

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

8 June 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Nearburg Producing CASE
Company for an unorthodox gas well 9406
location, Eddy County, New Mexico.

BEFORE: David R. Catanach, Examiner

A P P E A R A N C E S

For the Division:

Robert G. Stovall
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant: William F. Carr
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MARK NEARBURG

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1 MR. CATANACH: Call next Case
2 Number 9406.

3 MR. STOVALL: Application of
4 Nearburg Producing Company for an unorthodox gas well
5 location, Eddy County, New Mexico.

6 MR. CATANACH: Call for ap-
7 pearances in this case.

8 MR. CARR: May it please the
9 Examiner, my name is William F. Carr with the law firm
10 Campbell & Black of Santa Fe.

11 I have two witnesses in this
12 case, Mark Nearburg and Louis Mazzullo. I would request
13 that the record reflect that they have previously been
14 qualified and sworn and remain under oath.

15 MR. CATANACH: Let the record
16 so reflect it.

17
18 MARK NEARBURG,
19 having been previously sworn and qualified, and remaining
20 under oath, testified as follows, to-wit:

21
22 DIRECT EXAMINATION

23 BY MR. CARR:

24 Q Mr. Nearburg, are you familiar with the
25 application from the McKittrick Well in Section 1?

1 A Yes.

2 Q Would you explain to Mr. Catanach what
3 you seek with this application?

4 A Seek an application to re-enter and
5 deepen the plugged and abandoned Cisco test well that never
6 produced to attempt a completion in the Morrow formation at
7 a location -- at an existing location 660 feet from the
8 south line, 1650 feet from the west line of said Section 1.

9 Q Would you refer to Nearburg Exhibit
10 Number One, identify this, and review it for Mr. Catanach,
11 please?

12 A Yes. This well, if completed, will be
13 in the Cemetery Morrow Gas Pool.

14 Exhibit One shows the proposed proration
15 unit and the well location in red.

16 Q Would you now refer to Exhibit Number
17 Two and review that, please?

18 A Exhibit Number Two is the application of
19 C-101, 102, which has been filed with the Commission.

20 Q Could you identify those interest owners
21 to whom you have given notice of this hearing as reflected
22 on your Exhibit Number Three?

23 A Yes. Exhibit Three is a notice to off-
24 set owners, Jean Field Shelby, Bran Oil Corp., and Unicon
25 Producing Corp.

1 Q Where is Unicon's interest?

2 A Unicon was -- the title on Section 12
3 changes hands frequently. Unicon was the operator in the
4 north half of Section 12.

5 Q And that's --

6 A However, they did not need to be noti-
7 fied because all rights under the north half of Section 12
8 are currently vested, re-vested, in Jean Field Shelby.

9 Q And Jean Field Shelby has the acreage to
10 the southwest of the proposed location?

11 A Yes, she does.

12 Q And Bran Oil?

13 A Bran Oil has the acreage immediately
14 west of the location in Section 2.

15 Q Has notice been given of this hearing to
16 the offsetting operators as required by rule -- Division
17 Rule 1207?

18 A Yes.

19 Q Were Exhibits One through Three prepared
20 by your or compiled under your direction?

21 A Yes.

22 MR. CARR: At this time I move
23 the admission of Nearburg Exhibits One through Three.

24 MR. CATANACH: Nearburg Exhi-
25 bits One through Three will be admitted as evidence.

1 MR. CARR: That concludes my
2 direct examination of Mr. Nearburg.

3
4 CROSS EXAMINATION

5 BY MR. CATANACH:

6 Q Mr. Nearburg, this is a plugged and
7 abandoned well, is that correct?

8 A Yes. This well was originally drilled
9 in 1974 by M. R. Antweil to test the Cisco Canyon forma-
10 tion. It never produced and was plugged and abandoned.

11 Now this is a very environmentally sen-
12 sitive area. It's a very rugged terrain area, extremely
13 high cost drilling and we are trying to take advantage of
14 the existing wellbore to gain data in the area and hope-
15 fully complete in the Morrow.

16 Q What was the TD of that well?

17 A I believe 7,952 feet subsurface.

18 Q This is within the area of the
19 McKittrick Hills Morrow Gas Pool, is that correct?

20 A Yes. Nearburg had farmed out to Florida
21 Exploration to drill the north half of Section 11, I
22 believe in 1982 or 3, and that established the pool, that
23 well established the pool.

24 MR. CATANACH: That's all we
25 have. You may be excused.

1 The Morrow again is comprised of thin,
2 thinner bedded, generally thinner bedded, numerous
3 sand-stone units which were separated from each other by
4 impermeable shales and carbonates, and this map again shows
5 the total amount, net amount of sand in each well which
6 satisfies a cutoff of less than 50 API gamma.

