

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

JOE WIGLEY

Direct Examination by Mr. Bruce	3
Cross Examination by Mr. Stogner	8

JIM BRANNIGAN

Direct Examination by Mr. Bruce	9
Cross Examination by Mr. Stogner	14

E X H I B I T S

R&E Exhibit One, Plat	6
R&E Exhibit Two, Cross Section	10
R&E Exhibit Three, Isopach	11
R&E Exhibit Four, Production Map	13

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STOGNER: Call next Case 8601.

MR. TAYLOR: The application of Read & Stevens, Inc., for three unorthodox gas well locations, Chaves County, New Mexico.

MR. BRUCE: Mr. Examiner, my name is Jim Bruce from the Hinkle Law Firm in Santa Fe, and I have two witnesses to be sworn.

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

Will the witnesses please step forward and raise your right hand to be sworn?

(Witnesses sworn.)

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

DIRECT EXAMINATION

BY MR. BRUCE:

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

A I'm Joe Wigley, Land Manager for Read &

1 Stevens in Roswell, New Mexico.

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

4 A I have.

5 Q Would you please give a summary of your
6 education and work background?

7 A Okay. I have a business management de-
8 gree and have been in the oil and gas business since 1970.

9 My first 4-1/2 years were with Texaco and
10 the remainder of that period has been with Read and Stevens
11 in Roswell.

12 Q And what have been your duties with Read
13 & Stevens and Texaco?

14 A I've been a land -- I was a landman with
15 Texaco and I've been Read & Stevens Land Manager since I ar-
16 rived there in '74.

17 Q And are you familiar with Case Number
18 8601 and the land matters involved in that case?

19 A Yes, I am.

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

22 MR. STOGNER: You've been with
23 Read & Stevens since when?

24 A 1974.

25 Q Mr. Wigley is so qualified as a practical

1 landman.

2 Q Mr. Wigley, would you please state brief-
3 ly what Read & Stevens seeks in this case?

4 A We seek approval of three unorthodox well
5 locations in the gas Permo Penn, or Penn Buffalo Valley
6 Field in Chaves County, New Mexico.

7 They're all in Township 15 South, Range
8 27 East.

9 There's a list of those wells. I'd like
10 to make one correction.

11 We have the Langley Federal Com No. 4,
12 and that should not be a Com, it's all in one lease.

13 Q Would you please give the three unortho-
14 dox locations Read & Stevens seeks, please?

15 A Okay. The Langley Federal Well No. 4 is
16 to be located 1570 from the north line and 1780 from the
17 east line of Section 14, with the north half of Section 14
18 being dedicated to the well.

19 The Langley Federal Com No. 3 Well to be
20 located 1190 from the south line, 2310 from the east line in
21 Section 14, with the south half of said section being dedi-
22 cated to that well.

23 The Toles Federal No. 2 to be located
24 1980 from the south line and 990 from the west line of Sec-
25 tion 24, with the south half of Section 24 dedicated to that

1 well.

2 Q Would you please refer to Exhibit Number
3 One, describe it, and identify offset operators for each of
4 the proposed locations?

5 A Okay. On Exhibit Number One we have --
6 start off with Section 14, which is outlined in red.

7 The south half of Section 11 we have
8 written Amoco to see if they had any objections. They own
9 the southwest southwest, also. It is not reflected there on
10 the map but they do own it.

11 We've also written Marico, which is in
12 Section 10.

13 And then we've written Toles Company,
14 which is in Section 15, and then on the east side we control
15 all of Section 13, the north half being the proration unit
16 for our No. 1 Langley Well, the south half being the prora-
17 tion unit for the No. 1 Rhodes Federal, and then the -- im-
18 mediately to the south we have a unit and we control that.
19 Our No. 9 Harris is located on the north half of Section 23.

20 Moving on down to the Toles Federal No.
21 2, we control -- well, first of all, that's in a unit that
22 covers all of Section 23, 26, south half of 24, and the
23 north half of 25.

24 So as you can see, the participants to
25 the west will be -- will be participating in that well and

1 the north half of that, of Section 24 is dedicated to our
2 No. 2 Harris Federal.

3 The north half of Section 25 to the south
4 is dedicated to our No. 5 Harris Well, which is a unit well,
5 and then to the east we have Depco, and they are farming
6 out, or possible -- possibly farming out to our No. 2 Toles
7 Well.

8 Q All right, and have you notified the off-
9 set operators of this application by Read & Stevens for
10 these unorthodox locations?

