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I N D E X

BEN CULPEPPER

Direct Examination by Mr. Bruce

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JOE KEFFLER

Direct Examination by Mr. Bruce

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E X H I B I T S

Coastal Exhibit One, Plat

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Coastal Exhibit Two, Data Sheet

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Coastal Exhibit Three, Map

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2 MR. STOGNER: This hearing will
3 once again come to order.

4 We will now call Case No. 8435,
5 which is the application of Coastal Oil and Gas Corporation
6 for compulsory pooling and unorthodox gas well location, Lea
7 County, New Mexico.

8 We will now call for appear-
9 ances in this matter.

10 MR. BRUCE: Mr. Examiner, my
11 name is Jim Bruce from the Hinkle Law Firm in Santa Fe, re-
12 presenting Coastal Oil and Gas Corporation, and I have two
13 witnesses to be sworn.

14 MR. STOGNER: Are there any
15 other appearances in this matter?

16 There being none, will the wit-
17 nesses please stand to be sworn.

18 (Witnesses sworn.)

19 MR. STOGNER: Please continue,
20 Mr. Bruce.

21 MR. BRUCE: First of all, Mr.
22 Examiner, before we proceed I would like to state that Coas-
23 tal has come to terms with all interest owners in the unit
24 and therefore forced pooling is no longer necessary.

25 Secondly, Coastal desires to
amend its location and change the location, leaving the 1650

1
2 foot figure unchanged but changing the 660 foot from the
3 west line figure to 990 feet from the west line, therefore
4 making the application--or the location--unorthodox.

5 MR. STOGNER: Mr. Bruce, you
6 wish to dismiss the compulsory pooling portion of this ap-
7 plication?

8 MR. BRUCE: Yes.

9 MR. STOGNER: You wish to amend
10 the location of this well, the new location being 1650 feet
11 from the south line and 990 feet from the west line?

12 MR. BRUCE: That is correct.

13 MR. STOGNER: That would be a
14 less unorthodox location for a 320-acre south half dedication
15 for the Devonian formation?

16 MR. BRUCE: Yes.

17 MR. STOGNER: For the record,
18 since this location is less unorthodox than was advertised,
19 there will be no need to readvertise.

20 If you are prepared, we will go
21 ahead and hear testimony today for the amended location.

22 MR. BRUCE: Yes, sir.

23 BEN CULPEPPER,

24 being called as a witness and having been sworn upon his
25 oath, testified as follows, to-wit:

DIRECT EXAMINATION

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2
3 BY MR. BRUCE:

4 Q Would you please state your name, city of
5 residence, occupation, and employer?

6 A My name is Ben Culpepper. I live in Mid-
7 land, Texas. I'm an attorney, senior landman with Coastal
8 Oil and Gas Corporation.

9 Q And have you previously testified before
10 the New Mexico OCD as a petroleum landman?

11 A No, I have not.

12 Q Would you give a summary of your educa-
13 tional and work background for the Examiner?

14 A I have a Bachelor's of business admin-
15 istration from University of Texas in Austin. And I have a
16 Doctor of Jurisprudence also from the University of Texas in
17 Austin.

18 For the past six--nearly six--years I've
19 been employed as a landman with, first with Texaco for two
20 years--or just about two years, and with Coastal Oil and Gas
21 in Midland for over four years, now engaged in land and
22 legal matters in the states of Texas, New Mexico, and Okla-
23 homa.

24 Q And are you a member of any professional
25 associations?

A Yes. I'm a member of the State Bar of
Texas, licensed to practice law in the state of Texas,
member of the Association of Petroleum Landmen, and the

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Permian Basin Association of Petroleum Landmen.

Q And are you familiar with Case 8435 and the land matters involved in this case?

A Yes, I am.

MR. BRUCE: Mr. Examiner, is the witness considered qualified?

MR. STOGNER: Mr. Culpepper is so qualified.

Q First, Mr. Culpepper, would you please refer to the land plat marked as Exhibit Number One and describe its contents for the Examiner?

