

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 Tenneco Oil Company for CASE  
and unorthodox gas well location, 8281  
Eddy County, New Mexico.

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:	W. Thomas Kellahin Attorney at Law KELLAHIN & KELLAHIN P. O. Box 2265 Santa Fe, New Mexico 87501
--------------------	--

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

LADELL COLLIER

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stogner	11

E X H I B I T S

Tenneco Exhibit One, Map	4
Tenneco Exhibit Two, Map	11

1  
2  
3 MR. STOGNER: We will call now  
4 Case Number 8281.

5 MR. PEARCE: That case is on  
6 the application of Tenneco Oil Company for an unorthodox gas  
7 well location, Eddy County, New Mexico.

8 MR. KELLAHIN: If the Examiner  
9 please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing  
10 on behalf of the applicant and I have one witness to be  
11 sworn.

12 MR. PEARCE: Are there other  
13 appearances in this matter?

14 (Witness sworn.)

15 LADELL COLLIER,  
16 being called as a witness and being duly sworn upon his  
17 oath, testified as follows, to-wit:

18  
19 DIRECT EXAMINATION

20 BY MR. KELLAHIN:

21 Q Mr. Collier, for the record would you  
22 please state your name, sir?

23 A Ladell Collier.

24 Q Mr. Collier, have you previously testi-  
25 fied before the Oil Conservation Division?

A No.

1  
2 Q Would you describe for the examiner when  
3 and where you obtained your degree in geology?

4 A I have a Bachelor of Science degree in  
5 geology from Oklahoma State University in 1967.

6 Q Subsequent to graduation in '67 did you  
7 obtain any other degrees?

8 A No.

9 Q Would you describe for us what has been  
10 your employment and work experience as a petroleum geologist  
11 since graduating in '67?

12 A I worked for a small north Texas indepen-  
13 dent for approximately five and a half years and I've worked  
14 for Tenneco for almost three and a half years as a petroleum  
15 geologist.

16 Q Pursuant to your employment as a petro-  
17 leum geologist, have you made a study of the Malaga Field in  
18 Eddy County, New Mexico?

19 A Yes.

20 Q And you're currently employed with Tenne-  
21 co in San Antonio?

22 A Yes.

23 MR. KELLAHIN: We tender Mr.  
24 Ladell Collier as an expert petroleum geologist.

25 MR. STOGNER: He is so quali-  
fied.

Q Mr. Collier, let me direct your attention  
to what we've marked as Exhibit Number One and have you

1  
2 first of all identify for us the 320-acre spacing and prora-  
3 tion unit that Tenneco proposes to dedicate to this well.

4 A It's the east half of Section 13 in Town-  
5 ship 24 South, Range 28 East.

6 Q What is the principal or primary produc-  
7 ing formation that is the target for this well?

8 A The Atoka. The Morrow also produces in  
9 the area but the Atoka is the best production.

10 Q Okay. Has the Malaga Field area as de-  
11 picted on your exhibit been designated by the Division as a  
pool for the Atoka?

12 A No.

13 Q So you're on statewide spacing for deep  
14 gas wells.

15 A Yes.

16 Q Looking at Exhibit Number 13 would you  
17 tell us who operates the well in the west half of Section  
13?

18 A Coquina.

19 Q And that is a well that produces from the  
20 Atoka?

21 A Yes, it does.

22 Q What would be the closest standard loca-  
23 tion for your Atoka well in the east half of Section 13, Mr.  
Collier?

24 A 1980 from the south and 1980 from the  
25 east.

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

Q All right, sir, so what is the proposed unorthodox location for this well?

A 1980 from the east and 1500 from the south.

Q All right, sir, so you are 498 feet closer to the south boundary than permitted by the statewide rules.

A Yes.

Q Would you describe for us why in your opinion it is necessary to locate this well at an unorthodox location as opposed to the closest standard location?

A We're trying to pick the most optimum location to encounter the most thickness of Atoka sand as we have it mapped on this prospect.

Q All right, and would that optimum location be the unorthodox location?

A Yes, it would.

Q Let me have you describe for us the process that you've gone through in reaching the opinion that that is the optimum location.

First of all, let's discuss how you have located the Atoka Channel. I see that you've oriented the Atoka Channel north and south. Is that generally characteristic of the Atoka channels in this portion of Eddy County?

A Yes, they're predominantly north/northwest to south/southeast.

Q Describe for us what you have identified

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

as control points for the eastern side of the Atoka channel  
as you've mapped it.

A            There's a well in Section 12 which didn't  
have any of the AT sand, as we --

Q            All right, I've got to find the well  
first. All right, just above the "i" in "river" in Section  
12 there is an Atoka well?

A            Yes.

Q            All right, who operates that?

A            At the moment I don't recall who operates  
that.

Q            All right, you've examined the --

A            Yes, I have.

Q            You've examined the logs?

A            I think it's Yates but I'm not sure.

Q            All right, and you've identified there is  
zero net thickness of Atoka sand in that well.

A            Yes.

Q            All right, what other wells on the east-  
ern boundary of the channel have you used as control points?

A            The only other well is in Section 19 in  
Township 24 South, Range 29 East. It's the HNG 19 Fed Com  
No. 1.

