Case No.

2365

Application

Transcripts.

Small Exhibits

ETC

Dockets Nos. 33-81 and 34-81 are tentatively set for October 21 and November 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - MONDAY - OCTOBER 5, 1981

OIL CONSERVATION COMMISSION - 9 A.M.
ROOM 205, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

CASE 7372: Application of Navajo Refining Company for a determination of preference to purchase state royalty oil pursuant to Section 19-10-68, NMSA, 1978.

****

Docket No. 32-81

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 7, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 7363: Application of Gulf Oil Corporation for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East White Ranch Unit Area, comprising 1920 acres, more or less, of Federal lands in Township 13 South, Range 30 East.

CASE 7364: Application of Gulf Oil Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Chosa Draw Unit Area comprising 5120 acres, more or less, of Federal and State lands in Township 25 South, Range 25 East.

CASE 7365: Application of Yates Petroleum Corporation for the amendment of Order R-6406, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6406, to permit recompletion of its State "JM" No. 2 Well, drilled at an unorthodox Morrow location 660 feet from the South line and 660 feet from the East line of said Section 25, Township 18 South, Range 24 East, in any and all Wolfcamp and Pennsylvanian pays in said well.

CASE 7354: (Continued from the September 23, 1981, Examiner Hearing)

Application of Corona Oil Company, for a pilot steam-enhanced oil recovery project, Guadalupe County, New Mexico.
Applicant, in the above-styled cause, seeks authority to institute a pilot steam-enhanced oil recovery project in the Santa Rosa formation by using two existing wells and three additional wells to be drilled to complete a five spot pattern located in the NE/4 NW/4 of Section 17, Township 11 North, Range 26 East.

CASE 7359: (Continued from the September 23, 1981 Examiner Hearing)

Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico.
Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit M of Section 12, Township 6 South, Range 33 East.

Applicant further seeks approval of an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7366: Application of Read & Stevens, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn, Atoka and Morrow formations underlying the W/2 of Section 19, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7367: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 12, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7368: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East, Jalmat Gas Pool, the S/2 of said Section 17 to be dedicated to the well.

CASE 7369: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blinebry and Drinkard formations underlying the NW/4 SE/4 of Section 8, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7370: Application of Southland Royalty Company for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pictured Cliffs and Fruitland formations, East Blanco Field, underlying the NW/4 of Section 35, Township 30 North, Range 4 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7023: (Reopened and Readvertised)

In the matter of case 7023 being reopened pursuant to the provisions of Order No. R-6489, which order created the Stingray-Pennsylvanian Pool and promulgated special rules therefor, including provision for 80-acre spacing. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 7347: (Continued and Readvertised)

Application of Tenneco Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Pennsylvanian location of a well to be drilled 660 feet from the South line and 860 feet from the West line of Section 20, Township 16 South, Range 34 East, Kemnitz Field, the W/2 of said Section 20 to be dedicated to the well.

CASE 7371: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, redesignating, extending vertical limits, and contracting and extending horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Antelope Ridge-Wolfcamp Pool. The discovery well is Coquina Oil Corporation Alexander Well No. 1 located in Unit G of Section 10, Township 24 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 34 EAST, NMPM
Section 10: NE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the Brinninstool-Bone Spring Pool. The discovery well is Amoco Production Company State IK Well No. 1 located in Unit C of Section 10, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 10: NW/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Brinninstool-Wolfcamp Pool. The discovery well is Amoco Production Company Federal H Well No. 1 located in Unit L of Section 26, Township 23 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 26: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Collins Ranch-Wolfcamp Gas Pool. The discovery well is the Yates Petroleum Corporation State DF Well No. 1 located in Unit D of Section 35, Township 17 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 24 EAST, NMPM
Section 35: N/2

(e) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Fairview Mills-Atoka Gas Pool. The discovery well is the Enserch Exploration, Inc. T. G. Bates Well No. 1 located in Unit G of Section 14, Township 25 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 25 SOUTH, RANGE 34 EAST, NMPM
Section 14: N/2

(f) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Gem-Wolfcamp Pool. The discovery well is the Amoco Production Company Federal AW Well No. 1 located in Unit E of Section 26, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 26: NW/4

(g) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Tubb production and designated as the Hardy-Tubb Pool. The discovery well is the Conoco Inc. State F Well No. 10 located in Unit V of Section 1, Township 21 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM
Section 1: SW/4

(h) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Upper Pennsylvanian production and designated as the Moriah-Upper Pennsylvanian Gas Pool. The discovery well is the Tom L. Ingram Moriah Well No. 2 located in Unit J of Section 7, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2

(i) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the Moriah-Atoka Gas Pool. The discovery well is the Tom L. Ingram Moriah Well No. 1 located in Unit J of Section 7, Township 10 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 7: S/2

(j) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Queen production and designated as the West Reeves-Queen Gas Pool. The discovery well is the Collier Energy, Inc. Mesa State Well No. 1 located in Unit F of Section 20, Township 18 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 20: NW/4

(k) CONTRACT the Cato-San Andres Pool in Chaves County, New Mexico, by the deletion of the following described area:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 5: NW/4 SW/4

(l) CONTRACT the East Weir-Blinebry Pool in Lea County, New Mexico, by the deletion of the following described area:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 7: N/2 N/2
Section 8: N/2 N/2
Section 9: W/2 NW/4

(m) EXTEND the vertical limits of the Cave-Grayburg Pool in Eddy County, New Mexico, to include the San Andres formation and redesignate said pool as the Cave-Grayburg-San Andres Pool.