A Exhibit Number One shows Coastal's acreage in the area. It also shows the proposed location and the configuration of the proposed communitized area, being the south half of Section 6.

It also has marked on the land plat the current ownership of the offset operators and leasehold information regarding leasehold expiration dates.

Q And on Exhibit Number One, Mr. Culpepper, it shows certain acreage as not being owned by Coastal. Has that acreage been committed to the unit?

A We have agreements with all interest owners in the south half of Section 6 for participation in this unit.

Q Would you please now refer to Exhibit Number Two and describe that?

A Exhibit Number Two is a well data sheet

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showing the proposed communitized area, the location of the well, the objective formations, the total depth, and the working interest owners and before and after interest pay out--before and after working interest ownership for those owners in the proposed communitized area.

Q And it also shows that before pay out Coastal owns 100% of the well?

A That is correct.

Q Has Coastal notified the offset operators of the unorthodox location and of this hearing?

A Yes, they have been so notified and they were written and corresponded with over the phone and to date all have either agreed to it and signed and returned waivers or stated that they are going to sign and return waivers.

Q Mr. Culpepper, if this applicatiuon is granted do you believe it will be in the interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes, I do.

Q And were Exhibits One and Two prepared by you?

A Yes, they were.

MR. BRUCE: At this time, Mr. Examiner, I move the admission of Exhibits One and Two.

MR. STOGNER: Exhibits One and Two will be admitted into evidence.

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2 MR. BRUCE: And I have no
3 further questions of this witness.

4 MR. STOGNER: I have no ques
5 tions of Mr. Culpepper at this time.

6 Are there any questions of this
7 witness? If not, he may be excused.

8 Please continue, Mr. Bruce.

9 JOE KEFFLER,

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

12 DIRECT EXAMINATION

13 BY MR. BRUCE:

14 Q Sir, would you please your name, city of
15 residence, occupation, and employer?

16 A I am Joe Keffler, a consultant geologist
17 and geophysisist for Coastal Oil and Gas Corporation, living
18 in Midland.

19 Q Have you previously testified before the
20 New Mexico OCD?

21 A No.

22 Q Would you give a summary of your educa-
23 tional and work experience?

24 A I graduated from Ohio State University in
25 1947 with a Bachelor degree in geology. I spent 32 years
with Phillips as a geophysicist and exploration manager. I

1
2 had two years as exploration manager with BTA, and nearly
3 two years as exploration manager with Ike Lovelady.

4 I've been about two years--a little over
5 two years now--as a consultant with Coastal.

6 Q And have you been qualified to testify
7 before the Texas Railroad Commission?

8 A I have previously. Yes.

9 Q And are you familiar with Case 8435 and
10 the geological and/or geophysical matters involved in this
11 case?

12 A Yes.

13 MR. BRUCE: Mr. Examiner, is
14 the witness considered qualified?

15 MR. STOGNER: Mr. Keffler, af-
16 ter working for BTA for two years you were working for
17 who?

18 A Ike Lovelady, Incorporated.

19 MR. STOGNER: Okay, that's Ike
20 as in Eisenhower?

21 A Ike. I-K-E, yes.

22 MR. STOGNER: Thank you, Mr.
23 Keffler.

24 This witness is so qualified,
25 Mr. Bruce.

Q Mr. Keffler, would you please refer to
Coastal's Exhibit Number Three--

A Yes, sir.

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Q --and detail that for the Examiner?

A All right. The map you have in front of you is a Devonian time map--time, combination geophysical-geological map--of the Ranger Lake area.

The fault dip closure that you see on the lefthand part of your map is our interpretation of the Ranger Lake Devonian Field.

In your lower righthand corner you will see a similar fault dip closure which we expect to drill as our No. 1--whatever the name of it is--

MR. CULPEPPER: Elkan. Elkan.

A --Elkins.

Q No. 1 Elkan.

MR. STOGNER: Would you please spell that?

A E-L-K-I-N-S.

MR. CULPEPPER: K-A-N, I think, and I believe that's what's on the well data.

Q E-L-K-A-N is the well name.

