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

IN THE MATTER OF THE HEARING)
CALLED BY THE OIL CONSERVATION)
DIVISION FOR THE PURPOSE OF)
CONSIDERING:) CASE NO. 10941
APPLICATION OF COLLINS & WARE, INC.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: Jim Morrow, Hearing Examiner
March 17, 1994
Santa Fe, New Mexico

This matter came on for hearing before the Oil
Conservation Division on March 17, 1994, at Morgan Hall,
State Land Office Building, 310 Old Santa Fe Trail,
Santa Fe, New Mexico, before Diana S. Abeyta, RPR, Certified
Court Reporter No. 168, for the State of New Mexico.

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I N D E X

March 17, 1994
Examiner Hearing
CASE NO. 10941

PAGE

APPEARANCES

3

COLLIN & WARE, INC.'S WITNESS:

Curtis A. Anderson

Examination by Mr. Carr

4

Examination by Examiner Morrow

11

REPORTER'S CERTIFICATE

13

E X H I B I T S

ID ADMTD

Exhibit 1

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Exhibit 2

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Exhibit 3

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Exhibit 4

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A P P E A R A N C E S

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FOR THE DIVISION:

ROBERT G. STOVALL, ESQ.
General Counsel
Oil Conservation Commission
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

FOR THE APPLICANT:

CAMPBELL, CARR, BERGE
& SHERIDAN, P.A.
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
BY: WILLIAM F. CARR, ESQ.

1 EXAMINER MORROW: We'll call case 10941.

2 MR. STOVALL: This is the application of Collins
3 & Ware, Inc., for an unorthodox oil well location
4 Lea County, New Mexico.

5 EXAMINER MORROW: Appearances.

6 MR. CARR: May it please the examiner, my name is
7 William F. Carr with the Santa Fe law firm Campbell, Carr,
8 Berge & Sheridan. I represent Collins & Ware, Inc., in that
9 matter, and I have one witness.

10 EXAMINER MORROW: Other appearances.

11 (Witness sworn.)

12 MR. CARR: Initially, Mr. Examiner, the case was
13 advertised showing a standard spacing unit for the well
14 comprised of the east half of the southwest quarter of
15 Section 10, Township 17 south, Range 37 East. The standard
16 proration unit that the applicant proposes to dedicate is
17 the north half the southwest quarter. It is also a standard
18 unit. The ownership is identical throughout this acreage,
19 and, therefore, we do not believe that it would require any
20 additional advertisement, since we're only seeking approval
21 of an unorthodox well location in this case.

22 EXAMINER MORROW: Okay, sir.

23 CURTIS ANDERSON

24 the witness herein, after having been first duly sworn
25 upon his oath, was examined and testified as follows:

EXAMINATION

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BY MR. CARR:

Q. Would you state your name for the record, please.

A. Curtis Anderson.

Q. Where do you reside?

A. Midland, Texas.

Q. By whom are you employed?

A. Collins & Ware, Inc.

Q. What is your position with Collins & Ware?

A. I'm a geologist.

Q. Have you previously testified before this
division?

A. Yes, I have.

Q. At the time of that testimony, were your
credentials as a petroleum geologist accepted and made a
matter of record?

A. Yes, they were.

Q. Are you familiar with the application filed in
this case in the proposed Scarborough Well No. 1?

A. Yes.

Q. Have you made a geologic study of the area
surrounding the proposed well?

A. Yes.

MR. CARR: Are the witness's qualificatins
accepted?

1 EXAMINER MORROW: Yes, sir.

2 Q. (BY MR. CARR) Mr. Anderson, would you briefly
3 state what Collins & Ware seeks with this application.

4 A. We seek to establish an unorthodox location for
5 the Scarborough No. 1 within the Humble City Strawn Pool,
6 located 2,100 feet from the south line, 1,500 feet from the
7 west line, Section 10, Township 17 South, Range 37 East,
8 Lea County.

9 Q. Is the Strawn the primary objective in the well?

10 A. That's correct.

11 Q. Are there secondary objectives?

12 A. There is the Abo that produces in the area, but
13 it is a minor secondary objective.

14 Q. Are there special pool rules in effect for the
15 Humble City Strawn Pool?

16 A. That is correct.

17 Q. What are the well location and spacing
18 requirements as set forth in those rules?

19 A. The rules state the well should be located within
20 150 feet of the center of a 40-acre tract.

21 Q. And the spacing requirements are 80-acres space --

22 A. 80 acres, yes.

23 Q. So you're proposing a standard spacing unit under
24 these pool rules?

25 A. That's correct.

1 Q. Have you prepared exhibits for presentation here
2 today?

3 A. Yes, I have.

4 Q. Would you refer to what has been marked for
5 identification as Collins & Ware Exhibit No. 1, identify
6 this exhibit, and then review it for Mr. Morrow.

7 A. Okay. Exhibit No. 1 is an ownership map of the
8 subject area. It is at a scale of 1 to 500. Each of the
9 40-acre tracts are indicated with a unit letter. The
10 Proposed Scarborough No. 1 is the red square located in unit
11 letter K. The proration unit outline is in stipple. And
12 then, of course, the center of each 40-acre tract is an X
13 with 150-foot radius drawn around it.

14 Q. What is the ownership in each of the 40-acre
15 tracts in the north half of the southwest quarter of Section
16 10?

