

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

6 10 April 1985

7 COMMISSION HEARING

8 IN THE MATTER OF:

9 Application of Yates Petroleum Corpor-
10 ation for an unorthodox oil well loca-
11 tion, Lea County, New Mexico.

CASE
8503

12 BEFORE: Gilbert P. Quintana, Examiner

13 TRANSCRIPT OF HEARING

14 A P P E A R A N C E S

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18 For the Oil Conservation
19 Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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22 For the Applicant:
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MR. QUINTANA: We'll call next Case 8503.

MR. TAYLOR: The application of Yates Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico.

MR. QUINTANA: Who represents Yates?

MR. HALL: We represent Yates but I have received no instructions on that.

MR. QUINTANA: We'll take a short five minute recess.

(Thereupon a recess was taken.)

MR. QUINTANA: This case has been previously heard and 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 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. 8503, heard by me on APRIL 10 1985.

Gilbert P. Quintana Examiner
Oil Conservation Division

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

6 27 March 1985

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Yates Petroleum Cor-
10 poration for an unorthodox oil well
11 location, Lea County, New Mexico.

CASE
8503

12 BEFORE: Michael E. Stogner, Examiner

13 TRANSCRIPT OF HEARING

14 A P P E A R A N C E S

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17 For the Oil Conservation
18 Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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MR. STOGNER: Call next Case No. 8503 which is on the third page.

MR. TAYLOR: The application of Yates Petroleum Corporation for an unorthodox oil well location, Lea County, New Mexico.

MR. STOGNER: This case was heard on February 27, 1985.

Due to an error in the advertisement at that time, this case is being readvertised and we will call now for any additional appearances.

Any additional testimony?

This case will finally be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

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Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete and correct transcript of the hearing held on 27 March 1985 at 8503 85.
Michael E. Stogard, Examiner
Oil Conservation Division

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

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8 27 February 1985

9 EXAMINER HEARING

10 IN THE MATTER OF:

11 Application of Yates Petroleum Cor- CASE
12 poration for an unorthodox oil well 8503
13 location, Lea County, New Mexico.

14 BEFORE: Michael E. Stogner, Examiner

15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

18
19 For the Oil Conservation Division: Jeff Taylor
20 Attorney at Law
21 Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

22 For the Applicant: William F. Carr
23 Attorney at Law
24 CAMPBELL & BLACK P.A.
P. O. Box 2208
25 Santa Fe, New Mexico 87501

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I N D E X

STATEMENT BY MR. CARR 3

NORBERT REMPE

Direct Examination by Mr. Carr 4

E X H I B I T S

Yates Exhibit One, Plat 7

Yates Exhibit Two, Structure Map 8

Yates Exhibit Three, Cross Section 9

Yates Exhibit Four, Letter 9

Yates Exhibit Five, Correspondence 10

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3 MR. STOGNER: We'll call Case
4 Number 8503.

5 MR. TAYLOR: The application of
6 Yates Petroleum Corporation for an unorthodox oil well loca-
7 tion, Lea County, New Mexico.

8 MR. CARR: May it please the
9 Examiner, my name is William F. Carr, with the law firm
10 Campbell and Black, P. A. of Santa Fe, appearing on behalf
11 of Yates Petroleum Corporation.

12 I have one witness.

13 MR. STOGNER: Any other appear-
14 ances in this matter?

15 Will the witness please stand
16 and be sworn?

17 (Witness sworn.)

18 MR. CARR: May it please the
19 Examiner, as you are aware, the case will have to be read-
20 vertised.

21 The pool is -- the case is ad-
22 vertised as affecting the Dean-Permo Pennsylvanian Pool,
23 where, in fact, the well is -- has been drilled to and is
24 producing from the Dean Devonian Pool, and therefore the
25 case will probably have to be readvertised.

MR. STOGNER: Mr. Carr, subse-

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2 quent to this hearing I pulled the well file on this and all
3 of the documentation as submitted to the Artesia District
4 Office showed the Dean-Permo Penn as being the -- the pro-
5 ducing formation.

