

1 TATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO
6 26 October 1983

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Chama Petroleum
10 Company for compulsory pooling
11 and an unorthodox well location,
12 Eddy County, New Mexico.

CASE
7978

13 BEFORE: Michael E. Stogner, Examiner

14 TRANSCRIPT OF HEARING

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

16 For the Oil Conservation
17 Division:

18 For the Applicant:

19 William F. Carr, Esq.
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I N D E X

MARK NEARBURG

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MR. STOGNER: We're going to call next Case 7978, which is the application of Chama Petroleum Company for compulsory pooling and an unorthodox well location, Eddy County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell, Byrd, and Black, P.A., of Santa Fe, appearing on behalf of Chama Petroleum Company.

Mr. Examiner, we have received voluntary joinder from all interest owners in the spacing unit and therefor at this time we request that you dismiss the portion of the case relating to the compulsory pooling.

MR. STOGNER: Thank you, Mr. Carr. Mr. Letizio did not have any interest in this area?

MR. CARR: He did not.

MR. STOGNER: Thank you.

MARK NEARBURG,

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of residence.

A Mark Nearburg, Dallas, Texas.

Q Are you the same Mark Nearburg who

1 testified in the previous case and had your credentials
2 accepted and made a matter of record?

3 A Yes.

4 Q Are you familiar with the application
5 filed on behalf of Chama in this case?

6 A Yes.

7 Q Are you familiar with the subject acreage
8 and the Parino No. 1 Well?

9 A Yes.

10 MR. CARR: Are the witness'
11 qualifications acceptable?

12 MR. STOGNER: They are, and
13 also let the record show that he was previously sworn in in
14 the previous case.

15 Q Mr. Nearburg, will you state what Chama
16 seeks with this application?

17 A With this application Chama seeks
18 approval of an unorthodox location for a re-entry of the
19 previously drilled Amoco Parino Well in the south half of
20 Section 23.

21 Q And what is the location of this well?

22 A This well is located 1980 feet from the
23 south line and 660 feet from the east line.

24 Q And when this well was originally drilled
25 it was at a standard location, is that correct?

A That's correct.

Q Would you provide Mr. Stogner with a

1
2 brief history of this well?

3 A This well was drilled in 1978 by Amoco
4 Production Company to the Morrow formation and was dry and
5 abandoned at that time.

6 Chama Petroleum Company desired to re-
7 enter this well and on 9-22-83 Les Clements in Artesia ap-
8 proved re-entry of the well at this location on a south half
9 unit.

10 9-26 his actual approval was given
11 pending approval of the nonstandard location from Santa Fe.

12 Q So on the 26th you received written ap-
13 proval.

14 A That's right.

15 Q Okay, and then you were permitted to re-
16 enter the well but you had to get the location approved by
17 coming to hearing.

18 A That's correct.

19 Q Will you please refer to what has been
20 marked for identification as Chama Exhibit Number One,
21 identify this and explain what it shows?

22 A This is a land map covering the subject
23 area. In Section 23, outlined in blue, was Amoco's east
24 half proration unit for drilling the Parino in 1978. In
25 yellow is Chama's south half unit.

Q Why are you dedicating the south half to
this well?

A We turned the original unit from the east

1 half to the south half to protect our working interest.

2 Q And you turned back the working interest
3 ownership in the southwest quarter.

4 A Yes, southwest quarter.

5 Q What is the status of the acreage to the
6 east of the subject well?

7 A In Section 24 Chama has leased 11/16ths
8 of the south half and 5/32nds of the west half northwest
9 quarter. The other mineral interests are owned by industry
10 people and they have been contacted and have agreed to work
11 with us at such time as we drill on that acreage.

12 Q Would this location qualify for admini-
13 strative approval by the Commission?

14 A No, this would not qualify for admini-
15 strative approval because on the south half proration unit
16 the well is not 1980 feet from the end boundary of the unit.

17 Q And you're having to come to hearing be-
18 cause you turned the spacing unit.

19 A That's correct.

20 Q In your opinion will granting this appli-
21 cation be in the best interest of conservation, the preven-
22 tion of waste, and the protection of correlative rights?

23 A Yes.

24 MR. CARR: At this time we
25 would offer into evidence Chama Exhibit Number One.

MR. STOGNER: Chama's Exhibit Number One will, and all others will be admitted into evidence.

MR. CARR: And that concludes my examination of this witness.

CROSS EXAMINATION

BY MR. STOGNER:

Q Also for this well, again, the east half was dedicated to it previously. It was a standard location at that time in the Morrow.

A That's correct.

MR. STOGNER: I have no further questions of this witness.

Does anybody else have anything further in Case Number 7978 this morning of this witness?

If not, he may be excused, and Case Number 7978 will be taken under advisement.

(Hearing concluded.)

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 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. 7978
heard by me on October 26 1983.
Michael E. Hager, Examiner
Oil Conservation Division