(n) EXTEND the Antelope Sink-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
Section 33: S/2

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 4: E/2

(o) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 27: S/2 NE/4, S/2 NW/4, N/2 SE/4 and N/2 SW/4

(p) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
Section 23: SW/4

(q) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 16: SW/4

(r) EXTEND the Boyd-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 34: W/2

(s) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico , to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 12: NE/4 SW/4 and E/2 NW/4

(t) EXTEND the East Crossroads-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 37 EAST, NMPM
Section 7: All

(u) EXTEND the Crow Flats-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 25: E/2
Section 36: E/2

(v) EXTEND the Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 15: W/2

(w) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 27: N/2 SE/4

(x) EXTEND the D-K Abo pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
Section 31: NW/4

(y) EXTEND the Happy Valley-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 16: E/2
Section 20: N/2

(z) EXTEND the East Hightower-Upper Pennsylvanian Pool in Lea County, New Mexico to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM
Section 31: NE/4 and E/2 NW/4

(aa) EXTEND the Imperial-Tubb Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4

(bb) EXTEND the Jalmat-Yates-Seven Rivers Pool in Lea County, New Mexico to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 15: NE/4

(cc) EXTEND the Kemnitz-Morrow Gas Pool in Lea County, New Mexico,to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 9: N/2

(dd) EXTEND the Linda-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 29: NW/4

(ee) EXTEND the North Loving-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 5: S/2
Section 8: N/2
Section 9: W/2

(ff) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM
Section 18: NW/4

(gg) EXTEND the Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM
Section 15: N/2

(hh) EXTEND the Midway-Devonian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 37 EAST, NMPM
Section 8: NW/4

(ii) EXTEND the West Milnesand-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 34 EAST, NMPM
Section 17: SE/4

(jj) EXTEND the Penasco Draw-San Andres-Yeso Associated Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 32: S/2 NE/4 and SE/4
Section 33: S/2 NW/4 and SW/4

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 4: NW/4
Section 5: N/2 NE/4 and SE/4 NE/4

(kk) EXTEND the Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
Section 19: N/2

(ll) EXTEND THE Querecho Plains-Lower Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 28: S/2

(mm) EXTEND the Rocky Arroyo-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM
Section 9: SW/4
Section 16: NW/4

(nn) EXTEND the South Salt Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 7: E/2
Section 18: N/2

(oo) EXTEND the West Sand Dunes-Morrow Gas Pool in Eddy County,New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
Section 32: N/2

(pp) REDESIGNATE the Sand Ranch-Atoka Gas Pool in Chaves County, New Mexico, to the Sand Ranch-Morrow Gas Pool, as said pool is producing from the Morrow formation rather than the Atoka, and EXTEND the horizontal limits of said pool to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM
Section 14: S/2

(qq) EXTEND the San Simon-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM
Section 6: SE/4
Section 7: E/2

(rr) EXTEND the Sawyer-San Andres Associated Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 38 EAST, NMPM
Section 7: SW/4

(ss) EXTEND the Spencer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM
Section 23: SE/4

tt) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 36: NW/4

(uu) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 5: S/2 SW/4
Section 8: N/2 NW/4

(vv) EXTEND the Tonto-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM
Section 27: E/2

(ww) EXTEND the Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 3: S/2

(xx) EXTEND the Wantz-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 10: NE/4

(yy) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 10: NE/4

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7368
Order No. R-6807

APPLICATION OF DOYLE HARTMAN
FOR AN UNORTHODOX GAS WELL LOCATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 7, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter,

NOW, on this 15th day of October, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Doyle Hartman, seeks approval of an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East, NMPM, to test the Yates and Upper Seven Rivers formations, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the S/2 of said Section 17 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That the lessee of the deep rights under the NW/4 SW/4 of said Section 17, objected to the aforesaid unorthodox location on grounds that it would endanger his Langlie Mattix well located on the same 40-acre tracts.

(6) That the proposed well is located some 330 feet distant from said Langlie Mattix well and should pose no threat to same.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Doyle Hartman for an unorthodox gas well location for the Yates and Upper Seven Rivers formation is hereby approved for a well to be located at a point 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East, NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That the S/2 of said Section 17 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

SEAL

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. CASE 7368

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: William F. Carr, Esq.
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

A P P E A R A N C E S

For John Yuronka: Sumner G. Buell, Esq.
JASPER & BUELL
Santa Fe, New Mexico 87501

I N D E X

E X H I B I T S

MR. NUTTER: The hearing will come to order, please.

We'll call next Case Number 7368.

MR. PEARCE: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell, Byrd, & Black, P. A., of Santa Fe, New Mexico, appearing on behalf of Mr. Hartman.

I have one witness who needs to be sworn.

MR. NUTTER: Other appearances?

MR. BUELL: Mr. Examiner, I'm Sumner G. Buell, of the firm of Jasper and Buell in Santa Fe, appearing on behalf of John Yuronka, and I have one witness to be sworn.

(Witnesses sworn.)

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

Q. Will you state your full name and place of residence?

A. William P. Aycock, Midland, Texas.

Q. Mr. Aycock, by whom are you employed and in what capacity?

A. I'm employed by Doyle Hartman in connection with the application listed in the current docket under Case 7368.

Q. Have you previously testified before an examiner of the Oil Conservation Division and had your credentials as a petroleum engineer accepted and made a matter of record?

A. Yes, I have.

Q. Are you familiar with the application which was filed in this case for Mr. Hartman?

A. Yes, I am.

Q. Are you familiar with the subject acreage?

A. Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q. Mr. Aycock, will you briefly state what

Mr. Hartman seeks with this application?

A. Mr. Hartman seeks an unorthodox gas well location for a well to be drilled 1980 feet from the south line and 990 feet from the west line of Section 17, Township 24 South, Range 37 East, in the Jalmat Pool, the south half of the section to be dedicated to this well and to the now completing Hartman Late Thomas No. 3, located in Unit J, as well as the existing Late Oil Company Thomas No. 1, located in Unit M.

Q. Was the south half of Section 17 and the simultaneous dedication of these Jalmat wells previously approved by this Division?

A. Yes, it was.

Q. Was that by Order R-6781 entered on the 25th of September?

A. Yes, sir.

Q. Would you briefly summarize the events which have resulted in this hearing here today?

A. Mr. Hartman acquired approximately 50 percent of the ownership rights under the south half of Section 17 by a purchase from Mr. Late and from Messrs Aikman. The result of acquiring that ownership by purchase, we docketed the hearing in question and the hearing was held on August the 26th, 1981, in which we requested simultaneous

dedication and two infill locations, all -- simultaneous dedication to be for all three, the two proposed wells plus the existing well, that were on the 320-acre tract.

Since Well No. 3, which is now completing, is a standard location, it did not require any action on the part of the Commission, other than the forced pooling and simultaneous dedication.