MR. STOGNER: Is that the proper well name?

MR. BRUCE: Yeah.

MR. STOGNER: Please continue, Mr. Bruce.

Q Go ahead, Mr. Keffler.

A I'm sorry for the delay.

As you can see, these things are very

1
2 similar in concept except that the Ranger Lake East prospect
3 is somewhat lower, and somewhat smaller than the Ranger Lake
4 West Devonian in which there are seven Devonian wells, the
5 primary objective being the Devonian gas condensate reser-
6 voir at approximately 13,200 feet.

6 The key to this particular prospect is
7 some -- is this: As you notice in Section 34, Township 12
8 South, 34 East, you'll find the Phelps Tower A, which is the
9 highest well in the Ranger Lake West Field.

10 It was completed with a potential of --
11 of almost 5.4 million cubic feet of gas and was subsequently
12 -- was subsequently plugged after a short duration because
13 of noncommercial activity.

14 We feel that it was tight and/or loss of
15 permeability, one or the other. Okay.

16 And if you'll notice in the northeast of
17 34 and the southwest of -- in the northwest of 35, the
18 southeast of 2, and two wells in Section 26, all were --
19 were commercial Devonian producers. They are somewhat lower
20 by just a few feet.

21 We feel that this applies, refers over to
22 our Ranger Lake East, where if you notice in Section 6, the
23 Union of Texas 1 Shell State, which was drilled about 1970,
24 was completed for a potential of -- of about 33.6 million
25 cubic feet of gas per day.

26 It was subsequently P&A'd as a noncommer-
27 cial gas well, and we feel that we have a look-alike here in

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2 that if we can come down dip a little bit from the Union of
3 Texas 1 Shell State into the approximate location where we
4 want to drill the well, we will find production similar to
5 what we have at Ranger Lake West.

6 If you'll notice, the Ranger Lake West is
7 -- the producing wells are within -- most of them are within
8 50 feet of the closing high contour, and we feel that --
9 that this is a significant factor, that if we can get off
10 structure a matter of less than 50 feet, that we will find
11 the same type of reservoir capacity that you have at Ranger
12 Lake West.

13 And that's the basis for this prospect.

14 By coming down to the location of 1650
15 from the south and 990 from the west of Section 6, we will
16 be somewhat down dip from the Union Texas 1 Shell, but we
17 will be -- but we will be within the close confines of our
18 control, and therefore we feel that -- that this is a proper
19 place to test this idea.

20 Q Mr. Keffler, do you believe the granting
21 of this application is in the interest of conservation, the
22 prevention of waste, and the protection of correlative
23 rights?

24 A Yes, I do.

25 Q And was Exhibit Three prepared by you?

A Yes.

MR. BRUCE: Mr. Examiner, I
move the admission of Exhibit Number Three.

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MR. STOGNER: Exhibit Number Three will be admitted into evidence.

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

MR. STOGNER: Mr. Bruce, I stated earlier that this is a less unorthodox location for the Devonian.

What I should have said was less unorthodox location for anything between the Wolfcamp and the Atoka formations, included.

Is that right, sir?

MR. BRUCE: That is correct.

MR. STOGNER: In this particular south half dedication are there any gas pools that take in anything from the Wolfcamp to the Atoka?

A My question?

MR. STOGNER: Yes.

A No, sir, there is not.

MR. STOGNER: I have no further questions of Mr. Keffler.

Are there any other questions of this witness?

If not, he may be excused.

Mr. Bruce, do you have anything further in Case Number 8435?

MR. BRUCE: No, sir, Mr. Examiner?

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2 MR. STOGNER: Does anybody else
3 have anything further in Case Number 8435?

4 There being none, this case
5 will be taken under advisement.

6 (Hearing concluded.)
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I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by tape recorder operated by R. Dan Boyd, under my direction and supervision; that the said transcript is a full, true, and correct record of the hearing, prepared under my direction and supervision 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. 8435, heard by me on 19 December 1984,
Michael P. Hagan, Examiner
Oil Conservation Division

R. Dan Boyd
R. Dan Boyd