

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

8 June 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum Corp- CASE
oration for an unorthodox gas well 9395
location, Lea County, New Mexico.

BEFORE: David R. Catanach, Examiner

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 the Applicant:

1
2 MR. CATANACH: Call next Case
3 Number 9395.

4 MR. STOVALL: Application of
5 Yates Petroleum Corporation for an unorthodox gas well
6 location, Lea County, New Mexico.

7 MR. CATANACH: At the re-
8 quest of the applicant this case will be continued to the
9 Examiner Hearing scheduled for June 22nd, 1988.

10
11 (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 (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 and true transcript of the proceedings in
the Examiner's hearing of Case No. 7387,
heard by me on June 6 19 88.
David P. Leland, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION COMMISSION
4 STATE LAND OFFICE BUILDING
5 SANTA FE, NEW MEXICO

6
7 22 June 1988

8 EXAMINER HEARING

9 IN THE MATTER OF:

10 Application of Yates Petroleum Corp- CASE
11 oration for an unorthodox gas well 9395
12 location, Lea County, New Mexico.

13 BEFORE: Michael E. Stogner, Examiner

14 A P P E A R A N C E S
15

16 For the Division:

17 Robert G. Stovall
18 Attorney at Law
19 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

20 For the Applicant:

21 Chad Dickerson
22 Attorney at Law
23 DICKERSON, FISK & VANDIVER
24 Seventh and Mahone/Suite E
25 Artesia, New Mexico 88210

I N D E X

NORBERT T. REMPE

Direct Examination by Mr. Dickerson 3

Cross Examination by Mr. Stogner 8

E X H I B I T S

Yates Exhibit A, Map 6

Yates Exhibit B, Geology 6

SHARON R. HAMILTON

Direct Examination by Mr. Richardson 6

Cross Examination by Mr. Stogner 6

Redirect Examination by Mr. Richardson 8

1 MR. STOGNER: Call next Case
2 Number 9395, which is the application of Yates Petroleum
3 Corporation for an unorthodox gas well location, Lea
4 County, New Mexico.

5 Call for appearances?

6 MR. DICKERSON: Mr. Examiner,
7 I'm Chad Dickerson of Artesia, New Mexico, on behalf of
8 the applicant.

9 I have one witness.

10 MR. STOGNER: Are there any
11 other appearances in this matter?

12 Please raise your right hand.

13
14 (Witness sworn.)

15
16 Mr. Dickerson?

17
18 NORBERT T. REMPE,
19 being called as a witness and being duly sworn upon his
20 oath, testified as follows, to-wit:

21
22 DIRECT EXAMINATION

23 BY MR. DICKERSON:

24 Q Mr. Rempe, will you state name, your
25 occupation, by whom you're employed, please?

1 A I'm Norbert T. Rempe and I am employed
2 as a petroleum geologist by Yates Petroleum Corporation in
3 Artesia, New Mexico.

4 Q And, Mr. Rempe, you have testified on
5 numerous occasions in the recent past before this Division
6 as a petroleum geologist, have you not?

7 A Yes, I have.

8 Q Are you familiar and have you made a
9 study of the available geological data within the Lazy Tree
10 State Unit Area and the unorthodox well location which is
11 the subject of this hearing?

12 A Yes, I have.

13 MR. DICKERSON: Tender Mr.
14 Rempe as an expert petroleum geologist.

15 MR. STOGNER: Mr. Rempe is so
16 qualified.

17 Q Mr. Rempe, will you summarize for Mr.
18 Stogner the background that gave rise to the necessity for
19 unorthodox gas well location?

20 A Yes. This State unit was originally
21 formed to test the Permo Penn, primarily the Bough section
22 and the initial test well was slated for a total depth of
23 about 10,500 feet.

24 Drilling revealed that the hoped for
25 structural porosity and permeability were not present.

1 Management therefore decided to deepen the test well beyond
2 its originally scheduled total depth to test the lower
3 Pennsylvanian, especially the Atoka and Morrow section, as
4 well as the uppermost Mississippian Austin cycle.

5 Final total depth is 12,100 feet.

6 Testing proved a sandstone in the Upper
7 Morrow section at about 11,480 feet to be gas bearing, so
8 5-1/2-inch casing was run and the well was completed in the
9 pay zone.

10 It has not been connected to a pipeline
11 yet.

12 Q What is the spacing unit designated for
13 that Morrow completion?

14 A The spacing unit would be a 320-acre
15 unit and that would be the east half of Section 12 of
16 Township 12 South, Range 32 East.

17 Q So, as I understand it, Mr. Rempe, the
18 well was drilled to a deeper horizon than was anticipated
19 as its targeted depth as the initial test well in the Lone
20 Tree Unit?