MR. NUTTER: So the well in Section -- in Unit M was the original well on the 320, is that it?

A. Yes, sir. That was originally the Late Oil Company Thomas 1. Operations of that have been taken over by Hartman in conformance with the Commission's requirements. I believe the appropriate forms have been submitted to the Hobbs Office already.

MR. NUTTER: And then the No. 3 there in J was drilled and it's completing now.

A. Yes, sir.

MR. NUTTER: And you're proposing to drill the third well on the unit, which is this subject, the subject well.

A. Yes, sir. We originally, the hearing in question, the previous hearing, was this location that was docketed was a nonstandard location. If memory serves me correctly, it was 330 feet from the west line and 1980

from the south, and the reason for doing that was because of the expressed objection of Mr. Yuronka to drilling the well at the non -- at the unorthodox location where we now are requesting permission to drill it.

There was a letter which Mr. Yuronka wrote to Mr. Hartman, a copy of which was furnished to Mr. Stamets, who was the Examiner in the hearing that was held on August 26th. It expressed his concern over damage that might occur to his well as a result of Hartman drilling and completing a Jalmat well approximately 330 feet away from his existing Langlie-Mattix well.

MR. NUTTER: Now, his Langlie-Mattix well is that black dot just to the west of your proposed location --

A. That's correct.

MR. NUTTER: -- I presume.

A. That's correct, sir.

Okay, so we came to the Commission with that proposal and Mr. Kellahin, representing Conoco, opposed that application and informed us by letter, a copy of which has, I believe, been furnished to the Commission, if it has not been we can furnish one, in which he stated that if we would remove the well location to the one that was originally staked, in other words, the one we are now proposing, the 990/

1980 location, that they would have no objection to it. Mr. Hartman had preferred to drill it at that location originally because of his desire to develop the same Jalmat zones that are currently developed in the original Late Oil Company Thomas No. 1, the well located in Unit M, and in which the Hartman Late Thomas No. 3, located in Unit J, is also completed, or is completing. I beg your pardon.

At this time he received another letter of objection from Mr. Yuronka reiterating the fact that he had operations ongoing in the area and had surface facilities and a well located nearby and he thought that the completion of the Hartman well could likely damage his well.

Mr. Hartman had two meetings of which I'm aware with Mr. Yuronka. I was not present at either meeting but I know for a fact that during those meetings Mr. Hartman offered to relocate Mr. Yuronka's existing flow line which was the immediate point of contention between Mr. Yuronka and Mr. Hartman at his cost and expense, that is, Hartman's cost risk and expense, and Mr. Yuronka declined and said he did not want the flow line moved, at which time Mr. Hartman offered to build him a new flow line of a different size and route it south of the proposed location, and Mr. Yuronka decided that he did not want that done, either. And in fact, what he really wanted was he didn't want Mr. Hartman to drill

the well at this location, even though his well is classified as a Langlie-Mattix well and Hartman has no ownership in the Langlie-Mattix and desires to develop the -- well, I say he has no ownership in the Langlie-Mattix, that's not correct. He has the Hartman Cities Cone No. 1, which is the -- is the twin well in Unit M to the Late Oil Company Jalmat well, but he -- those are the only Langlie Mattix rights that Hartman controls; however, he does own and control, as I previously stated, approximately 1/2, and I beg your indulgence, Mr. Nutter, we put into evidence in the previous hearing the exact percentages of working interest ownership in great detail, and I did not bring all that.

We're simply going to ask you to incorporate that transcript by reference into this hearing so that all those details will be available and you can satisfy yourself that -- as to the ownership, and that sort of thing.

In any event, Mr. Yuronka's well is a Langlie Mattix well; and Mr. Hartman proposes to drill a Jalmat well, in which his total depth will be approximately, or slightly above, the uppermost perforation in the Yuronka well.

And upon the advice of counsel, counsel being one Don Maddox of Hobbs, New Mexico,who furnished in writing to Mr. Hartman a summary of what he viewed his position

to be as the owner of the Jalmat rights under the south half of Section 17.

Mr. Hartman went ahead and covered the existing flow line with a protector, and it is now buried at the depth of between 3-1/2 and 4 feet under the well location which is currently built at the existing unorthodox location being requested in this hearing.

The reason for the fact that it has already been built is that Mr. Yuronka assumed, as he showed in writing in his August 10th letter, and Mr. Hartman, et al, were under the impression that it was a standard location because when two additional wells were drilled on an existing 320-acre proration, we assumed that they would be regarded as if they were in fact 160-acre proration unit wells, and that was not the case.

So we had to readvertise and come back with this request in order to straighten the whole mess out.

There was no opposition, except from Conoco, at the original hearing to the 330-foot location, and Mr. Stamets requested that we provide at least a verbal waiver from Getty Oil Company, which owns the leases to the immediate west in Section 18. You'll see Reserve, which is now a division of Getty Oil Company.

At my request, Mr. Al Kunkle, who is

the production engineer in charge of this area, called both Jerry Sextion, and called Mr. Stamets, and told them that Getty had no objection to the drilling of the well at the 330 foot location, or they would have appeared and voiced their objection at the time.

MR. NUTTER: Well, now what -- where is Continental, that they would be objecting to the 330 foot location?

A. They're to the immediate north of us in the north half of 17.

MR. NUTTER: And they were objecting to a well moving west?

A. Yes, sir.

MR. NUTTER: I see.

Q. Mr. Aycock, will you now refer -- will you now refer to what has been marked for identification as Applicant's Exhibit Number One, identify this, and explain what it shows?

A. Exhibit Number One is a combination land and Yates structure map of the nine sections including Section 17, Township 24 South, Range 37 East, and the surrounding, immediately offsetting eight sections, in which the top of the Yates formation is indicated by the contour lines and the consequential wells, which are included upon Exhibits subse-

quently to be presented in this hearing, are indicated, as well as the active and abandoned Jalmat producing wells; the 320-acre proration unit comprising the south half of 17; and the proposed infill location.

Q What does this structure map tell you as to the appropriate place to locate the proposed well?