Q            All right, that's the southeast offset to  
your proration unit and that's the Atoka well operated by  
HNG?

A            Yes.

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

Q And you've examined the log in that well?

A Yes, I have.

Q And in your opinion does that well represent any net feet of Atoka sand?

A Not in the AT sand. There is another Atoka sand that they're producing from.

Q Okay.

All right, are there any other control points for the eastern boundary of the channel?

A There's a Getty well in Section 6 which is further east that had zero sand also.

Q All right.

A That's the only other control point.

Q Let's look at the west boundary of the channel, Mr. Collier, and directing your attention first of all to Section 14 immediately to the west, are there any Atoka wells or Atoka penetrations in Section 14 that you have used as control points?

A Yes, there are two and both of them had zero sand in the particular sand in question, the AT sand.

Q All right, let's look at the well in the northwest quarter of 14. Do you recall who operated that well?

A That's a Coquina well.

Q Is that well still producing from some sand?

A Yes.



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

Q All right. And you've examined a log in that well and you find zero feet of sand in the Atoka, too.

A Correct.

Q Looking in the southeast corner there is another gas well symbol. What is that?

A That's also a Coquina well.

Q All right.

A I believe that's a Morrow producer.

Q All right. In the Atoka --

A I'm sorry, that's a Pogo well. Pogo drilled that one.

Q All right, in the Pogo's well you've looked at the log and the Atoka 2 sand has zero feet?

A Yes.

Q All right, farther, then, to the south on the west boundary of the channel do you have any other control points?

A South of Section 23 also had zero sand. There's no wells in Section 24 or 25.

Q Okay. All right.

A No deep penetrations, anyway.

Q How have you attempted to locate and define the center of the channel? Do you have any control points for that?

A The closest well is the Coquina Craft Well in the western part of Section 13 which had 12 feet of net sand.

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

Q All right, sir, and looking farther north and to the west in Section 11, do you have another control point?

A Yes, in the southeast part of Section 11 there's also a Coquina Vasquez well. That had 12 feet of sand also.

Q Mr. Collier, in your opinion will approval of this application prevent waste?

A Yes.

Q And why is that?

A Well, we're trying to reduce our risk by hitting the center of the channel. Possibly if we can't get the unorthodox location we might not drill the well.

Q Okay. Would the application, if approved, violate the correlative rights of any other operator.

A No.

Q And why not?

A We feel that by being 1500 feet from the south line that we wouldn't be draining any other acreage.

Q Looking at the Section 24 to the south, I note that there's a well symbol in Unit A of that section. What kind of well is that?

A That's a shallow Delaware penetration, approximately 300 foot deep.

Q And whose acreage is to the south of it?

A HNG.

1  
2 Q And there currently is no Atoka well  
3 drilled by HNG in Section 24?

4 A No.

5 Q Let's go to Exhibit Number Two, then Mr.  
6 Collier, and have you identify that exhibit for us.

7 A This is a structure map on the top of the  
8 Atoka lime.

9 Q With regards to picking your location and  
10 identifying the Atoka channel is structure a significant  
11 item in making your evaluation and reaching your conclu-

12 A No.

13 Q Were Exhibits One and Two prepared by  
14 you?

15 A Yes.

16 MR. KELLAHIN: That concludes  
17 our examination of Mr. Collier.

18 We move the introduction of Ex-  
19 hibits One and Two.

20 MR. STOGNER: Exhibits One and  
21 Two will be admitted into evidence.

22 CROSS EXAMINATION

23 BY MR. STOGNER:

24 Q Mr. Collier, our case today was adver-  
25 tised as referring to unorthodox location in the Pennsylvan-  
ian gas pools. Now the Atoka, I understand, has

1  
2 not been a gas pool. Are there any other pools within any  
3 of the Pennsylvanian zones that are pooled in this area,  
4 such as the Morrow?

5 A Not to my knowledge. The Morrow does  
6 produce in the area but it's -- I don't believe it's pooled.

7 Q So as far as we know the -- all of the  
8 Pennsylvanian formations in here are not designated to a  
9 producing pool.

10 A That's correct.

11 Q And any Pennsylvanian production you  
12 would have would be dedicated to the east half of Section  
13 13, is that right?

14 A That's correct. The west half is already  
15 dedicated to the Coquina well.

16 Q All the dots up here in the east half,  
17 are they oil producing wells, I assume.

18 A Yes, they're shallow Delaware production  
19 from the (not understood) sand.

20 MR. STOGNER: I have no further  
21 questions of this witness.

22 Are there any other questions  
23 of Mr. Collier at this time? If not, he may be excused.

24 Mr. Kellahin, do you have any-  
25 thing further in Case Number 8281 this morning?

MR. KELLAHIN: Not in this  
case.

MR. STOGNER: Does anybody else

1  
2 have anything further in Case Number 8281?

3 If not, this case will be taken  
4 under advisement.

5 (Hearing concluded.)  
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 complete and correct transcript of the hearing  
the Examiner of the Oil Conservation Division  
heard by me on July 25 1984 8281

Michael P. Sogner, Examiner  
Oil Conservation Division