7 The stippled areas refer to possible
8 porosity development in excess of 20 feet in this case of 8
9 percent porosity.

10 The proposed location is indicated by
11 the green dot, which is indexed by the red arrow.

12 The well itself offsets to the -- I mean
13 the proposed location, rather, offsets to the east produc-
14 tion of over 236,000 MCF of gas in the Enron No. 1 Chama
15 Federal in the northeast quarter of Section 11.

16 The Enron No. 1 Chama Federal produces
17 from this same interval but it produces in an area that is
18 marginal to porosity development over this Morrow mapping
19 interval.

20 In other words, it's just barely into
21 productive porosity and it shows by the low, relatively low
22 deliverability of this well.

23 What we are seeking to do in this case
24 is to move further into what we consider to be productive
25 porosity, or net productive porosity within the entire

1 Morrow mapping interval.

2 Q What are the symbols in Sections 11 and
3 12?

4 A The --

5 Q I'm sorry, in Section 31 to the south.

6 A Section 12.

7 Q Okay.

8 A To the south. There are several dif-
9 ferent types of wells here. The wells that are indicated
10 by the triangles are wells that were drilled to the Morrow
11 formation.

12 The wells that are indicated by the
13 square symbols were only drilled to the top of the Cisco
14 Canyon formation, which locally produces gas and conden-
15 sate.

16 The one or two wells here that have the
17 circles around them were shallow Delaware tests.

18 The zone of interest here, the produc-
19 tive -- the -- the zone that produces again in the Morrow
20 that I have mapped here, produces in three wells in the
21 immediate area, the Enron well that I've previously men-
22 tioned, and two wells in the Rock Tank Field to the south-
23 east that are also colored red.

24 Q Will you now review your isopach map,
25 Exhibit Number Five, or structure map, Exhibit Number Five?

1 A This is a map of the structure on top of
2 the mapping unit which was previously discussed in Exhibit
3 Number Four, the top of the Morrow Clastic structure.

4 It shows that the general dip direction
5 on the Morrow is east/southeast. It also shows that the
6 Enron No. 1 Chama Federal is up-dip to the proposed loca-
7 tion by a little over 100 feet in relief.

8 And it also shows that the two wells
9 that are producing in the Rock Tank Field to the southeast
10 are on the upthroun side of a fault that cuts the area and
11 trends to the northeast.

12 Another fault exists to the west of the
13 Enron Well, is inferred west of the Enron Well, and it
14 trends, basically, north/south.

15 The -- although the Chama Federal Well
16 is up-dip to the proposed location, it nonetheless is lack-
17 ing in sufficient porosity to create high deliverability in
18 that well.

19 We propose by getting into the -- by
20 going a little bit further east, or even down dip of the
21 Chama Federal, we will be in the core of the porosity
22 within the mapping unit. The danger here again is we don't
23 want to get too far down dip because there is water present
24 in the area. There is water produced in many of these
25 Morrow sands and the further east we go, or the further

1 down dip we go, the more we risk being in the water legs
2 and getting out of productive gas sands.

3 On -- and again, to reiterate what Mr.
4 Nearburg says, it is an existing location and an otherwise
5 environmentally sensitive area.

6 Q Is it your opinion that taking this well
7 at this location to the Morrow will enable you to effec-
8 tively test the Morrow zone to determine whether or not
9 it's productive of hydrocarbons?

10 A Yes.

11 Q And a well at this location should be
12 able to produce those reserves if, in fact, they're there?

13 A Yes.

14 Q Was it -- were Exhibits Three and -- or
15 Four and Five prepared by you?

16 A Yes, they were.

17 Q In your opinion will granting this ap-
18 plication be in the best interest of conservation, the
19 prevention of waste, and the protection of correlative
20 rights?

21 A Yes.

22 MR. CARR: At this time, Mr.
23 Catanach, we would offer Nearburg Exhibits Four and Five.

24 MR. CATANACH: Exhibits Four
25 and Five will be admitted as evidence.

1 MR. CARR: That concludes my
2 direct of Mr. Mazzullo.
3 MR. CATANACH: No questions of
4 the witness. He may be excused.
5 MR. CARR: We have nothing
6 further in this case.
7 MR. CATANACH: If there is
8 nothing further, Case 9406 will be taken under advisement.
9
10 (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 (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. 9461,
heard by me on June 8, 1958.

David R. Cistone, Examiner
Oil Conservation Division