A It is Mr. Hartman's desire to not drill the Late Thomas 2 either in close proximity to his Late Thomas 3 or the Late Oil Company Thomas No. 1, for reasons of either interfering with the new well, in the case of the Thomas 3, or drilling into a highly depleted reservoir, in the case of the existing Late Thomas No. 1 Well.

He does not desire to go south. The surface in this area, Mr. Nutter, is very congested. As you can see, about 330 feet away from the Hartman proposed location is Mr. Yuronka's well. Mr. Yuronka's tank battery lies immediately to the east of the location, and it could not be conveniently moved in that direction.

South of the location Mr. Yuronka has an electrical distribution system and Mr. Hartman has built his electrical distribution system south of Mr. Yuronka's electrical distribution system. And if you go further south than that, you not only would run the risk of penetrating the Yates and Upper Seven Rivers, which is the portion of

the Jalmat that Hartman has, in which he has completed his Thomas No. 3, and in which he proposes to complete the Thomas No. 2, without running into extreme depletion from -- because of production since 1953 from the Late Oil Company Thomas No. 1 Well.

In addition, he would then be interfering with Mr. Hendrix, who's well is located in Unit N there, and is a Langlie Mattix well, and we think that there's a strong possibility that we would run into opposition from other working interest owners to the nonstandard location that would be proposed if you moved to the south.

So, for all of those reasons, but the location at which Hartman desires to develop his Jalmat rights is the one that is the unorthodox location that is proposed in this hearing.

MR. NUTTER: Now which is the Hendrix well?

A. The Hendrix well is the No. 1-A that's located in Unit N.

MR. NUTTER: What is the brown coloration? What does it signify?

A. The brown is -- signifies cross section C-C'; the green denotes cross section A-A'; and the orange, cross section B-B'; all of which will subsequently be put

into the record.

Q. Mr. Aycock, if this was being developed on 160-acre spacing units, would the proposed well be at the standard --

A. Yes, it would.

Q. -- location? Would you now refer to what has been marked for identification as Exhibit Number Two and review this for Mr. Nutter?

A. Exhibit Number Two, Mr. Nutter, is cross section A-A', as previously mentioned on Exhibit One, the trace of which is indicated in green.

And as you will see, the existing Late Oil Company Late Thomas No. 1, which is now operated by Doyle Hartman, is the third from the left, and you also have -- that's in Section 17. You also have two other wells in Section 17 that are Jalmat wells that penetrate only the Jalmat section and no deeper. And then you have the Hartman Fleur Harrison No. 1, located in Section 20, all shown so that the authentication is provided for the structural interpretation presented in Exhibit One; i.e., the top of the Yates and, of course, with that the top of the Seven Rivers, the Queen, as defined by the -- as used by the Oil Conservation Division, as defined by the Committee of Industry participants in the mid-1950s, and the top of the Langlie Mattix

100 feet above that point.

All the pertinent details are shown for each well, including the spud date, completion date, total depth, plugback depth, the size casing, where it was set, how it was cemented, the completion interval, and the initial potential test.

I'd like to call Mr. Nutter's attention to the fact that the Late Oil Company Thomas No. 1, once again, the third well from the left, had an initial potential of 50-million cubic feet per day, and an initial shut-in wellhead pressure of -- that's indicated as casinghead pressure -- 1215 pounds, which indicates that it was substantially undepleted at the time in 1953 when it was completed. It was a natural well and a very prolific one.

Q Will you now refer to your Exhibit Number Three and review this for Mr. Nutter?

A Exhibit Number Three is cross section B-B', the trace of which is indicated on Exhibit One by the orange circles and line, the ones in the east -- west/east direction.

It has similar information for this group of wells, which were selected to show the -- to illustrate how the interpretation, structural interpretation comes about and to authenticate that to the Commission's satisfaction.

Once again, the existing Late Oil Company Thomas No. 1, the well to which the entire 320-acre proration unit was assigned prior to the drilling of the Hartman Late Thomas No. 3, in this case is shown as the second well from the left.

The same type of information is shown for all of these wells as was detailed in the previous discussion for Exhibit Number Two.

Q Mr. Aycock, will you now refer to your cross section C-C', which is Hartman Exhibit Number Four, and review this for Mr. Nutter?

A The cross section C-C' is indicated by the brown trace on Exhibit One, and it shows all of the consequential wells in the immediate vicinity of the existing Langlie Mattix wells, the proposed location, and the existing two Jalmat wells, including the Doyle Hartman Late Thomas No. 3, which is in the process of being completed, the Late Oil Company Thomas No. 1, which is the lefthand well, which, as mentioned, was the original well, Mr. Yuronka's Thomas No. 1 Well, which is the one that he has expressed the reservations that might be damaged by the drilling of the Hartman Late Thomas No. 2 at the unorthodox location requested.

The correlations, once again, are shown and the prospective completion interval in which Hartman pro-

poses to complete his Late Thomas No. 2 in also indicated, that being common with the completion interval of the Hartman Late Thomas No. 3 and the Hartman Late Thomas No. 1, originally Late Oil Company Thomas No. 1, that being the Yates and the upper portion of the Seven Rivers formation above the -- any of the indicated completions in the Jalmat wells that are closest to the proposed location.

Q. Now, Mr. Aycock, this exhibit shows that the proposed completion interval is substantially shallower than the completion interval in the Yuronka Langlie Mattix well, is that correct?

A. Yes, it's approximately 150 -- between 150 and 200 feet.

Q. Will you now refer to what --

MR. NUTTER: While we're on this exhibit, Mr. Aycock, this Yuronka Thomas well actually has perforations going up into the Jalmat, doesn't it?

A. Yes, sir, as indicated on the -- as indicated on this cross section, it does. It's been granted an exception to the pool rules by the Commission.

MR. NUTTER: Uh-huh.

A. I don't remember the order number, but I was here during the -- I believe you were the examiner. I was -- I believe we were here. I believe Mr. Carr and I

were here on behalf of Mr. Hartman in connection with some other wells at the time that that hearing was -- was conducted.

MR. NUTTER: Well, I know we had a bunch of hearings on a number of wells back several months ago, and this is one of the wells that was granted an exception --

A. Yes, sir.

MR. NUTTER: -- because it's perforations do extend into the Jalmat.

