

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

6  
7  
8 24 May 1989

9 EXAMINER HEARING

10 IN THE MATTER OF:

11 Application of Charles B. Gillespie, CASE  
12 Jr. for an unorthodox oil well loca- 9677  
13 tion, Lea County, New Mexico.

14 BEFORE: David R. Catanach, Examiner

15 TRANSCRIPT OF HEARING

16  
17 A P P E A R A N C E S

18 For the Division:

19 For Charles B. Gillespie, James Bruce  
20 Jr.: Attorney at Law  
21 HINKLE LAW FIRM  
22 500 Marquette, N. W.  
23 Suite 740  
24 Albuquerque, New Mexico  
25 87102-2121

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I N D E X

WILLIAM ROBERT CROW

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1 MR. CATANACH: At this time  
2 we'll call Case 9677. Application of Charles B. Gillespie,  
3 Jr. for an unorthodox oil well location, Lea County, New  
4 Mexico.

5 Are there appearances in this  
6 case?

7 MR. BRUCE: Mr. Examiner, my  
8 name is James Bruce from the Hinkle firm in Albuquerque,  
9 representing the applicant.

10 I have one witness to be  
11 sworn.

12 MR. CATANACH: Any other ap-  
13 pearances?

14 Will the witness please stand  
15 and be sworn in?

16  
17 (Witness sworn.)

18  
19 WILLIAM ROBERT CROW,  
20 being called as a witness and being duly sworn upon his  
21 oath, testified as follows, to-wit:

22  
23 DIRECT EXAMINATION

24 BY MR. BRUCE:

25 Q Mr. Crow, will you please state your

1 full name and city of residence?

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

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

6 A I'm a geologist employed by Charles B.  
7 Gillespie, Junior.

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

10 A Yes, I have.

11 Q And are you familiar with the geological  
12 matters related to this case?

13 A Yes, I am.

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

16 MR. CATANACH: They are, if I  
17 can get the witness to spell his last name for me.

18 A C-R-O-W.

19 Q Briefly, Mr. Crow, what does Charles  
20 Gillespie seek in this case?

21 A Mr. Gillespie seeks approval for an un-  
22 orthodox oil well location 510 from the north line and 990  
23 from the west line of Section 11, Township 17 South, Range  
24 37 East, in the Undesignated Humble City Strawn Pool or the  
25 Undesignated Shipp Strawn Pool, with the west half of the

1 northwest quarter of Section 11 to be dedicated to the  
2 well.

3 Q Will you please refer to Exhibits A and  
4 B and describe their contents?

5 A Exhibit A is a list of the offset oper-  
6 ators that were notified.

7 Exhibit B is a land plat showing leases  
8 of the offset operators, the proposed location and the pro-  
9 posed 80-acre standup unit, with the second page being a  
10 blown up 1-to-1000 inch scale listing offset operators.

11 Q Looking at the second page of Exhibit B,  
12 your well is only unorthodox in the east/west direction, is  
13 that correct?

14 A That's correct.

15 Q And because of that you are only unor-  
16 thodox towards your own lease, is that correct?

17 A That's correct.

18 Q Would you please now refer to Exhibit C  
19 and describe it?

20 A Exhibit C is a structure map contoured  
21 on top of the Lower Strawn Lime. The wells that are color-  
22 ed in blue represent Strawn Lime producers and the wells  
23 colored in red represent dry holes drilled in the Strawn.  
24 Contour interval is 100 feet and the significance of the  
25 map shows the abrupt steepness of these algal mounds that

1 we're dealing with here. (Incomplete) orientation of the  
2 north/south cross section will be shown.

3 Q Thank you. Would you please move on to  
4 Exhibit D and describe its contents?

5 A Exhibit D is an isopach map of the Lower  
6 Strawn Lime. Contour interval was 50 feet and it shows the  
7 way we believe the mound is oriented that we're looking at  
8 and the location.

9 Q And all of the mounds that you show on  
10 there are quite limited in areal extent, are they not?

11 A Yes. This map shows that they're all  
12 close to being the same size, very small.

13 Q Now would you please refer to the cross  
14 section previously described and please describe its con-  
15 tents?

16 A The cross section is a north/south  
17 structural cross section. It shows the top of the Lower  
18 Strawn Lime, the base of the lime, which is a clastic zone,  
19 referred to sometimes as Strawn, some times as Atoka. I'm  
20 not going to argue that. And then the Atoka Shale. It's a  
21 north/south structural cross section and the purpose is to  
22 show the small limit of the size of these mounds and how  
23 quickly and steep sided they are. The scale on this cross  
24 section horizontally is 1 inch equals 150 feet and the two  
25 wells on the northern left edge of the cross section are

1 less than 500 feet apart and there's a change of 80 feet of  
2 structure; one well was dry, the other one flowed 449 bar-  
3 rels.