11 A Yes, we have and we have return receipts
12 requested slips back from all of them.

13 MR. BRUCE: If you so desire,
14 Mr. Examiner, we can provide the certified return receipts.

15 MR. STOGNER: Oh, I don't think
16 that will be necessary at this time.

17 Q Mr. Wigley, in your opinion will the
18 granting of this application be in the interest of conserva-
19 tion, the prevention of waste, and the protection of corre-
20 lative rights?

21 A Yes, sir.

22 Q And was Exhibit Number One prepared by
23 you or under your direction?

24 A Yes, it was.

25 MR. BRUCE: At this time I move

1 the admission of Exhibit Number One.

2 MR. STOGNER: Exhibit Number
3 One will be admitted into evidence at this time.

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

6

7

CROSS EXAMINATION

8 BY MR. STOGNER:

9 Q Mr. Wigley, your Well No. 3, how is that
10 a nonstandard location?

11 A I believe that we'll have to call on our
12 engineer. I believe --

13 MR. BRUCE: Mr. Examiner, I be-
14 lieve Mr. Brannigan, our next witness, can testify on that.
15 I believe it's the footage requirements.

16 MR. STOGNER: Just the footage
17 requirements?

18 MR. BRUCE: Right.

19 MR. STOGNER: Okay, I have no
20 questions of the witness.

21

22

JIM BRANNIGAN,

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

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DIRECT EXAMINATION

BY MR. BRUCE:

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

A My name is Jim Brannigan. My city of residence is Roswell, New Mexico. My occupation is a petroleum geologist and my employer is Read & Stevens.

Q And have you previously testified before the OCD as a geologist?

A No, I have not.

Q Would you please describe your educational and work background?

A I have a Bachelor's of Science degree from Northern Arizona University in Flagstaff.

I've worked for the last 4-1/2 years as a geologist.

For the past 16 months I've worked for Read & Stevens where my duties included prospect generating and well site geology.

Before that I worked for approximately 3 years with Los Siete Exploration in Roswell, where my duties included prospect generating and well site geology.

Q Are you familiar with the application of Read & Stevens in this case and the geological matters per-

1 taining to it?

2 A Yes, I am.

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

5 MR. STOGNER: Mr. Brannigan
6 what did you receive your BS degree in from Northern
7 Arizona?

8 A Geology.

9 MR. STOGNER: Geology. He is
10 so qualified.

11 Q Would you please describe briefly why
12 Read & Stevens seeks approval of these unorthodox locations?

13 A Yes, I will. The rules for this field
14 prescribe 320-acre units with wells to be drilled either in
15 the northwest quarter or the southeast quarter of the sec-
16 tion.

17 Our geology, which I will describe later
18 in more detail shows that wells drilled in the northwest
19 quarter of Section 14 and the southeast quarter of Section
20 24, and a well drilled in a standard location in the south-
21 east quarter of Section 14, would either be dry holes or un-
22 economical wells, and we seek to avoid that.

23 Q Please now refer to Exhibit Number Two
24 and describe the geology in this area.

25 MR. STOGNER: Let me unfold it

1 first. Okay.

2 A Exhibit Number Two is simply a four-well
3 cross section in through the Buffalo Valley, depicting the
4 lenticular nature of the channel deposits in the Atoka for-
5 mation in the Buffalo Valley.

6 I just wanted to point out that it's not
7 a blanket sand and you need to be precise with your geology
8 in order to pick the channels and get the most feet of poro-
9 sity possible.

10 Q And the wells used for this cross section
11 are just to the immediate south of the wells to be drilled?

12 A That's right.

13 Q Would you please now refer to Exhibits
14 Three-A, Three-B, and Three-C and describe in more detail
15 why these three locations were selected?

16 A Exhibits Three-A, Three-B, and Three-C
17 are simply Isopach maps of 10 percent cross plot porosity in
18 the Atoka formation in the Buffalo Valley.

19 If you'll refer to Exhibit Number Three-
20 A, which is the Buffalo Valley Atoka Isopach map, Gamma
21 Sand, 10 percent cross plot porosity, it can be easily seen
22 that the locations, in order to get the most optimum poro-
23 sity and pay zone, the wells, the No. 4 Langley and the No.
24 3 Langley should be drilled in unorthodox locations, and as
25 stated earlier, the No. 3 Langley is in the southeast prora-

1 tion unit, southeast quarter of the proration unit, but if
2 we went with the standard location, according to the Isopach
3 maps the most porosity or pay we could expect would be 20
4 feet, and by shifting the location approximately 200 feet to
5 the west, we can expect to pick up another 10+ feet of pay.