A. That's correct, sir.

MR. NUTTER: All right. Now, you're proposing that the perforations in this well -- of course, you don't have -- you haven't drilled it and you don't know where you'ld actually perforate -- but you think you would perforate in the Yates and just the very uppermost portion of the Seven Rivers.

A. We have no desire to get into the depleted zones in which the Hendrix and the Yuronka wells are completed.

MR. NUTTER: Now, this -- this log here on this Thomas No. 1 Yuronka Well, should be similar to what you'll encounter in your proposed well, because you are drilling it --

A. Yes, sir.

MR. NUTTER: -- rather close to it.

A. That's correct.

MR. NUTTER: I see. Okay.

A. And that's our intention, is to complete in -- where we think the remaining gas reserves are within the Jalmat Pool interval, and that is in the Yates and the Upper Seven Rivers; not in any of the Lower Seven Rivers zones.

MR. NUTTER: I see.

Q. Mr. Aycock, this proposed completion interval correlates with the completion interval in the Late Thomas No. 3, is that correct?

A. Yes, sir. It's at a lower structural elevation simply because of the -- as indicated by all the cross sections and by our figure one, the structure map, that is necessitated by the fact that the dip is from -- in this immediate area is essentially from northeast toward the southwest, and that is the Hartman Late Thomas No. 3 penetrates the Yates formation at a higher subsea datum than is expected for the Hartman Late Thomas No. 2 at the unorthodox location proposed.

Q. Will you now review Exhibit Number Five for Mr. Nutter?

A. Exhibit Number Five is our well information map and it is superimposed upon the same combination structure/land map as was used in the figure one, originally

completed, and it shows the -- it's the same information that has already been shown to you in another form, but it's shown in map form so that you can see when each of the Jalmat wells, with the exception of the Hartman Late Thomas No. 3, and there is no detail information on it because it is in the process of completing now and has not yet been completed, but all the rest of them, the same information as is shown on the cross section is shown; i.e., the completion date, the interval, the cumulative production, the estimated ultimate recovery, and the production in May of 1981, and I would specifically call to Mr. Nutter's attention -- Mr. Nutter's attention to the fact that the only Jalmat well that existed on the south half of Section 17 prior to drilling of the Hartman Late Thomas No. 3, that is, the Late Oil Company Thomas No. 1 operations, which have now been assumed by Mr. Hartman, produced 2431 Mcf in the month of May, indicating that is very near, relatively near commercial depletion.

MR. NUTTER: It has produced 4.6 billion.

A. Yes, sir, but that is -- that will not adequately drain the reserves underlying the south half of Section 17. We have in the mail to the Commission the Exhibit Four with all the requirements for the administrative infill application, 103 price for the Hartman Late Thomas 3 at the present time, and we estimate, based on the pressures that

were indicated there, that the Late Thomas 3 should recover about 1.2 Bcf of gas that is not now being drained by the Late Thomas -- the Late Oil Company Thomas No. 1 Well.

We would anticipate at the present time that the prospective reserves for the Thomas No. 2 location would probably be somewhere in the same order of magnitude.

MR. NUTTER: A little over a billion.

A. Yes, sir. We -- we found reservoir pressures of in excess of 300 pounds initially at those locations, indicating that the supposition that insufficient -- that inadequate drainage had taken place under the tract was justified.

Q. Mr. Aycock, would you refer to what has been marked Hartman Exhibit Number Six and identify that?

A. Mr. Nutter, Mr. Hartman has consistently in each of the hearings that have come before the Commission lately, and the first well that's on this top sheet of Exhibit Six, the Bates No. 3, was a deviated hole, and we had to have two hearings on that one, also.

We had a hearing on August the 26th to request the deviated well, and it had to be readvertised again because, once again, we changed the location between what was originally requested and the reason for that was a title problem that cropped up.

But the point in this exhibit, which is a rig schedule followed by copies of Mr. Hartman's proprietary in-house drilling reports, is to demonstrate to the Commission's satisfaction that when Mr. Hartman requests expedited orders and/or assistance in receiving verbal approval prior to an order having been actually committed to writing, it is to enable him to perpetuate his use of Kenai Rig No. 18, which is the one that he has used and prefers to use throughout the Lea County area in the operations, drilling and operations of -- that he carries on.

And you will see that the time spud to spud between the Bates No. 3 and the Late Thomas No. 3 was twelve days; between the Late Thomas No. 3 and the Husky Woolworth No. 1, on which pipe has just been set, was ten days. He is now on the Shell State No. 5 and he would like to move the rig to the Late Thomas No. 2 at the completion of the Shell State No. 5, and that would be anticipated on or about October -- between October 15th and October 17th, if the well progresses as have the previous two.

So we wanted to demonstrate to you, Mr. Nutter, that we recognize that it is an undue imposition to ask your indulgence, but we are doing it for a purpose.

I have in my possession, and would be glad to furnish it to you if you wish, a letter from Mr. Bill

Smith, who is the president of Kenai Drilling Company, in which he makes very clear the situation with regard to rig availability and the fact that if Mr. Hartman loses this slot for the drilling of this well, the earliest time at which he could hope to get it again would be the middle of November, and if undue weather conditions, or other unforeseen eventualities, should occur, it might be that he would not be able to drill the well in calendar 1981 at all.

In that case Mr. Hartman would suffer a severe loss, if for no other reason than he would be forced to pay Federal Income Taxes that he does not desire to pay. He would rather put them in this well and drill it in a timely fashion.

Q. And you are therefor asking that the order be expedited?

A. Yes, sir, I am.

Q. Were Exhibits One through Six prepared by you or under your direction and supervision?

A. Yes, sir, they were.

MR. CARR: At this time, Mr. Nutter, we would offer Hartman Exhibits One through Six.

MR. NUTTER: Exhibits One through Six will be admitted in evidence.

MR. CARR: And I have nothing further

of Mr. Aycock on direct.

MR. NUTTER: Any other questions?

MR. BUELL: Yes, sir, please.