4                   And as you go south it shows our pro-  
5 posed mound that we see defined by seismic, the proposed  
6 location, and it goes down to show a very thin, low well  
7 separating our proposed mound from Humble City, and the  
8 purpose is really just to show how small and steep sided  
9 they are.

10               Q           Thank you. Could you recap why does Mr.  
11 Gillespie seek to drill at this unorthodox location?

12               A           Well, that location is to stay directly  
13 on a seismic shot point and to reduce our risk.

14               Q           And do you request that this application  
15 be approved without a penalty?

16               A           Yes, I do, for three reasons. One is  
17 there's been no objections from offset operators. We're  
18 only unorthodox toward ourselves to the east and porosity  
19 that we see based on seismic lies wholly on our own lease.

20               Q           And is Exhibit F a copy of the notice  
21 letter and copies of the return receipts which were sent to  
22 the offset operators?

23               A           Yes, it is.

24                               MR. BRUCE: I would also point  
25 out, Mr. Examiner, that it contains waivers signed by

1 Conoco, Chevron and BP Exploration.

2 Q Mr. Crow, are there other unorthodox  
3 Strawn oil wells in this area?

4 A Yes, there are. Since the reopening of  
5 the Humble City Field and the discovery of the Shipp Field,  
6 there's been 10 unorthodox locations in the Humble City  
7 Field and 23 unorthodox locations in the Shipp Field.

8 Q And in your opinion is the granting of  
9 this application in the interest of conservation, the pre-  
10 vention of waste and the protection of correlative rights?

11 A Yes.

12 Q And were Exhibits A through E prepared  
13 by you or under your direction -- excuse me, Exhibits A  
14 through F?

15 A Yes, they were.

16 MR. BRUCE: Mr. Examiner, I  
17 move the admission of Exhibits A through F.

18 MR. CATANACH: Exhibits A  
19 through F will be admitted as evidence.

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

22

23 CROSS EXAMINATION

24 BY MR. CATANACH:

25 Q Mr. Crow, your isopach, is that entirely

1 based on seismic?

2 A Yes, sir. We have a northwest/southeast  
3 seismic line that goes through the Pennzoil producing well  
4 in the southwest quarter of Section 2, directly through the  
5 proposed location, on south through Humble City Field, and  
6 then we have an east/west line that runs 550 feet off the  
7 north section line and based upon those lines, that's the  
8 way we see the mound. It's not positive that there's poro-  
9 sity in the whole mound, but that's the extent of the mound  
10 we see.

11 Q The well that directly, or -- or offsets  
12 you to the southeast, was that drilled by Gillespie?

13 A Yes, it was.

14 Q And what -- what was the problem with  
15 that well? Just didn't encounter the porosity?

16 A It was tight. It was thinner than we  
17 expected. It did thicken up from the well to the south,  
18 which indicates to us that we were getting close, but 3 or  
19 4 or 500 feet makes all the difference in the world, and we  
20 just weren't in the right spot.

21 Q Has Gillespie drilled other wells in  
22 this area based on seismic or was it successful to drill  
23 other wells based on seismic?

24 A Yes, we have. The last well we drilled  
25

1 was a re-entry and a deviation of the original Shipp No. 1  
2 Well we drilled, and it was based solely on seismic, and  
3 it's the well that's located in the northwest of the north-  
4 east quarter of Section 11 and that well was dry originally  
5 and we went in and sidetracked it and moved the well 440  
6 feet based on a seismic line and the well flowed 670 bar-  
7 rels flowed 670 barrels of oil a day.

8 Q And that was in the northeast quarter of  
9 the northwest, or I'm sorry, the northwest of the northeast  
10 quarter of Section 11?

11 A Yes, just --

12 Q That's the well just over to the --

13 A Yes.

14 Q And it's your opinion that that's not --  
15 that mound that you're producing from is not the same as  
16 the one you're targetting in this well?

17 A No, because the previous well we just  
18 discussed that we drilled directly between them, and you  
19 can see on, based on seismic, we feel like we can see the  
20 separation between the two mounds.

21 Q You're only about 150 feet east of a  
22 standard location. Does it make a whole lot of difference  
23 to you that it needs to be there?

24 A Yes, sir, because anything west, based  
25 on north/south seismic lines, that's -- that's the only



1 ther questions of this witness. He may be excused.

2 MR. BRUCE: I have nothing  
3 further in this case.

4 MR. CATANACH: Being nothing  
5 further, Case 9677 will be taken under advisement.

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(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 record of the proceedings in the Examiner hearing of Case No. 9677, heard by me on May 24 19 85.  
David H. Catant, Examiner  
Oil Conservation Division