

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

25 July 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Blanks Energy Cor-	CASE
poration for an unorthodox gas well	0273
location, Lea County, New Mexico.	0274

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation	W. Perry Pearce
Division:	Attorney at Law
	Oil Conservation Commission
	State Land Office Bldg.
	Santa Fe, New Mexico 87501

For the Applicant:	James G. Bruce
	Attorney at Law
	HINKLE LAW FIRM
	P. O. Box 2068
	Santa Fe, New Mexico 87501p

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I N D E X

RICHARD BLACKWELL

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MR. STOGNER: We'll call next  
Case Number 8273.

MR. PEARCE: That case is on  
the application of Blanks Energy Corporation for an unorthodox well location, Lea County, New Mexico.

MR. BRUCE: Mr. Examiner, my  
name is Jim Bruce from the Hinkle Law Firm in Santa Fe, representing Blanks Energy Corporation, and at this time I would ask that both Cases 8273 and 8274 be heard together since the evidence is the same.

MR. STOGNER: We will now call  
Case Number 8274.

MR. PEARCE: That case is also  
on the application of Blanks Energy Corporation for an unorthodox oil well location, Lea County, New Mexico.

MR. STOGNER: Cases Numbers  
8273 and 8274 will be consolidated for purposes of testimony.

MR. BRUCE: I have one witness  
to be sworn.

MR. PEARCE: Are there other  
appearances in these consolidated matters?

(Witness sworn.)

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RICHARD BLACKWELL,  
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, address, and occupation?

A Richard Blackwell. Midland, Texas. I'm an independent geologist.

Q And what is your relationship with the applicant in this matter?

A As a consulting geologist.

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

A Yes.

Q And are you familiar -- and were your qualifications made a matter of record and accepted by the Division?

A Yes, they were.

Q Are you familiar with both applications present, or you're testifying about today?

A Yes.

Q And are you familiar with the geology of the area involved in these cases?

A Yes, I am.

1  
2 MR. BRUCE: Mr. Examiner, is  
3 the witness considered qualified?

4 MR. STOGNER: He is so quali-  
5 fied.

6 MR. BRUCE: Before we begin,  
7 Mr. Examiner, on Case 8273 the original proposed location is  
8 330 feet from the south line and 2000 feet from the east  
9 line.

10 Due to some topographical mat-  
11 ters applicant desires to change its location to 450 feet  
12 from the south line and 1850 feet from the east line and  
13 therefore I would request that we put on evidence today on  
14 this matter but that it be readvertised.

15 MR. STOGNER: Thank you, Mr.  
16 Bruce, that will be readvertised at the next available hear-  
17 ing.

18 Q Mr. Blackwell, would you please refer to  
19 what has been marked as Exhibit One and discuss this exhi-  
20 bit?

21 A All right. Exhibit One is a land plat of  
22 the area of interest. This exhibit is an ownership map on a  
23 scale of one inch equal 4000 feet and is intended to geo-  
24 graphically orient the area of interest and more specifical-  
25 ly identify the Blanks Energy controlled acreage along with  
the offset operators.

The area is situated some fifteen miles  
east, or excuse me, west of Hobbs, New Mexico, and four

1 miles southeast of Buckeye, New Mexico.

2 The Blanks acreage can be noted in Sec-  
3 tions 16 and 21 of Township 18 South, Range 35 East, and it  
4 can be identified by its yellow color.

5 The offset operators are conspicuously  
6 identified on the plat here.

7 In Section 16 Maralo Corporation is an  
8 offset operator.

9 In Sections 15 and 22 ARCO is offset.

10 In Section 21, Perry Bass.

11 In Section 20, Collier Energy is an off-  
12 set operator.

13 Q Thank you. Would you please now refer to  
14 Exhibit Number Two and discuss this exhibit?

15 A Exhibit Number Two is essentially a data  
16 map, a production identification map, if you will, and it's  
17 on a scale of one inch equal 2000 feet.

18 It shows the current, as well as former,  
19 producing formations in the general area of interest. This  
20 map is intended to -- as a further orientation and show the  
21 northwest/southeast trending nature of the Devonian produc-  
22 tion.

23 The Devonian production can be identified  
24 by the well spots colored yellow. There is a also a pro-  
25 ducing legend on the plat with a color code that identifies  
other wells in the area, and it can be noted that the pro-  
posed locations, identified by arrows, in Sections 16 and 21

1  
2 are exactly on trend with the middle and South Vacuum Devon-  
3 ian production.

4 Q Please refer now to what is marked as Ex-  
5 hibit Number Three and discuss that.

6 A Exhibit Number Three is a Devonian struc-  
7 ture map. This map is a depiction of the Devonian structure  
8 as it relates to the Blanks Energy acreage and more specifi-  
cally to the requested unorthodox locations.

9 The map is on a scale of one inch equal  
10 1000 feet. You will note that the heavy lines aligned in a  
11 northwest/southeast direction are our designation for the  
12 faults and the lighter lines are our structural contours.

13 The Blanks acreage in Sections 16 and 21  
14 is colored yellow with the proration units identified by the  
dashed red lines.

15 The proposed locations are posted as  
16 double circles with an arrow point. I might point out at  
17 this point, we have just discovered a slight error on the  
18 plat in the southeast corner of Section 16. There appears  
19 to be a datum point 7 -- minus 7729. It appears that that  
20 should belong to the Blanks No. 1 ARCO State. That in fact  
21 is in error. That well did not reach the Devonian and so we  
ask that you scratch that data point.

22 The South Vacuum Devonian Field is a well  
23 defined northwest/southeast trending fault block anticline.  
24 A number of cross faults occur creating a series of up and  
25 down fault blocks of lesser magnitude within this primary

horse block.

