

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

31 July 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Haseloff Corpor-
for an unorthodox oil well loca-
tion, Roosevelt County, New
Mexico.

CASE
8658

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
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State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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TERRY W. FRANKLIN

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MR. QUINTANA: Call next Case
8658.

MR. TAYLOR: The application of
Haseloff Corporation for an unorthodox oil well location,
Roosevelt County, New Mexico.

MR. PADILLA: Mr. Examiner, Ernest L. Padilla, Santa Fe, New Mexico, for the applicant.

Mr. Examiner, today we intend
put on a case for three unorthodox locations. We have filed
an application and we are amending that application today.

The case that is advertised is
for a well located 1310 feet from the south and west lines
of Section 13, Township 7 South, Range 33 East.

We will put on the case for all
three wells today and readvertise for the additional two
wells, if that's acceptable.

MR. QUINTANA: That is acceptable. You may proceed with your case.

Are there other -- excuse me.
Are there other appearances in this case?

If there are no other appearances
in this, please have your witness stand up and be
sworn at this time.

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(Witness sworn.)

TERRY W. FRANKLIN,

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

DIRECT EXAMINATION

BY MR. PADILLA:

Q Mr. Franklin, for the record would you
please state your name and what you do for the applicant?

A Yes. My name is Terry W. Franklin from
Roswell, New Mexico.

I serve as a regulatory agent for Hase-
loff Corporation.

Q Mr. Franklin, what is your educational
background?

A My education, as far as college, I at-
tended New Mexico Junior College in Hobbs, New Mexico, from
August '73 to May of '75.

And from August of '75 through May of
1978 I attended Eastern New Mexico University, Portales, New
Mexico, and earned a degree of Bachelor of Business Admini-
stration.

Q Have you experience in the oil and gas
industry?

1 A Yes, I have.

2 Q Can you tell us about it?

3 A My work experience, starting from my re-
4 sume here, May of 1978 to December of 1978 I worked for
5 Agua, Incorporated, Hobbs, New Mexico. My responsibility
6 included supervising a roustabout gang preparing and main-
7 taining salt water disposal systems around Eunice, New Mexi-
8 co.

9 From December of '78 to May of 1981 I
10 worked for Natural Resources Engineering out of Hobbs, New
11 Mexico, as an engineering technician. My responsibilities
12 included supervising drilling and completion operations,
13 staking locations, preparing and processing applications to
14 drill for fee, State and Federal Lands.

15 From May of 1981 to August of 1981 I
16 worked as an office manager for DrillCo International in Elk
17 City, Oklahoma. My responsibilities included monthly in-
18 voice preparation and inventory control.

19 From September of 1981 to the present I
20 am self-employed, formed a sole proprietorship named Oil and
21 Gas Administrative Services, based out of Roswell, New Mexi-
22 co.

23 My responsibilities include staking loca-
24 tions, preparation and submittal of applications to drill on
25 fee, State, and Federal lands in the State of New Mexico,

1 Utah, and Wyoming.

2 Q Mr. Franklin, are you familiar with the
3 nature of the application today?

4 A Yes, I am.

5 Q And have you prepared certain exhibits in
6 connection with your presentation here today?

7 A Yes, I have.

8 MR. PADILLA: Mr. Examiner, we
9 tender the witness as an expert for purpose of testimony to-
10 day.

11 MR. QUINTANA: He is considered
12 an expert for purposes of testimony.

13 You may proceed.

14 Q Mr. Franklin, would you refer to what we
15 have marked as Exhibits One, Two, and Three, and have you
16 tell the examiner what those exhibits contain?

17 A Exhibits One through Three are ownership
18 maps displaying in yellow, highlighted in yellow, the ac-
19 reage of interest.

20 The Exhibit One displays in red the pro-
21 posed No. 1 Well that will be drilled on a nonstandard loca-
22 tion.

23 Q That's on Exhibit Number One?

24 A Exhibit Number One, that's correct.

25 Q Now, going to -- would you explain who

1 controls the acreage depicted in yellow?

2 A Haseloff Corporation is under -- has un-
3 der lease the south half of the section.

4 Q Referring to Exhibit Number One, would
5 you explain the wells that are located on the south half of
6 Section 13?

7 A Okay. The No. 1, which is on Exhibit One
8 highlighted in red, is located 1310 from the south line and
9 1310 from the west line of the section.

10 Q Now, there are some other wells on that
11 south half of Section 13. Are those plugged and abandoned
12 wells?

13 A That's correct. Any of the wells that
14 are displayed there, One through Eight, have been plugged
15 and abandoned.

16 Q Going on to Exhibit Number Two and Exhi-
17 bit Number Three, is it Haseloff Corporation's purpose to
18 drill those nonstandard locations somewhere about -- more or
19 less on a 5-spot pattern?

20 A That's correct.

21 Q Would drilling of those wells be consid-
22 ered a salvage operation?

23 A Yes, that's correct.

24 Q Let's go on now to what we have marked as
25 Exhibit Number Four and tell us what that is and what it

1 contains.

