

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

17 September 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of A. L. Dawsey, Jr., for CASE
an unorthodox oil well location, Rio 8990
Arriba County, New Mexico.

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor
Legal Counsel for the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: Tommy Roberts
Attorney at Law
Farmington, New Mexico

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I N D E X

BRAD SIMMONS

Direct Examination by Mr. Roberts 3

E X H I B I T S

Dawsey Exhibit One, Map 6

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MR. CATANACH: Call next Case
8990.

MR. TAYLOR: Application of A.
L. Dawsey, Jr., for an unorthodox oil well location, Rio Ar-
riba County, New Mexico.

MR. CATANACH: Are there
appearances in this case?

MR. ROBERTS: Mr. Examiner, my
name is Tommy Roberts, Attorney in Farmington, New Mexico,
appearing on behalf of the applicant, A. L. Dawsey, Jr., and
I have one witness to be sworn.

MR. CATANACH: Are there other
appearances in this case?

Will the witness please stand
and be sworn in?

(Witness sworn.)

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

DIRECT EXAMINATION

BY MR. ROBERTS:

Q Would you state your name and your place of residence, please?

A My name is Brad Simmons and it's Denver, Colorado.

Q What is your occupation?

A I'm an independent consulting geologist.

Q What is your relationship to the applicant in this case?

A I am acting as a consultant for the applicant.

Q Have you testified before the New Mexico Oil Conservation Division on any prior occasion?

A No, I haven't.

Q Have you testified before any other state oil and gas conservation agency on any prior occasions?

A The Colorado Oil and Gas Conservation Commission.

Q And in what capacity?

A As a geologist representing Texas Oil and Gas.

Q Would you briefly describe your post-high school educational background?

A I attended New Mexico Institute of Mining

1 and Technology and received a Bachelor of Science degree in
2 geology.

3 Q And briefly describe your work experience
4 subsequent to obtaining your degree.

5 A After obtaining my degree I worked in
6 Denver for Texas Oil and Gas as an exploration geologist for
7 two years and then I went and worked with Woods Petroleum,
8 also of Denver as an exploration geologist for three years,
9 and for the past two years I've been acting as an indepen-
10 dent consultant.

11 Q To what extent are you familiar with the
12 operations proposed by the applicant in this case, which is
13 the subject of this application?

14 A I am an originator of the prospect and
15 have worked on both the geology and geophysics, and after
16 turning the prospect to Mr. Dawsey of Texas, I am acting as
17 a consultant on any further operations he has in the area.

18 Q And are you familiar with the contents of
19 this application?

20 A Yes, I am.

21 Q And with it's purpose?

22 A Yes. It's purpose is for the application
23 of an unorthodox location of the El Vado No. 2, located 1770
24 feet from the south line, 970 feet from the east line, of
25 Section 11, 27 North, 1 East, Rio Arriba County.

1 MR. ROBERTS: Mr. Examiner, I
2 would tender Mr. Simmons qualifications and ask that they be
3 accepted.

4 MR. CATANACH: Mr. Simmons,
5 what year did you graduate from New Mexico?

6 A 1980.

7 MR. CATANACH: Mr. Simmons is
8 considered qualified.

9 Q Mr Simmons, would you turn to Exhibit
10 Number One and identify the exhibit?

11 It's a rather large exhibit. You probab-
12 ly need to move your coffee cups and things like that.

13 It has a lot of information on it.

14 A Exhibit Number One shows the boundaries
15 of the A. L. Dawsey lease, the ownership of offsetting ac-
16 reage, the northeast boundary of the East Puerto Chiquito
17 Mancos Oil Pool, the proposed location of the El Vado No. 2
18 Well, the existing wells, and proposed wells in the area,
19 and the geophysical data on which the application is based.

20 Q Mr. Simmons, are the lands on which the
21 well is proposed to be drilled located within the boundaries
22 of any pool established by the Oil Conservation Division or
23 subject to any rules of any such pool?

24 A Yes, they are subject to the East Puerto
25 Chiquito Mancos Pool field rules by virtue of being within a

1 mile of the field boundary.

2 Q What is the spacing requirement under the
3 pool rules?

4 A The spacing rules are 160-acre proration
5 units.

6 Q Do the rules establish parameters for
7 standard locations within the pool?

8 A Yes, there are two parameters. You must
9 be 330 feet from any outer boundary of a spacing unit and
10 also you must be within 165 feet of the center of a quarter
11 quarter within the 160.

12 Q In what manner is the proposed location
13 for the El Vado No. 2 Well unorthodox?

14 A The El Vado No. 2 is not within the 165
15 foot perimeter of the center of a quarter quarter.

16 Q Mr. Simmons, I want to direct your atten-
17 tion now to the geophysical data illustrated on the exhibit.

18 Would you please explain the geophysical
19 data illustrated here?

20 A Okay, the geophysical data is illustrated
21 by the circular dots represent data points of the geophysics
22 and the red cross hatchure marks in the southeast corner of
23 the lease -- southwest corner of the lease represent a frac-
24 ture pattern delineated from the geophysics.

