complete the Amoco State No. 2 in the Pennsylvanian also?

5 A No. The Amoco State No. 2 Well was  
6 drilled down to the Devonian and we have tested the Devon-  
7 ian. We have not potentialized it yet but it will be a Devon-  
8 ian producer.

9 Q Is the Pennsylvanian tested in that well?

10 A In the Amoco State No. 2?

11 Q Yes.

12 A The Pennsylvanian is cored in that well  
13 but the primary objective of the Amoco State No. 2 was to go  
14 for the Devonian (inaudible).

15 Q Is Mobil applying for a new pool for that  
16 Pennsylvanian Well?

17 A We have not during this hearing but we  
18 have plans to apply for a new pool.

19 Q On what acreage do you intend to space  
20 that?

21 A The decision has not been made but I be-  
22 lieve we will apply for 80 acres.

23 Q Okay, so the Amoco State No. 2 is cur-  
24 rently completed and ready for -- ready to be produced?

25 A That's correct.

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REDIRECT EXAMINATION

BY MR. PEARCE:

Q Mr. Gudramovics, one follow-up question, if I may.

Do you have any information available to you at this time which would indicate whether or not upon depletion of the Devonian it's going to be possible to come back up the hole and complete that well in the Pennsylvanian or if you know?

A Yes, there will be no problem completing in the Penn, and the Penn core is very interesting and ought to be completed.

RE CROSS EXAMINATION

BY MR. CATANACH:

Q I guess you would intend to, if the Pennsylvanian Pool is on 80 acres you would intend to dedicate the south half of the northwest quarter?

A That is correct. Currently there would be only two wells in the South Shoe Bar Devonian Pool and that would be the discovery well and the Amoco State No. 2 Well. And we have plans for the next Devonian well out there to be the Yates State No. 1 location, which would be located in the southeast quarter of Section 36.



1 comes on for reconsideration that the record simply be  
2 opened for any additional evidence and then the matter be  
3 taken under advisement.

4 MR. CATANACH: Okay, Case 9128  
5 will be left open until the May 20th hearing. We'll just  
6 leave the record open until that time.

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 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. 9128,  
heard by me on May 1987.

David L. Catanzaro, Examiner  
Oil Conservation Division