6 Q And you are now referring to Exhibit
7 Three-A, is that correct?

8 A Yes, I am, which is the Gamma Sand.

9 Okay, now that pretty much covers the No.
10 3 and No. 4 Langley.

11 If we'll move to Exhibits Three-B and
12 Three-C, which is the Beta Sand and the Omega Sand, we'll
13 see that No. 2 Toles was drilled in the location staked in
14 the southwest quarter of Section 24, would encounter approx-
15 imately 22 to 23 feet of porosity or pay in the Omega Sand
16 and 22 to 23 feet of porosity or pay in the Beta Sand.

17 Q And based upon your porosity maps, what
18 might happen if wells were drilled at standard locations?

19 A Standard locations, I believe, in the
20 southwest southwest quarter, or excuse me, the southeast
21 quarter of Section 24, would be dry holes.

22 There already is a well in the proper
23 proration unit in the southeast quarter of Section 14, and
24 as you can see by looking at your Gamma Sand Isopach map, it
25 encountered 6 feet of porosity greater than 10 percent cross

1 plot but it was an uneconomical well and was plugged.

2 I believe if we drill another well in
3 that area it wouldn't be for the best interest of the State
4 or to Read & Stevens.

5 Again, the No. 4 Langley, if we drilled
6 the well in the northwest quarter of Section 14, it would be
7 a dry hole.

8 Q Would you please now refer to Exhibit
9 Number Four and describe it for the Examiner?

10 A Exhibit Number Four is just a cumulative
11 production map of the Atoka formation in the Buffalo Valley.

12 Q And does this map also point out the
13 channelized geology in this area?

14 A It does to a certain extent, where you
15 can see in the heart of the channels you can go ahead and
16 see your -- your best production, upwards of 10 BCF.

17 Q In your opinion will the granting of this
18 application be in the interest of conservation, the preven-
19 tion of waste, and the protection of correlative rights?

20 A Yes.

21 Q Were Exhibits Two, Three, and Four pre-
22 pared by you or under your direction?

23 A Yes, they were.

24 MR. BRUCE: Mr. Examiner, at
25 this time I move the admission of Exhibits Two, Three, and

1 Four.

2 MR. STOGNER: Exhibits Two,
3 Three, and Four will be admitted into evidence.

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

6

7

CROSS EXAMINATION

8 BY MR. STOGNER:

9 Q Mr. Brannigan, on Exhibit Four, all the
10 wells that you show on here with all the cumulative produc-
11 tions on them, which formation are most of these producing
12 from within the Pennsylvanian?

13 A The Atoka formation.

14 Q Atoka. Do you have a rough estimate of
15 -- or a percentage?

16 A I'd say 95 to 100 percent.

17 Q Of what sand member of the -- of the Ato-
18 ka do you believe that mostly, the majority of the wells
19 producing from?

20 A As far as my classification here?

21 Q Yes, sir.

22 A I would say probably the best production
23 would be the Omega Sand.

24 Q Okay.

25 MR. STOGNER: I have no further

1 questions of this witness.

2 Are there any further questions
3 of Mr. Brannigan?

4 If not, both witnesses may be
5 excused.

6 Mr. Bruce, do you have anything
7 further in this case?

8 MR. BRUCE: No, sir.

9 MR. STOGNER: As I have men-
10 tioned earlier, due to the misadvertisement, or the Santa Fe
11 paper misplacing our ads, this case will be continued to the
12 Examiner's Hearing scheduled for June 5th, 1985, at which
13 time it will be taken under advisement.

14

15 (Hearing concluded.)

16

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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. 8601,
heard by me on 22 May 1985.
Michael E. Logan Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

5 June 1985

EXAMINER HEARING

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

IN THE MATTER OF:

Application of Read & Stevens, Inc. CASE
for three unorthodox gas well lo- 8501
cations, Chavez County, New Mexico.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Maryann Lunderman
Division: Attorney at Law
 Energy and Minerals Dept.
 Santa Fe, New Mexico 87501

For the Applicant:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. QUINTANA: We'll call next Case 2601.

MS. LUNDERMAN: Application of Read & Stevens, Incorporated, for three unorthodox gas well locations, Chaves County, New Mexico.

MR. QUINTANA: This case was also heard by Mike Stogner.

Are there other appearances or testimony in this case?

If not, the case will be taken under advisement.

(Hearing concluded.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 correct and true copy of the transcript
of the hearing held on _____
the _____ at _____
heard by _____ on _____
June 5, 1985
8601
85
S. West P. Quintana, Examiner
Oil Conservation Division