CROSS EXAMINATION

BY MR. BUELL:

Q. Mr. Aycock, referring to your Exhibit, either Exhibit One or your Exhibit Five, and referring you to the Late Thomas No. 2 that is the subject matter of this hearing.

A. Uh-huh.

Q. If that well were to be moved south 330 feet, approximately, you would still be on the -- approximately the same contour on which your proposed drillsite is, is that not correct?

A. It would be slightly south of it, the way we've interpreted.

Q. Southeast of it?

A. Uh-huh, that's correct.

Q. And so your structural position insofar as putting in a good well would be theoretically as good.

A. The structural position would be but the likelihood that we would encounter a depleted reservoir in the zones in which we propose to complete this well, in

our opinion would be greatly enhanced by that move to the south.

Q. Your other alternative is to move it closer to the Yuronka well where the chances of endangering that well and any production --

A. We don't desire to move it any further to the west, as I indicated in my direct responses to Mr. Carr's queries. The only reason that the well was staked at the 330-foot location in the first place, was an attempt to accommodate Mr. Yuronka's objection. That was not the desired location;that was strictly done in an effort to accommodate him.

Q. But if the well -- I repeat myself, maybe I wasn't clear. If the well were moved in the south-easterly direction you would still be on approximately the same structure that it would be in the location that you propose.

A. The geological difference would not be very great, but the -- the probability, in our opinion, of lencountering a more depleted reservoir state, by virtue of the production of about 4.6 Bcf from the Late Oil Company Thomas No. 1, would be greatly enhanced by moving it in that direction.

Q. The other alternative is to move it

towards Mr. Yuronka with a chance of damaging his well.

A. You mean to the due west?

Q. Well, back up the same contour line that I've just moved you down in the southeast corner, back to your original proposed location, at this hearing.

A. Well, the original proposed location was at 330, I believe.

Q. That's correct.

A. And that's the one to which Continental objected and we had to move it to satisfy their objection.

Q. Well, that was when you moved it to the north, was it not?

A. We moved it to the -- back to the east. We originally staked it at this location.

Q. Uh-huh.

A. And Mr. Yuronka protested about the location, so we moved it to the unorthodox location at 330.

And then Continental objected to that. So in the hearing before Mr. Stamets we asked to move it back to the 990 location in which we had originally staked it because we were unable to satisfy both the objections of Mr. Yuronka and Continental and it was apparent to us and to the Commission that Continental had standing, and we were not able to ascertain that Mr. Yuronka had any formal standing

with regard to the Jalmat.

MR. NUTTER: Well, now where -- where was the 330 location, Mr. Aycock? Was it -- would it be 660 feet due west of your proposed location?

A. Yes, sir. On the other side of the Yuronka well.

MR. NUTTER: It would be right where that "6" is in the number 367, wouldn't it?

A. Yes, sir.

MR. NUTTER: I still don't understand why Continental objected to that?

A. Well, I don't know, but we have Mr. Kellahin's letter, if you want to see it. He appeared and opposed it. He furnished Mr. Carr a letter and said if we'd move it back to where we originally staked it, that they would withdraw their objection, and of course, since they have standing in the case, being the -- having the operating rights for the Jalmat under the north half of 17, well, we were -- there was no way we could circumvent their objections and Mr. Yuronka's at the same time and still drill the well at a preferred location as far as penetrating the reservoir at a -- both at what we considered a compromise, optimum geologic and reserve and deliverability position.

Q. Now if I understand what you just said,

the first proposed location was on the number "0" in 367.

A. Roughly. It was 330/1980, was the location.

Q. And then you moved it north, am I not correct?

A. No. That was what I believe we originally proposed in the call of the hearing that was held on October 26th, and that was to satisfy Mr. Yuronka's request that we move it the other side of his well. That's what we attempted to do.

And Continental appeared at the hearing with Mr. Kellahin and opposed us on the grounds that that unorthodox location was not satisfactory to them.

Q. And so now you --

A. And then they wrote us a letter, which we have a copy of, from Mr. Kellahin to Mr. Carr, and said, if you will move your location to the 990/1980 location, at least to that point, we have no objection to your drilling a well at an unorthodox location.

So that's what we did.

Q. And to make sure I understand everything, that is now where you propose --

A. That's correct.

Q. -- to drill.

Incidentally, is it customary for Mr. Hartman to prepare a drill site before he even has permission to do so on an unorthodox location?

A. Well, at the time he -- he did this, he thought that it was -- he did not understand that it was not. As I pointed out originally, if you'll look at Mr. Yuronka's August 10th letter, which I'll be glad -- I have a copy of it here, and if the Commission desires me to, I'll be happy to get it out and read it.

Mr. Yuronka thought it was a -- that this was a standard location and we thought it was a standard location, too. It was our mistake, jointly, his and ours.

Q. Well, in that letter I believe he threatened you with a lawsuit, so evidentally he didn't feel it was a proper location.

A. Well, he says at the standard location in the second paragraph of his letter, if you want me to read it. I'll be glad to.

MR. NUTTER: Why don't you read the letter into evidence?

I think since there's been so much discussion, also, of the previous case, Mr. Carr, we ought to incorporate the record in the previous case --

MR. CARR: We intend to.

MR. NUTTER: -- in this one.

MR. CARR: If it's appropriate now, I will move -- at this time, Mr. Nutter, I would move to incorporate the record in Oil Conservation Division Case 7339, which was heard on August 26th.

MR. NUTTER: 7339?

MR. CARR: Yes, sir.

MR. NUTTER: And that was Order No. R-6781, wasn't it?

MR. CARR: 6781, yes, sir.

MR. CARR: Did you find it there?

A. Yeah.

This letter is on the letterhead from Mr. John Yuronka, 102 Petroleum Building -- Consulting Engineer, 102 Petroleum Building, Midland, Texas.

MR. BUELL: Mr. Aycock, I think the Examiner is reading it right now.

A. I call Mr. Nutter's attention to paragraph two, where it says, "Both of these wells are standard locations, according to the New Mexico Oil Conservation Commission rules and regulations, but I am concerned about their close proximity to my existing and producing Langlie Mattix Pool wells."

