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MR. CATANACH: Call next Case
8799.

MR. TAYLOR: The application of
Petroleum Exploration Company, Incorporated, for an unortho-
dox oil well location, Chaves County, New Mexico.

MR. CATANACH: Are there
appearances in this case?

MR. SOLSBERY: Yes. My name is
Dean Solsbery, S-O-L-S-B-E-R-Y, Box 2226, Roswell, 88201.

I'm, Mr. Examiner, I'm appear-
ing as a lawyer and also my own witness, so I'll have to
testify, also, as a witness in this case.

(Mr. Solsbery sworn)

MR. SOLSBERY: I wanted to -- I
have a couple of exhibits to show the surveyed location of
the well.

What's happened is that I've
drilled wells out there based on a considerable amount of
geology.

MR. CATANACH: Excuse me, Mr.
Solsbery, have you testified before the Commission before?

MR. SOLSBERY: Never have, no,

1 sir.

2 MR. CATANACH: Will you briefly
3 state your qualifications?

4 MR. SOLSBERY: Well, as a --
5 I've practiced law in New Mexico for 25, 26 years; also
6 worked as an oil and gas lawyer, and in this particular in-
7 stance I've been the operator of the wells that have been
8 drilled here through my company, which is Petroleum Explora-
9 tion Company.

10 MR. CATANACH: Okay, so you own
11 the company?

12 MR. SOLSBERY: Yes, major
13 stockholder, I think I have a couple stockholders now.

14 MR. CATANACH: Okay. Mr. Sols-
15 bery, you are considered qualified.

16 MR. SOLSBERY: Thank you.

17 MR. CATANACH: You may proceed.

18 MR. SOLSBERY: All right. I
19 have drilled out here on a considerable amount of geology
20 and if you hit the fracture, then you get a high level of
21 production. This is San Andres production, and this is a
22 fractured area. When I hit the fracture, I get adequate
23 production.

24 On the survey plat there I
25 showed in the southwest of the northeast of this section, I

1 drilled that 2-Y, hit the fracture, we got lots of torque
2 and bouncing, and we got a very, very good well.

3 Sun Oil Company east of me
4 drilled a well in the northwest northwest of Section 16.
5 They hit the fracture. They got a good well.

6 I moved up the northwest of the
7 northeast on that No. 4, missed the fracture, did not com-
8 plete it in dolomite and did not get a good well.

9 Same thing happened on three.
10 We have been able to touch it
11 over farther west.

12 Now, working from surface geol-
13 ogy and not using -- I've got plenty of geological reports
14 -- we've located that fracture as being down, just working
15 strictly from surface geology, as being 1073 feet from the
16 north line. That's crowding my quarter quarter section
17 there by 83 feet, so this is an unorthodox location of 83
18 feet.

19 I've had the surveyor back.
20 I've had the surface geologist back, trying to get it 990,
21 and they say, no, you're going to miss the fracture if you
22 do.

23 And that's all I have. I just
24 need to drill down there.

25 MR. CATANACH: In your opinion,

1 Mr. Solsbery, you have sufficient information to make the
2 determination that this is where you need to drill to hit
3 the pay?

4 MR. SOLSBERY: I'm sold on the
5 information I have, this type of surface geology. I'm as
6 satisfied with it as I have been on geological reports of
7 subsurface geology, and --

8 MR. CATANACH: Mr. Solsbery,
9 were any of your offset operators notified of your applica-
10 tion?

11 MR. SOLSBERY: Yes. I called
12 the Commission and visited with them and they requested we
13 notify only Sundance, which is due north. I sent the letter
14 out to Sundance and I did get back where they had signed for
15 us.

16 MR. CATANACH: Sundance owns
17 and operates the acreage in Section 8, is that correct?

18 MR. SOLSBERY: That's just due
19 north of Section 17, yes, sir.

20 MR. CATANACH: Okay, and they
21 had no objection to your location?

22 MR. SOLSBERY: Well, the letter
23 came back. It was signed December 4. It was delivered to
24 them on December 4.

25 MR. CATANACH: Okay, and the 40

1 acres dedicated to the well would be the northwest quarter
2 of the northeast quarter, is that correct?

3 MR. SOLSBERY: Uh-huh.

4 MR. CATANACH: And this is in
5 the Siete San Andres Pool?

6 Are there any other questions
7 of the witness? I have nothing further.

8 If not, he may be excused.

9 Is there anything further in
10 Case 8799?

11 MR. SOLSBERY: We'll probably
12 want to start this well around the first of the month.

13 MR. CATANACH: That will be
14 noted, Mr. Solsbery.

15 MR. SOLSBERY: Thank you.

16 MR. CATANACH: This case will
17 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 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. 8799, heard by me on Jan 9 1986.

David R. Catanoak, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 8799
Order No. R-8130

APPLICATION OF PETROLEUM EXPLORATION
COMPANY, INC. FOR AN UNORTHODOX OIL
WELL LOCATION, CHAVES COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 9, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Petroleum Exploration Company, Inc., seeks approval of an unorthodox oil well location 1073 feet from the North line and 2023 feet from the East line of Section 17, Township 8 South, Range 31 East, NMPM, Siete-San Andres Pool, Chaves County, New Mexico.
- (3) The NW/4 NE/4 of said Section 17 is to be dedicated to the well.
- (4) A well at said unorthodox location will better enable applicant to produce the oil underlying the proration unit.
- (5) No offset operator objected to the proposed unorthodox location.
- (6) Approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the oil in the affected pool, will prevent the

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Case No. 8799
Order No. R-8130

economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

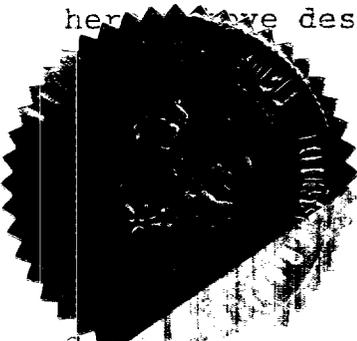
IT IS THEREFORE ORDERED THAT:

(1) The application of Petroleum Exploration Company, Inc. for an unorthodox oil well location for the San Andres formation is hereby approved for a well to be located 1073 feet from the North line and 2023 feet from the East line of Section 17, Township 8 South, Range 31 East, NMPM, Chaves County, New Mexico.

(2) The NW/4 NE/4 of said Section 17 shall be dedicated to the above-described well.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director