6 MR. CARR: But, Mr. Stogner, we
7 are in the Devonian. The application requested that and I
8 really, since the well is currently completed in and produc-
9 ing under an allowable from the Devonian, I think it will
10 have to be readvertised.

11 MR. STOGNER: Okay.

12 MR. CARR: Okay?

13 MR. STOGNER: Thank you for
14 clarifying that. So all your subsequent data that's submit-
15 ted to the Artesia District Office will have to be changed,
16 I assume.

17 MR. CARR: We will make note of
18 that.

19 MR. STOGNER: Thank you, Mr.
20 Carr.

21 NORBERT T. REMPE,
22 being called as a witness and being duly sworn upon his
23 oath, testified as follows, to-wit:

24 DIRECT EXAMINATION

25 BY MR. CARR:

Q Would you state your full name and place

1 of residence?

2 A My name is Norbert T. Rempe and I'm a
3 resident of Carlsbad, New Mexico.

4 Q Would you please spell your last name?

5 A R-E-M-P-E.

6 Q By whom are you employed?

7 A I'm employed by Yates Petroleum Corpora-
8 tion of Artesia, New Mexico.

9 Q And in what capacity?

10 A As oil geologist.

11 Q Have you previously testified before this
12 Commission or one of its examiners and had your credentials
13 accepted and made a matter of record?

14 A No, I have not.

15 Q Would you summarize for Mr. Stogner your
16 educational background and then your work experience?

17 A Yes. I obtained my Bachelor of Science
18 degree in geology from the University of Muenster in West
19 Germany.

20 I earned my Master's of Science degree in
21 geology from the Technical University, Berlin, also in Ger-
22 many.

23 I did some work towards a PhD at the
24 South Dakota School of Mines in Rapid City.

25 I worked for four years in coal explora-
tion and mining in eastern Kentucky. After that almost
three years in potash mining and exploration in the Carlsbad

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2 District, and I've been working for Yates Petroleum as a
3 petroleum geologist since July, 1982.

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

6 A Yes.

7 Q And are you familiar with the subject
8 well?

9 A Yes.

10 MR. CARR: We tender Mr. Rempe
11 as an expert witness in petroleum geology.

12 MR. STOGNER: He is so quali-
13 fied.

14 Q Mr. Rempe, will you briefly state what
15 Yates Petroleum Corporation seeks with this application?

16 A Yes. We seek approval for deepening the
17 Cochilla AAM State No. 1, which is located at 990 feet from
18 the south line and 2310 feet from the east line, that is
19 Unit O, of Section 35, Township 15 South, Range 36 East.

20 Q And what formation is your primary objec-
21 tive in this well?

22 A The primary objective after the deepening
23 is the Devonian formation.

24 Q And what acreage is to be dedicated to
25 the well?

26 A 40 acres, which would be Unit O, or the
27 southwest of the southeast quarter of Section 35.

28 Q Now, when the Cochilla AAM State No. 1

1
2 Well was drilled, was it originally drilled at a standard
3 location?

4 A Yes, it was drilled on a standard loca-
5 tion for the Permo Penn or the Strawn.

6 Q Now, for Mr. Stogner, would you briefly
7 review the recent history on the well?

8 A Yes. We drilled the well to the Strawn
9 and then we applied for a permit to deepen the same well to
10 the Devonian, at which time we received verbal approval to
11 do so, and at which time we were led to believe that there
12 was a possibility for administrative approval.

13 It has come out after that that we could
14 not gain administrative approval for the -- for an oil well
15 unorthodox location. That is why we're here today.

16 Q Now based on the verbal approval, you did
17 go ahead and deepen the Cochilla Well?

18 A Yes, we did deepen it and we are produc-
19 ing it now under a temporary testing permit.

20 Q Have you prepared certain exhibits for
21 introduction in the case?

22 A Yes, I have.

23 Q Would you please refer to what has been
24 marked Yates Exhibit Number One and review that for the Exa-
25 miner?

A Exhibit Number One shows outlined in yel-
low the Yates acreage in the neighborhood, and it also
points out the location of the Cochilla AAM State No. 1 in

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the southeast quarter of Section 35.

Q What is the other acreage shaded in yellow on this plat?

