

1                   TATE OF NEW MEXICO  
2                   ENERGY AND MINERALS DEPARTMENT  
3                   OIL CONSERVATION DIVISION  
4                   STATE LAND OFFICE BLDG.  
5                   SANTA FE, NEW MEXICO

6                   5 September 1984

7                   EXAMINER HEARING

8                   IN THE MATTER OF:

9                   Application of Marbob Energy Cor-  
10                  poration for an unorthodox loca-  
11                  tions, Eddy County, New Mexico.

CASE  
8326

12                  BEFORE: Gilbert P. Quintana, Examiner

13                   TRANSCRIPT OF HEARING

14                   A P P E A R A N C E S

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19                  For the Oil Conservation  
20                  Division:

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Energy and Minerals Dept.  
525 Camino de Los Marquez  
Santa Fe, New Mexico 87501

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22                  For the Applicant:

Kevin J. Bliss  
Attorney At Law  
Marbob Energy Corp.  
P. O. Drawer 217  
Artesia, New Mexico 88210

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I N D E X

JOHN R. GRAY

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E X H I B I T S

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3 MR. QUINTANA: We'll call next  
4 Case 8326.

5 MR. ROYBAL: Case 8326.  
6 Application of Marbob Energy Corporation for an unorthodox  
7 well location, Eddy County, New Mexico.

8 MR. BLISS: May it please the  
9 Examiner, my name is Kevin Bliss and I'm an attorney for the  
10 applicant, appearing on behalf of applicant. I have one  
11 witness who needs to be sworn in.

12 MR. QUINTANA: Let the record  
13 show that the witness has been sworn in in the previous  
14 case, 8325, and will be the subsequent witness for Case 8326  
15 and 8327 and swearing him in on the first case will apply to  
16 all three cases.

17 You may proceed.

18 MR. BLISS: Thank you.

19 JOHN R. GRAY,  
20 being called as a witness and being previously sworn upon  
21 his oath, testified as follows, to-wit:

22 DIRECT EXAMINATION

23 BY MR. BLISS:

24 Q Mr. Gray, please state your full name and  
25 place of residence.

A John R. Gray, Artesia, New Mexico.

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Q Mr. Gray, by whom are you employed and in what position?

A With Marbob Energy Corporation; currently President.

Q And have you ever testified before the Oil Commission and had your credentials accepted and made a matter of record?

A I have.

Q Are you familiar with the application of Marbob Energy Corporation in this case?

A I am.

Q And with the proposed Collier State Well No. 15?

A I am.

MR. BLISS: Mr. Examiner, are the witness' qualifications acceptable?

MR. QUINTANA: They are.

Q Mr. Gray, what does Marbob Energy Corporation seek with the application in this case?

A We seek the approval of any unorthodox location in 22, 17, 28.

Q Okay, will you please refer to what has been marked as Marbob Exhibit Number One and identify it?

A Exhibit Number One is our C-102 with a plat of the well.

Q And what is the footage description for the Collier State No. 15?

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2           A           Footage description is 1170 feet from the  
3 south line, 2310 foot from the east line of 22, 17, 28.

4           Q           Will you please refer to Marbob Exhibit  
5 Number Two and identify it?

6           A           This is our C-101, an application to  
7 drill the Collier 15.

8           Q           And in what pool do you propose to drill  
9 the Collier State 15?

10          A           In the Red Lake Queen-Grayburg-San An-  
11 dres.

12          Q           Mr. Gray, will you now please refer to  
13 what has been marked for identification as Marbob Exhibit  
14 Three and identify it?

15          A           Exhibit Three is the existing wells sur-  
16 rounding these proposed locations.

17          Q           And could you explain to the Examiner why  
18 this particular location was chosen for the Collier State  
19 No. 15?

20          A           When we originally bought this lease, the  
21 Collier No. 10 Well, which is almost in the center of the 40  
22 there, is a San Andres well but it was only drilled to 25 --  
23 just a hair below 2500.

24                       We have lower pay zones in there. This  
25 well was not completed or anything in that -- in the lower  
horizons, so we want to move up in this upper corner up here  
and drill the Collier State 15 and the only way we could get  
away from these Seven Rivers wells, these, as you're looking

1  
2 here at the 15, 14, 11, 12, 10A, and the 13, they're all  
3 Seven Rivers wells producing at roughly 800 feet, and we've  
4 got to get far enough away from them, they're not owned by  
5 us, in order not to cause them any damage when we do drill,  
6 and there is old existing wells across this acreage that we  
7 want to stay away from for the same reasons of the previous  
8 cases, for the type stimulation work that we do on these  
wells.

9 Q Mr. Gray, will you now please refer to  
10 Exhibit Number Four and identify this for the Examiner?

11 A Exhibit Number Four shows the offset  
12 operators producing out of the San Andres formation.

13 Q And how was this information obtained?

14 A The Eddy County records.

15 Q Will you now refer to Marbob Exhibits  
16 Five and Six and identify these for the examiner?

17 A These are certified letters to the offset  
18 operators of the proposed unorthodox location.

19 Q In your opinion will granting this appli-  
20 cation be in the best interest of conservation and the pre-  
vention of waste?

21 A It will be.

22 Q And in your opinion would approval of  
23 this application protect correlative rights?

24 A It shall.

25 Q Were Exhibits One through Four either  
prepared by you or prepared by others under your direct sup-

1  
2 supervision and can you testify to their accuracy?

3 A I can.

4 MR. BLISS: At this time I  
5 would like to offer Marbob Energy Corporation Exhibits One  
6 through Six.

7 MR. QUINTANA: Exhibits One  
8 through Six will be so admitted.

9 MR. BLISS: And I have no fur-  
10 ther questions.

11 CROSS EXAMINATION

12 BY MR. QUINTANA:

13 Q Mr. Gray, I have a few questions of you.

14 A All right.

15 Q Well No. 11, looking on Exhibit Number  
16 Three, Well No. 11, what horizon does that produce from?

17 A The Seven Rivers.

18 Q And Well No. 12?

19 A Seven Rivers.

20 Q Who are they owned by?

21 A Happy Oil Company.

22 Q What is the approximate distance between  
23 your proposed well and Well No. 11?

24 A It will be in the neighborhood of 200  
25 feet.

Q If -- if you propose to drill your Col-  
lier State No. 15 into the Red Lake Queen-Grayburg-San An-

1  
2 dres Pool and Well No. 11 is producing from the Seven  
3 Rivers, how do you under -- how do you come about the con-  
4 clusion that your -- your stimulation program would affect  
5 the Seven Rivers?

6 A Not the stimulation program but the drill  
7 through program.

8 Q The drill through program.

9 A Right. These -- these little Seven  
10 Rivers wells have all been fraced and if I get too close to  
11 them and get in their frac zone, why I may lose circulation  
12 into them and I may wind up buying their well.

13 Q Have you been in contact with Happy Oil  
14 Company and discussed this possibility?

15 A I have.

16 Q And they're -- they're in agreement with  
17 the location that you have chosen, that it would not affect  
18 their well?

19 A In my discussion with them I have not  
20 discussed this exact location. My discussion with them in  
21 the past is if you are as much as 100-150 feet away from us  
22 we don't see no problem.

23 MR. QUINTANA: No further ques-  
24 tions of the witness.

25 Are there any other questions?  
The witness may -- the witness may stop in Case 8326 and  
Case 8326 will be taken under advisement.



## 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 report of the hearing  
the Examiner hearing of Case No. 8326  
heard by me on SEPT 15 1984.

Gilbert P. Quintana Examiner  
Oil Conservation Division