25 The pattern of fracturing was determined

1 by a geophysical technique referred to as time domain elec-
2 tromagnetics, and based on resistivity contrast between the
3 fluids in the fractures and the host shale rock the electro-
4 magnetics enable the delineation of fractures and their lo-
5 cation.

6 The fracture mapping was verified by air
7 photo and geomorphic surface expressions, also.

8 Q What conclusions, if any, can be drawn
9 from the geophysical data illustrated on the exhibit with
10 respect to the optimum location for the proposed well?

11 A In order to optimize production from the
12 fractured Mancos reservoir, it was determined that a bore-
13 hole should ideally intersect cross fracturing at a depth
14 equivalent to the Sanostee and Greenhorn Zones.

15 A stepout direction and distance from the
16 surface expressions of the fracture were calculated to pin-
17 point prospective drillsites. The requested unorthodox El
18 Vado No. 2 location was therefore located.

19 Q In your opinion can the proposed well be
20 situated at a standard location which would be compatible
21 with this geophysical data?

22 A No, it can't because it's limited by the
23 two directions of fracturing and based on the dip of the
24 fractures a distance of stepout from that intersection to
25 intersect the fracturing at the optimum zones of production.

1 Q In your opinion will the granting of this
2 application result in the prevention of waste and the pro-
3 tection of correlative rights and be in the interests of
4 conservation?

5 A Yes.

6 Q Mr. Simmons, are you familiar with the
7 notice requirements set forth in Rule 1207 of the Rules and
8 Regulations of the Oil Conservation Division?

9 A Yes, I am.

10 Q Have those requirements been satisfied in
11 this case?

12 A Yes, to the best of my knowledge, they
13 have.

14 Q How were they satisfied?

15 A Mr. Dawsey owns the offset proration
16 units with the exception of the north proration unit of the
17 location well, and it is partially split between Mr. Daw-
18 sey's leasehold and what to the best of our knowledge is a
19 lease controlled by a farmout to Mr. Frank Hill of Texas,
20 and Mr. Frank Hill has been notified.

21 Q Was Exhibit One either prepared by you or
22 at your direction and under your supervision?

23 A Yes, it was.

24 MR. ROBERTS: Mr. Examiner,
25 we'd move the admission into evidence of Exhibit Number One.

1 MR. CATANACH: Exhibit Number
2 one will be admitted into evidence.

3 MR. ROBERTS: I have no other
4 questions of this witness on direct.

5 MR. TAYLOR: Do you have a copy
6 of the letter you sent to Frank Hill that you could put in
7 the record?

8 A No, we do not have a letter that we
9 mailed to Mr. Hill. Mr. Hill was verbally notified. Mr.
10 Dawsey --

11 MR. TAYLOR: Where's he at?
12 We've been looking for him.

13 A Oh, really? He contacted a partner in
14 our prospect. I don't know how they contact him.

15 MR. TAYLOR: He runs -- is that
16 Suntex or is it just under his name? He's got Suntex and
17 Elano, right?

18 A I don't know if it's under Suntex. All
19 we -- well, it is under Suntex, I guess, as far as the title
20 opinion that we have.

21 MR. ROBERTS: I don't think
22 we're able to say with any certainty what the entity is that
23 has control, but he is the individual that we believe has
24 control of that unit, whether it's under Elano Oil and Gas
25 or whether it's under Suntex, we aren't able to tell.

1 MR. CATANACH: Mr. Simmons, did
2 the -- do the pool rules for the East Puerto Chiquito Field
3 specify what quarter quarter section you have to drill in?

4 A No, I don't believe they do.

5 MR. CATANACH: Has seismic data
6 been used before to pinpoint these fracture systems?

7 A This is not seismic data. This is an
8 electromagnetic survey. I am not familiar with seismic
9 being used to locate fractures in this area.

10 MR. CATANACH: Okay, has your
11 data been used before to successfully --

12 A Yes, it has.

13 MR. ROBERTS: Mr. Examiner, was
14 your question specifically regarding this area or just in
15 general whether it's been successful?

16 MR. CATANACH: In general but
17 in the general area.

18 A It has been used, like, say in the same
19 type of geological environment but not in this particular
20 area of New Mexico.

21 Mr. Greer of Farmington has used it in an
22 area to the south of here but it hasn't been drilled.

23 MR. CATANACH: Mr. Simmons, is
24 this well location located within a mile of any other pool
25 boundaries that you know of?

1 A No, it isn't.

2 MR. CATANACH: So it is subject
3 to the East Puerto Chiquito field rules.

4 A Yes.

5 MR. CATANACH: And the south-
6 east quarter of Section 11 will be dedicated to the wells?

7 A Yes. Right.

8 MR. CATANACH: I have no
9 further questions of Mr. Simmons. He may be excused.

10 Is there anythin further in
11 Case 8990?

12 MR. ROBERTS: No, Mr. Examiner.

13 MR. CATANACH: If not, it will
14 be taken under advisement.

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16 (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 the foregoing Transcript of Hearing before the Oil
Conservation Division (Commission) 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. 8990
heard by me on Sept. 13 1986

David R. Catanach, Examiner
Oil Conservation Division