

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

6
7
8 5 September 1984

9 EXAMINER HEARING

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12 IN THE MATTER OF:

13 Application of Marbob Energy Cor-
14 poration for an unorthodox well
15 location, Eddy County, New Mexico.

CASE
8327

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18 BEFORE: Gilbert P. Quintana, Examiner

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TRANSCRIPT OF HEARING

A P P E A R A N C E S

19 For the Oil Conservation
20 Division:

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22 For the Applicant:

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I N D E X

JOHN R. GRAY

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E X H I B I T S

Marbob Exhibit One, C-102	4
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3 MR. QUINTANA: We'll call next
4 Case 8327.

5 MR. ROYBAL: Case 8327. Appli-
6 cation of Marbob Energy Corporation for an unorthodox well
7 location, Eddy County, New Mexico.

8 MR. BLISS: May it please the
9 Examiner, my name is Kevin Bliss and I'm an attorney for the
10 applicant, appearing on behalf of applicant. I have one
11 witness who has previously been sworn in.

12 MR. QUINTANA: Mr. Bliss, we'll
13 forego the formality of having your witness being sworn in
14 and then qualified. We will consider him as a qualified
15 witness and we'll proceed with the case.

16 MR. BLISS: Thank you.

17 JOHN R. GRAY,
18 being called as a witness and being previously sworn upon
19 his oath, testified as follows, to-wit:

20 DIRECT EXAMINATION

21 BY MR. BLISS:

22 Q Mr. Gray, would you please explain to the
23 Examiner what Marbobb Energy Corporation seeks with its ap-
24 plication in this case?

25 A We seek an unorthodox location which will
be our Collier State No. 14.

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2 Q Okay, will you please refer to what has
3 been marked as Marbob Exhibit Number One and explain what it
4 is?

5 A Exhibit Number One is a survey plat of
6 our C-102 of the Collier State 14 location.

7 Q And what is the footage description for
8 the Collier State No. 14?

9 A It's 1295 foot from the south line, 1650
10 from the east line of 22, 17, 28.

11 Q Mr. Gray, will you now please refer to
12 Exhibit Number Two and identify it?

13 A This is our C-101, the Oil Commission,
14 with an application to drill the Collier State No. 14 in the
15 Red Lake Queen-Grayburg-San Andres.

16 Q Will you now refer to what has been
17 marked for identification as Marbob Exhibit Number Three and
18 identify it?

19 A This is our Exhibit Number Three. It
20 shows the existing well in that 40 and around that 40.

21 Q All right. Why was this particular loca-
22 tion chosen as the proposed location for the Collier State
23 No. 14?

24 A Well, the reason we choose these type lo-
25 cations, we do not believe you can drain the San Andres in
40-acre spacing. We do a lot of 660 drilling, and this lo-
cation was chosen in order to get over in the other corner
of this 40 and drill between these two Seven Rivers wells,

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2 which is the Well No. 14 and the Well No. 12; the No. 14
3 above; the No. 12 right below.

4 Q All right. Will you now refer to Marbob
5 Exhibit Number Four and identify this for the Examiner?

6 A This is a plat of the proposed location
7 versus the offset operators.

8 Q And how was this information obtained?

9 A Through the Eddy County records.

10 Q Will you now refer to Marbob Exhibits
11 Number Five and Six and identify these for the Examiner?

12 A These are certified letters to the offset
13 operators.

14 Q Mr. Gray, in your opinion will granting
15 this application be in the best interest of conservation and
16 the prevention of waste?

17 A It will.

18 Q And in your opinion would approval of
19 this application protect correlative rights?

20 A It will.

21 Q Were Exhibits One through Four -- I guess
22 it's One through Six -- either prepared by you or prepared
23 by others under your direct supervision and can you testify
24 as to their accuracy?

25 A I can.

MR. BLISS: At this time I
would offer Marbob Energy Corporation's Exhibits One through
Six.

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2 MR. QUINTANA: Exhibits One
3 through Six will be so admitted.

4 MR. BLISS: And I have no fur-
5 ther questions.

6 CROSS EXAMINATION

7 BY MR. QUINTANA:

8 Q Mr. Gray, your reason for placing that
9 well again, would you reiterate that to me?

10 A Yes. As I stated, we do a lot of 660, in
11 other words drilling within 660 foot per well and the only
12 way we could get a well in here to get 660 away is -- and
13 stay away from these small wells, these Seven Rivers wells,
14 is by placing the well in this area here. We'll be 660 from
15 the Collier State 15, which we previously discussed. We'll
16 be that, or better, from the No. 10 Well, which was origin-
ally drilled a little bit off the center of the 40.

17 Q There was no archaeological reason this
18 --

19 A No.

20 Q -- was based on what you consider your
21 area of drainage?

22 A Right. No, there is no archaeology prob-
23 lem in this area, but we do not believe that you can drain a
40-acre tract.

24 Q On what do you base that conclusion?

25 A Well, we base a lot of it on our exper-

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2 ience and a lot of it has been in the unorthodox locations
3 you've approved prior to this and the fact that we've dril-
4 led numerous wells in the properties that have been drained,
5 depleted as far as the State and people that we've bought
6 the stuff from, which was Sun Oil Company. The zones were
7 completely gone.

8 We're going back and drilling these unor-
9 thodox locations and making fairly decent wells, wells that
10 will pay for theirself.

11 Q Are there any secondary recovery opera-
12 tions in this area?

13 A Not in this particular area, no.

14 Q So it isn't designated a secondary recov-
15 ery operation?

16 A No.

17 Q Do you have any specific data you can
18 present, maybe not at this time but maybe send in at a later
19 date, showing a reason why you would want to place this well
20 here based on the drainage?

21 A I think we can put you together some.

22 Q Please do that.

23 A Do you want that to come straight to you?

24 Q Yes.

25 MR. QUINTANA: I have no fur-
ther questions of the witness.

Are there any other questions
in Case 8327?

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Case 8327 will be taken under
advisement.

(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 Con-
servation Division was reported by me; that the said tran-
script 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 correct transcript of
the hearing of Case No. 8327
heard by me on SEPT. 5 1984.
Robert P. Quintana, Examiner
Oil Conservation Division