It can be noted that both proposed locations are situated within one of these fault blocks.

The field is structurally controlled and derives its reservoir energy from an active water drive.

The submitted Devonian structure map, which shows only a small area of the field, is an interpretation utilizing seismic as well as subsurface bore hole data.

The No. 2 ARCO State in the southwest southeast of Section 16, if this were proposed as an orthodox location it would have been in the same spot as the Sinclair No. 7 State Lea 403. This well did not penetrate the Devonian formation and is currently being used as a salt water disposal well.

Obviously, this orthodox location is not available for the Devonian well.

The No. 2 Honeysuckle, the northeast northeast of Section 21, had it been proposed as an orthodox location, would have been in the same spot as the Sinclair No. 2 Lea State 401. This well produced from the Devonian from 6-58 to 4-60, when after fully depleting its Devonian zone was plugged back for a Wolfcamp completion. This well was finally plugged and abandoned in 1971.

It should be noted that in effect the two wells for which unorthodox locations are being sought are actually replacement wells for the No. 7 State Lea 403 and



1 the No. 2 Lea State 401.

2 The proposed location for the No. 2 ARCO  
3 State is needed to drain its proration spacing area, which  
4 might otherwise have been allocable to the No. 7 State Lea  
5 403.

6 Approval of the No. 2 Honeysuckle loca-  
7 tion is needed to fully recover hydrocarbons from its prora-  
8 tion spacing area that lies to the west of the fault bisect-  
9 ing that proration unit.

10 Approval of the requested unorthodox lo-  
11 cations will provide Blanks Energy the opportunity to re-  
12 cover hydrocarbons which otherwise would not be recoverable  
13 from wells at the orthodox locations. These proposed loca-  
14 tions were chosen as the optimum geologic locations for a  
successful completion in each case.

15 Q Would you please now refer to Exhibit  
16 Number Four and explain that exhibit?

17 A Exhibit Number Four is a packet of con-  
18 sent letters from offset operators and I will note that all  
19 of the offset operators have been contacted and as reflected  
20 in the consent letters packet making up this Exhibit Four,  
21 the offset operators have no objection to either of the two  
proposed wellsites.

22 Q And what is the royalty ownership of  
23 offset acreage in connection with both of these wellsites?

24 A The royalty ownership of the offset  
25 acreage is identical to that of the proposed drill sites

1 with all of the lands owned by the State of New Mexico.

2 Q And in your opinion will the granting of  
3 these applications be in the interest of conservation, pre-  
4 ventation of waste, and the protection of correlative rights?

5 A Yes.

6 Q And were Exhibits One through Four pre-  
7 pared by you or under your supervision or have you reviewed  
8 all geological features and agree with those interpreta-  
9 tions?

10 A They were not prepared by me or under my  
11 supervision but I have reviewed all of the geological data  
12 as presented and I do concur with its interpretation.

13 MR. BRUCE: Mr. Examiner, at  
14 this time I move the admission of Exhibits One through Four.

15 MR. STOGNER: Exhibits One  
16 through Four will be admitted into evidence.

17 MR. BRUCE: I have no further  
18 questions of the witness.

19 CROSS EXAMINATION

20 BY MR. STOGNER:

21 Q Mr. Blackwell, I'm curious, what is the  
22 topographic reason that you can't drill in 30 -- 330 and  
23 2000?

24 A It's my understanding that there are some  
25 surface obstacles out there, such as a highline that we  
would not be able to drill at that particular location.

1  
2 Q Okay, I just don't remember any ridges  
3 out there.

4 A Nope, no ridges.

5 MR. STOGNER: I have no further  
6 questions of this witness.

7 Are there any other questions  
8 of Mr. Blackwell? If not, he may be excused.

9 Is there anything further in  
10 either of Cases Number 8273 or 8274?

11 If not, Case No. 8274 will be  
12 taken under advisement, while Case No. 8273 will remain open  
13 pending readvertisement at the next earliest possible time.

14 (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 Con-  
servaion 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 July 25 1984.  
Michael P. Stager, Examiner  
Oil Conservation Division

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

22 August 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Blanks Energy Cor-  
poration for an unorthodox well  
location, Lea County, New Mexico.

CASE  
8273

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce  
Attorney at Law  
Oil Conservation Commission  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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3 MR. STOGNER: Call next Case  
4 Number 8273.

5 MR. PEARCE: That case is on  
6 the application of Blanks Energy Corporation for an unortho-  
7 dox well location, Lea County, New Mexico.

8 Mr. Examiner, applicant has re-  
9 quested continuance until September the 19th, 1984.

10 MR. STOGNER: Case Number 8273  
11 will be continued to the Examiner Hearing scheduled for Sep-  
12 tember 19th, 1984.

13 (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 Con-  
serva-tion 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 complete record of the proceedings in  
the first hearing of Case No. 8273  
heard by me on August 22, 1984.  
Michael E. Stagner Examiner  
Oil Conservation Division

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

19 September 1984

EXAMINER HEARING

IN THE MATTER OF:

Application of Blanks Energy Cor-  
poration for an unorthodox well  
location, Lea County, New Mexico.

CASE  
8273

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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

For the Applicant:



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MR. STOGNER: Call next Case  
Number 8273.

MR. TAYLOR: Application of  
Blanks Energy Corporation for an unorthodox well location,  
Lea County, New Mexico.

MR. STOGNER: This case has  
previously been heard and was readvertised due to an error  
in the advertisement.

Are there any appearances or  
any further testimony in Case Number 8273?

If not, this case will be taken  
under advisement.

(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 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 complete and true transcript of the hearing in  
the Examine hearing of Case No. 8273,  
heard by me on Sept. 19, 1984.

Michael P. Steiner, Examiner  
Oil Conservation Division