So it is apparent that Mr. Yuronka

thought that they were both standard locations; that is, the Late Thomas 2 and 3, as originally staked, which was, the Late Thomas No. 2 was originally staked at the location, unorthodox location now proposed. It was moved and the application was made in the original hearing at the 330-foot location to accommodate Mr. Yuronka.

So in this letter he is referring to the unorthodox location herein proposed.

MR. NUTTER: Well, I presume, Mr. Aycock, that in view of the -- I won't say warning, but the notification of the possibility of the existance of some kind of liability, that Mr. Hartman is aware of what might happen there when he fracs the wells?

A. Yes, sir, that's correct. And on the advice of counsel, the proper forum for that is before a court of law with jurisdiction over those matters, and not before this Commission.

MR. NUTTER: Right.

MR. BUELL: May I object to him, unless he's qualified as a lawyer, giving legal advice?

MR. NUTTER: He wasn't giving any legal advice; he was making a legal statement.

A. I'll be glad to place into evidence a

letter from Don Maddox, with the law firm of Maddox and -- dated September 30th, 1981, if the Commission would like for me to, that places no doubt upon the fact that Mr. Hartman proceeded upon the advice of competent counsel in this matter.

MR. BUELL: I'd object to the letter on the grounds it's hearsay.

MR. NUTTER: I don't think we need to hear that. He says Mr. Hartman got this letter and he's been put on notice --

A. He told -- he told Mr. Yuronka, to my knowledge, twice that he was -- he was aware that any time operations were conducted that might cause liability, that there was that possibility. He is not concerned about it for two reasons.

Number one, he does not propose to drill the well to within a substantial depth differential of where Mr. Yuronka is completed.

And in addition, Mr. Hartman circulates cement to the surface on all the wells that he drills, using appropriate cementing materials and practices to prevent the unwarranted and undesired subsurface migration of fluids from one zone to the other.

The idea that fractures could penetrate the wellbore is an undocumented and technical assumption on

Mr. Yuronka's behalf, that if it were to occur and would be provable, would certainly, possibly, be the subject of liability.

MR. CARR: Would you like to mark that as your exhibit or would you like me to?

MR. BUELL: Who's got the nearest stamp?

MR. CARR: With your permission, Mr. Nutter, we would propose to mark Mr. Yuronka's letter as Hartman Exhibit Seven.

A. In fact, I further believe, Mr. Nutter, that this flow line matter was discussed by Mr. Maddox with Mr. Sexton the day before he wrote Mr. Hartman the letter that has been mentioned here.

MR. CARR: At this time we'd move the admission of Hartman Exhibit Seven.

MR. BUELL: No objection.

MR. NUTTER: Exhibit Seven will be admitted.

Q. Mr. Aycock, when was -- where was the exact location which the Continental Oil Company objected to?

A. I have here a letter from W. Thomas Kellahin --

Q. If you'd just answer the question. How many feet from the north line and how many feet from the

south line -- or west line?

A. 330 feet from the west and 1980 from the -- from the south, approximately. It may be slightly different. I don't have the original C-101 and 102 with me. If you want to give me a few minutes to get it from the Commission records, I'll be glad to.

It was in the call of the original hearing, which I may have here, and if you want to wait a few minutes, I'll be glad to find it for you.

Q. Mr. Aycock, what type of treatment program do you propose for this well?

A. May I answer the other question first? I have found here the original -- the amended C-101 that was filed on August 17th, in which the location was 330 feet from the west line and 2310 feet from the south line, of Section 17.

The treatment that is proposed will probably be around 50,000 gallons of total frac fluid with around 100,000 pounds of sand, which is fairly typical of what Mr. Hartman has employed in all his Langlie Mattix and Jalmat wells.

The final numbers are subject to detailed fracture design calculations and that, the general parameters are all that I could conscientiously and honestly give you

at this time.

Q. Well, using those volumes and pressures, it would be quite possible for the -- in fracing the Late Thomas No. 2 to interfere with the Yuronka Thomas No. 1 Well. Isn't that possible?

A. Well, it's possible. You know, anything is virtually possible. The probability, in my opinion, is relatively low, but there's certainly a tiny possibility that something like that could occur. That's correct.

Q. If you feel it's so remote, would Mr. Hartman be willing to post a bond of $400 or $450,000 to replace the Thomas No. 1 Well?

A. No, he would not.

Q. Have you discussed that with him?

A. Yes, all of those options have been discussed by him with competent counsel, and as you pointed out, I am not he.

Q. I'm glad you picked up on that.

Before you begin treatment of this well and fracing it, would you be willing to advise Mr. Yuronka of that?

A. Certainly. Mr. Hartman's letters to Mr. Yuronka, of which I'm sure you're aware, have indicated his desire to cooperate with Mr. Yuronka in every way possible

that Mr. Yuronka would allow him to throughout this whole situation.

I think that's evidenced by the fact that we moved the location once in an attempt to satisfy Mr. Yuronka's objection and moved it back when we had objection from someone with obvious standing that required us to move it back.

Q. Well, you moved it the first time because you were about to put it right on top of his tank battery, weren't you?

A. The 300 -- the 330/2310 is the place that we moved it and this is where it was originally staked, right here.

The 330/2310 was where it was moved to ostensibly satisfy Mr. Yuronka's objections.

Mr. Yuronka's tank battery, I have been told, I have not been on the ground, is to the east, not to the west.

Q. Yes, and you tried to put a location to the west, and you were asked to move it, were you not?

A. The 2310/330? To my knowledge, Mr. Yuronka never objected to that location. He didn't appear in the hearing to object to it when it was so advertised. The only thing that was ever discussed with him was the 990/1980

location where we now propose to drill it.

That was what was originally filed with the Commission.

Q. Well, again, to go back to my first point, if that well location is moved roughly 330 feet to the south and east, you'd still be on the same structure, you'd be moved away from Mr. Yuronka's well --

A. But we would then have to move two --

Q. Excuse me.

A. -- two electrical power systems in order to build that location.

Q. Just bring it south and you'd have to do that?

A. Sure would, in order to get the rig in.

Q. Did you say that the power stations were to the south of your proposed location?

A. Uh-huh, both of them, Mr. Yuronka's and Mr. Hartman's.

Q. Therefor, if you moved it south and east, why --

A. You'd be in close proximity to them, too close to be safe, among other things.

Q. And otherwise, your other alternative is to be in too close proximity to Mr. Yuronka's well.

A. Well, that's your opinion, not mine, and not Mr. Hartman's. You're free to voice your opinion.

MR. BUELL: I have nothing else.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Aycock, now where is the Hartman -- where is the Yuronka tank battery?