A The other acreage is in Section 36 and it is acreage under lease to Yates Petroleum.

Q And does this exhibit show the owners of the offsetting interests?

A Yes, it does.

Q And the well has been completed in the Dean Devonian Pool?

A Correct.

Q Please refer to what has been marked for identification as Yates Exhibit Number Two and review this for Mr. Stogner.

A Okay. Exhibit Number Two is a combined structure map on the Strawn, as well as on the Devonian.

It also shows the location of our well and it shows the proration unit outlined in red for the Strawn, which is 80 acres. It does not show the 40-acre proration unit for the Devonian.

It also shows the location of the cross section, A-A', which will be Exhibit Number Three.

Q And the Devonian proration unit would be simply the --

A The south 40.

Q -- the south 40 of the acreage outlined in red.

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A Right.

Q Now what, what does this show you? What do the contours show you?

A It shows that based on subsurface work, the Strawn, as well as the Devonian, reach their highest structural position toward the west of the acreage; therefore, we desired to put the location for the well as far west as we could.

Q Will you now go to Exhibit Number Three and review that?

A Exhibit Number Three is a cross section A-A', which goes from the Sinclair "JP" Dean through the Cochilla to the Cities "AW" No. 1.

It shows the Strawn horizon, the Mississippian limestone and the Devonian horizon, and the cross section also denotes that we are high to both wells.

Q Has Yates notified the offsetting operators of your plans for this well?

A Yes, it has.

Q And would you refer to Exhibit Number --

A Number Four.

Q -- Number Four and review that, for the Examiner?

A Exhibit Number Four is the letter of notification sent to Atlantic Richfield and to Mobil Oil Company, both of which are offsetting operators to us.

Q And this notice was sent at the time you

1
2 filed seeking administrative approval.

3 A That is correct. The date is October 25,
4 1984.

5 Q Did either of the -- did either Atlantic
6 Richfield or Mobil express objection to your -- your plans?

7 A No.

8 Q Would you now refer to what's been marked
9 as Yates Exhibit Number Five and review that?

10 A Yates Exhibit Number Five is the corres-
11 pondence which we had with the Oil Conservation Division so
12 far; letter dated October 31, and the geological information
13 which was submitted under the mistaken belief that we pos-
14 sibly could do this administratively, and attached to it,
15 also a statement about my qualifications in that this is the
16 first time that I testified before this Commission.

17 Q Mr. Rempe, in your opinion will approval
18 of this application impair the correlative rights of any in-
19 terest owner in the area?

20 A No.

21 Q In your opinion will granting this appli-
22 cation and the recompletion of the Cochilla AAM State No. 1
23 Well result in the production of hydrocarbons that otherwise
24 would be left in the ground?

25 A Yes, definitely.

Q Will granting this application be in the
best interest of conservation?

A Yes.

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2 Q Were Exhibits One through Five prepared
3 by you or under your direction and supervision?

4 A Yes.

5 MR. CARR: At this time, Mr.
6 Stogner, we offer into evidence Yates Petroleum Corporation
7 Exhibits One through Five.

8 MR. STOGNER: Exhibits One
9 through Five will be admitted into evidence.

10 MR. CARR: That concludes my
11 direct examination of Mr. Rempe.

12 MR. STOGNER: I have no ques-
13 tions of this witness.

14 Are there any questions?

15 If not, he may be excused.

16 For the record, the witness did
17 not say -- identify the person in the Oil Conservation Divi-
18 sion to give verbal approval --

19 MR. CARR: We would be --

20 MR. STOGNER: -- but I was the
21 one who did it.

22 I at this time publicly apolo-
23 gize for leading Yates on and --

24 MR. CARR: Well, you've been --

25 MR. STOGNER: -- apologize for
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MR. CARR: -- you've been so ac-
commodating all day we decided not to censure you.

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MR. STOGNER: Thank you, Mr. Carr.

Thank you, Mr. Carr.

Anything further in Case Number 8503?

If not, this case will remain open pending another mistake, which will be corrected on the docket for the Examiner Hearing scheduled for March 27th, 1985.

(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

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Michael C. Hooper, Examiner
Oil Conservation Division