2 A Exhibit Number Four is an ownership map
3 also and the acreage of interest is also highlighted in yel-
4 low.

5 The figures up above and below the area
6 of interest displays in green the production figures, or the
7 production history, of the wells that were plugged and aban-
8 doned.

9 Q Okay. Can you refer now to what we have
10 marked as Exhibit Number Five?

11 A Yes. This is a production history out-
12 line of each well. It contains when the well was spudded
13 and completed and also when it was plugged and abandoned,
14 and also it includes the cumulative production when the
15 wells were produced.

16 Q Referring now back to Exhibits One, Two,
17 and Three, you have -- those exhibits state an estimated
18 production, or there are some figures at the bottom, esti-
19 mated reserves, I think, of the proposed wells. How did you
20 arrive at the estimated reserves? Is there any magic to
21 those figures?

22 A What we based it on is the cumulative
23 production figures on the wells that were plugged and aban-
24 doned. It is just a belief that we can recover this esti-
25 mated reserves and in order to effectively and efficiently

1 drain the remainder of the San Andres formation in the south
2 half of this section.

3 Q Let me ask you again to give the exact
4 locations of the three proposed wells.

5 A Okay. The first proposed well will be
6 located, or situated, 1310 from the south line and 1310 from
7 the west line. That will be the No. 1 Well.

8 The No. 2 Well will be located 1310 from
9 the south line and 2630 from the west line. That will be
10 the second proposed location.

11 The No. 3 will be located 1310 from the
12 south line and 1310 from the east line, which will be the
13 No. 3 proposed location.

14 The proposed locations, how we picked
15 them as far as in order, is based on the production figures
16 of the plugged and abandoned wells on the half section.

17 Q Are you going to stagger the drilling
18 times of these wells?

19 A Yes, we are. We're probably looking at
20 60 to 90 days to try to get a feel for what kind of produc-
21 tion the well will make before we proceed on to the next
22 one.

23 Q Which well are you going to drill first?

24 A The first well will be located in Unit
25 letter N. That's the No. 1 proposed location.

1 Q And then the middle well?

2 A That's correct; from west to east.

3 Q Okay. Do you have anything further to
4 add to your testimony?

5 A No, I do not.

6 MR. PADILLA: Mr. Examiner, we
7 tender Exhibits One through Five and pass the witness.

8 MR. QUINTANA: Exhibits One
9 through Five will be entered as evidence.

10

11 CROSS EXAMINATION

12 BY MR. QUINTANA:

13 Q Mr. Franklin, would you repeat for me
14 again the reason on which you base your reasoning on the the
15 positioning of these wells in these unorthodox locations?

16 A Haseloff Corporation believes that in
17 order to effectively and efficiently drain the San Andres
18 formation in this area is to drill on a 5-spot pattern.

19 Q On what do they base that --

20 A Well --

21 Q -- calculation?

22 A The calculation is just mainly based on
23 the production figures of the offset plugged and abandoned
24 wells. No engineering studies have been made.

25 Q And from that I would take it to mean that

1 while the offset well is not producing very much oil you an-
2 ticipate oil to be between those two wells in that 5-spot
3 pattern, then?

4 A Right.

5 MR. QUINTANA: I have no fur-
6 ther questions of the witness.

7 MR. PADILLA: If I may ask one
8 further question, Mr. Examiner.

9

10 REDIRECT EXAMINATION

11 BY MR. PADILLA:

12 Q Mr. Franklin, is it Haseloff Corpora-
13 tion's opinion that drilling of the wells at the proposed
14 locations would recover undrained reserves from the south
15 half of Section 13?

16 A That's correct. That's our belief.

17 MR. PADILLA: No further ques-
18 tions.

19 MR. QUINTANA: No further ques-
20 tions of the witness.

21 Are there any further questions
22 of the witness?

23 Anything further in Case 8658?

24 If not, the witness may be ex-
25 cused. Case 8658 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 true and correct copy of the transcript in my possession and control.

Sally W. Boyd, CSR
Oil Conservation Division, Examiner

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

28 August 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of Haseloff Corporation CASE
for three unorthodox oil well loca- 8658
tions, Roosevelt County, New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For Santa Fe Exploration:

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MR. STOGNER: Call next Case
Number 8658.

MR. TAYLOR: The application of
Haseloff Corporation for three unorthodox oil well
locations, Roosevelt County, New Mexico.

MR. STOGNER: This case was
heard by Mr. Gilbert Quintana on July 31st, 1985. At that
time they put on testimony for three unorthodox oil well
locations and requested that this case be readvertised.

We are doing so at this time
and now call for any additional appearances and/or
testimony.

There being none, this case
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 transcript is a true and correct copy of the transcript of the hearing of Case No. 8658, heard by me on 28 August 1985.
Michael E. Stegner, Examiner
Oil Conservation Division