21 A That is correct.

22 Q The original well location and principal
23 objective under that unit was to have been on 40-acre
24 spacing?

25 A That is correct, too.

1 Q And the well location was orthodox for
2 40-acre spacing but unorthodox --

3 A Yes, indeed.

4 Q -- on the 320-acre unit.

5 A Yeah.

6 MR. DICKERSON: Mr. Examiner,
7 I'd ask that you take administrative notice of your case in
8 this office, Case Number 9244 and Order No. 8535, which
9 involve the approval of this Lone Tree State Unit.

10 MR. STOGNER: Administrative
11 notice will be taken of that case and order number.

12 Q Mr. Rempe, will you identify what we
13 have submitted as Yates Exhibit Number A and summarize that
14 map for the Examiner?

15 A Exhibit A is a land plat of the Lazy
16 Tree State Unit and it is the same exhibit as submitted
17 previously when the unit was formed except that we added
18 the location of this gas well, which is in the northeast
19 quarter of Section 12, as denoted in red.

20 Q Okay, identify what you've submitted as
21 Exhibit Number B.

22 A We're submitting as Exhibit B a geologi-
23 cal exhibit which was done after the well was drilled, so
24 information was used in order to produce this exhibit that
25 was derived from drilling the well, as well as from several

1 seismic lines. It shows on the left a structure map of the
2 top of the Morrow Clastics and again the Lazy Tree State
3 Unit No. 1 is clearly labeled and identified, and on the
4 right it shows a map of the Morrow Clastics. It's an
5 Isochron map that shows the thickness of the Morrow Clastic
6 interval and it shows that we are on the up-dip edge of a
7 thick Morrow Clastic wedge.

8 Q Mr. Rempe, in your opinion will the
9 approval of Yates application in Case 9395 be in the
10 interest of conservation, the prevention of waste, and the
11 protection of correlative rights?

12 A Yes, it will.

13 MR. DICKERSON: Mr. Examiner,
14 I have no further questions of Mr. Rempe.

15 For your benefit I would point
16 out that the Exhibit B to the unit agreement, which will
17 appear in your case file in the unit Case 9244, sets out,
18 if you are interested, the ownership of each of the various
19 tracts.

20 To summarize that ownership,
21 as far as the offsetting acreage within this unit bound-
22 ary to the unorthodox location, it is all owned or control-
23 led by Yates Petroleum Corporation, both the ownership of
24 underlying working interest in the tracts and as operator
25 of that State approved unit.

1 MR. STOGNER: I will make note
2 of such.

3
4 CROSS EXAMINATION

5 BY MR. STOGNER:

6 Q Mr. Rempe, now this was advertised today
7 for an unorthodox gas well location for anything down to
8 the bottom of the Mississippian. Was the Mississippian
9 checked on this particular well?

10 A Yes.

11 Q And it was found dry?

12 A It was tight, yes.

13 Q Were you anticipating a gas or oil in
14 the Mississippian?

15 A Either.

16 Q Either, okay. Since that's dry, then I
17 take it that we can narrow the perimeters down on your
18 order, if such is issued, to -- to the Morrow formation.

19 Have you had a chance to take a look at
20 the -- the Atoka log or the log through the Atoka zone?

21 A Yes,

22 Q And are you anticipating coming up and
23 completing in a higher zone?

24 A It is possible.

25 Q Okay. Whenever you made the original

1 application to drill and a subsequent C-102, what formation
2 were you seeking at that time?

3 A It was the Permo Penn, especially the
4 Bough section down to the Ranger Lake, which is about the
5 middle of the upper -- of the Permo Penn, of the Upper
6 Penn.

7 Q And you were anticipating an oil well.

8 A That's correct.

9 Q A 40-acre oil well.

10 A Yes.

11 Q So this would have been, like you said,
12 standard for that but unorthodox for this.

13 A Correct.

14 Q And according to your geological testi-
15 mony in Exhibit B, this would be probably the best location
16 for this well in the Morrow?

17 A It appears so.

18 Q Okay. So you're seeking for a geologi-
19 cal exception, also.

20 A That's correct.

21 MR. STOGNER: I have nothing
22 further in Case Number 9395.

23 Does anybody else have any
24 further questions of this witness?

25 He may be excused.

1 Mr. Dickerson, do you have
2 anything further in this case?

3 MR. DICKERSON: No, sir.

4 MR. STOGNER: Does anybody
5 else have anything further in Case Number 9395?

6 It will be taken under ad-
7 visement.

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9 (Hearing concluded.)

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Sally W. Boyd CSR

I do hereby certify that the foregoing is
a correct version of the proceedings in
the Examiner hearing of Case No. 9395,
heard by me on 22 June 1988.

Michael E. Stegner, Examiner
Oil Conservation Division

8/4/88