17 A. The north half of the southwest quarter is the
18 proration unit for the subject well. Collins & Ware, 50
19 percent; BTA Oil Producers, 50 percent.

20 Q. The acreage that was originally included in the
21 ad in the spacing unit is the southeast of the southwest; is
22 that ownership identical, both working and royalty interest,
23 to the acreage included in the north half of this quarter
24 section?

25 A. Yes, that would be unit letter "N," and that is

1 correct.

2 Q. You have a lease expiration facing you in this
3 area?

4 A. Yes, we have to spud this well by April 12th of
5 this year.

6 Q. Why is Collins & Ware proposing the lay down
7 80-acre unit?

8 A. A lay down 80-acre unit, of course, uniform
9 interest across it, and as I'll show on the next exhibit,
10 the geological exhibit, our reservoir is centered inside
11 this 80-acre proration unit.

12 Q. All right. Let's go to that exhibit, Isopach
13 Exhibit No. 2, and review this for the examiner.

14 A. Again, this exhibit is at the same scale as the
15 previous. The Scarborough No. 1 is the red square located
16 approximately in the center of this map. The map is an
17 isopach of the Strawn, productive Strawn interval within the
18 Humble City Strawn pool. It is derived from seismic in that
19 a 3-D survey was shot across the entire extent of this
20 mapped area. Also, subsurface information from the wells
21 within the mapped area were were tied into the seismic.

22 The isopach map shows that the main purpose is
23 that you need an excess of 150 foot of total thickness --
24 excuse me -- 160 foot of total Strawn thickness to get a
25 commercial well. Now, this can be demonstrated in the lower

1 right-hand corner of the map. There is a blue well. That
2 well has produced a quarter of a bcf and 86,000 barrels from
3 the Strawn formation.

4 Q. Now, is that a good commercial well?

5 A. That would be a marginal well, especially at
6 today's well prices.

7 Q. How many feet did you have in that well?

8 A. 165 feet.

9 Q. What about the pod due north of that?

10 A. The well due north of that tested tight in the
11 Strawn formation. It had 149 feet. Within our proration
12 unit and at the proposed Scarborough No. 1, the seismic and
13 our of subsurface tells us that we should encounter,
14 roughly, 200 feet and, thereby, a commercial well.

15 Q. So what you've got here are just -- the nature of
16 the Strawn is what?

17 A. Well, in this particular area it's -- well,
18 throughout New Mexico your productive facies is as phylloyd
19 algal mound or reef build up. And where it builds up
20 thicker, is where you get the better porosity.

21 Q. So the proposed location will enable you to get
22 sufficient porosity, hopefully, to have a commercial well;
23 is that correct?

24 A. The information that we have currently tells us
25 that, yes.

1 Q. Could you identify Exhibit No. 3.

2 A. Exhibit No. 3 is a type log. It's a type log for
3 the well located in the lower right corner of your mapped
4 area in Exhibit No. 2. It is colored blue. It shows the
5 subject Strawn interval for that well and the interval
6 that's used for the isopach map.

7 Q. Would you identify Exhibit No. 4.

8 A. Exhibit No. 4 is a waiver letter from BTA Oil
9 Producers waiving their right to protest this application
10 for an unorthodox location in that they own offset acreage
11 that we're encroaching upon.

12 Q. They also own 50 percent of the acreage to be
13 dedicated to the well; is that correct?

14 A. That's correct.

15 Q. This letter acknowledges the acreage to be
16 dedicated is the north half of the southwest quarter of
17 Section 10?

18 A. That's correct.

19 Q. Are there any other operators who might be
20 affected by this application?

21 A. No, sir.

22 Q. So there is no one to whom notice needs to be
23 given pursuant to Oil Conservation Division rules?

24 A. That's correct.

25 Q. Mr. Anderson, in your opinion, will approval of

1 this application and the drilling of this well at the
2 proposed location be in the best interest of conservation
3 and prevention of waste and protection of correlative
4 rights?

5 A. Yes, sir.

6 Q. Were Exhibits 1 through 4 compiled under your
7 direction and supervision?

8 A. Yes, sir.

9 Q. At this time, Mr. Morrow, we move the admission
10 of Collins & Ware Exhibits 1 through 4.

11 EXAMINER MORROW: Exhibits 1 through 4 admitted.

12 Q. (BY MR. CARR) Mr. Anderson, when do you need to
13 spud this well?

14 A. By April the 12th.

15 Q. Do you therefore request that the order in this
16 matter be expedited to the extent possible?

17 A. If possible, yes.

18 Q. Do you have anything to add to your testimony?

19 A. No, sir.

20 MR. CARR: That concludes my direct examination,
21 Mr. Eearing Examiner.

22 EXAMINATION

23 BY EXAMINER MORROW:

24 Q. Are there any standard or orthodox locations on
25 this proration unit which would have, in your opinion,

1 sufficient pay, net pay to justify location?

2 A. No, sir.

3 EXAMINER MORROW: Okay, I believe that's all I
4 have.

5 MR. CARR: We have nothing further in this case.

6 EXAMINER MORROW: Okay, Case 10941 will be taken
7 under advisement.

8 MR. CARR: Thank you, Mr. Morrow.

9 THE WITNESS: Yes, thank you.

10 EXAMINER MORROW: Thank you.

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