A. It is on the 40 acres to the immediate east of the proposed location. If he moved to the east he would get in conflict with it.

The flow line that is the subject of all the controversy runs across this 40 acre tract from Mr. Yuronka's well to his tank battery.

Q. And rather than -- you discussed moving the flow line to the south, couldn't make any agreement on how that was going to be --

A. Mr. Yuronka said that he didn't want any of his surface facilities touched, was his remark, I believe.

Q. So now it's buried, I think you said.

A. Yes, sir.

Q. How did you bury it without touching it?

A. We put three joints of 8-5/8ths inch

casing over them before we buried them, and then buried them in the process of building the well location.

Q. And now the location is on top --

A. Yes, sir.

Q. -- of the flow line.

A. That's right.

Q. But how far from the actual well is the flow line?

A. I can't give you an exact answer, Mr. Nutter. It's far enough away that we don't have any compunctions about moving the rig in on it.

Q. So you --

A. Protected as it is.

Q. And then once the rig is moved off, then it will be buried and be south of the --

A. It's roughly 3-1/2 to 4 feet deep right now.

Q. I see.

A. It's protected by three joints of 8-5/8ths inch casing that was slotted and placed over it.

Q. I see.

A. Warning signs, as soon as they have been -- can be cut and prepared by the sign company, will be placed at each end of the conduit which emerges from the pad

to show that there's a flow line there.

Q. And how far -- how long is the distance under which --

A. Roughly 120 feet.

Q. I see, just to get it under the location.

A. Yes, sir.

Q. And of course the location is much bigger when you've got a drilling rig there than it need be for a producing well.

A. Correct. We were glad to do it because it would have been an unsafe condition in our opinion to have a fiberglass flow line handling oil and gas laying on the surface of the ground in any condition where it could be conveniently buried, simply because if a pumper were to inadvertently drive over it and fracture it, he could be subject to being killed and no telling what.

Q. Okay. Now, on your Exhibit Number Six you show these spud to spud days as only twelve days in two instances and ten in the other.

How were you able to drill that one well that was whipstocked in only twelve days?

A. By having Larry Nurmyr on -- with his hand on the thing being out there most of the time.

Q. It took just the ordinary time to drill,

didn't it?

A. Yes, sir. Well, you see, the Late Thomas No. 3, you'll notice we had a split joint of pipe. We lost about three days on that because of the split pipe. We cemented with the first stage and the returns didn't come back at all, and we had to determine what was wrong and we found a split joint of pipe and we had to back that off and get that out of the ground and replace those, go back and run another DV tool, stab into it, pressure test the existing DV tool and then cement with a second stage in order to circulate cement, like he does on all the wells that he drills out there.

Q. So the normal times can be nine to ten days.

A. The normal time will be seven to eight without any trouble at all.

Q. I see.

A. It's going to run nine to ten, and then, of course, as you know, if it runs over a weekend, you can even get a permit to move your rig; they don't keep you waiting till you can move it during a week day.

One of these we had to wait two days for trucks, and I don't remember which one it was, but all of those details are included in these copies of Hartman's

proprietary drilling reports which are attached as documentation to this schedule.

Q. I see. Okay.

MR. NUTTER: Are there any other questions of Mr. Aycock?

REDIRECT EXAMINATION

BY MR. CARR:

Q. Mr. Aycock, Mr. Hartman has been designated operator of the subject well, is that correct?

A. Yes, sir.

Q. And is it his opinion and your opinion that the proposed location is the best possible location from which to drill this well?

A. His and the other working interest. It's my understanding that Gulf Oil Company has chose to join in the drilling of it, and Cities Service probably will, rather than be force pooled.

So we have two major companies who I would consider knowledgeable operators that have -- one of which has definitely joined and the other gives indications that they probably will before the force pool deadline on the thing.

MR. NUTTER: Now the original order was

a compulsory pooling order.

A. Yes, sir.

MR. CARR: Yes, sir, it was.

I have no further questions of Mr. Aycock.

MR. NUTTER: Then Mr. Aycock may be excused.

Do you have anything further, Mr. Carr?

MR. CARR: I have nothing further in my direct case.

MR. NUTTER: Mr. Buell?

MR. BUELL: I have nothing.

MR. NUTTER: Does anyone have anything to offer -- they wish to offer in Case Number 7368?

MR. CARR: Mr. Nutter, I have a very brief statement.

MR. NUTTER: Go ahead.

MR. CARR: I would like to ask that the Commission grant the application of Mr. Hartman to drill the well at the proposed unorthodox location.

We would point out that he has the Jalmat rights under the south half of Section 17; that he has been opposed at this hearing only by Mr. Yuronka, and Mr. Yuronka, it should be noted, does not have any Jalmat

rights under the south half of this section. He does not own any rights offsetting the property and therefor is not being crowded.

His only concern appears to be potential for damage to a Langlie Mattix well and there has been a suggestion that perhaps a bond should be posted to protect them.

We would direct your attention to your records, Case 7041, in which Mr. Yuronka was seeking an exception to the vertical limits of the Langlie Mattix Pool. And when we take note of that case, you will notice that he testified that this well, the well that he is so concerned about today was, in his own words, not worth the expense of the hearing for it had been watered out by the waterflood to the west.

We submit that we have no good faith opposition to this application today; that we are on a tight rig schedule; that we need an order quickly, and request that you grant the application and expedite the order.

MR. NUTTER: Thank you, Mr. Carr.

MR. BUELL: I have nothing.

MR. HANNIFIN: I'd like to make one statement.

MR. NUTTER: Go ahead, Mr. Hannifin.

MR. HANNIFIN: I think that Mr. Hartman's operation of this -- this lease, of the Thomas No. 2, without a legal location being given to him by the Commission, is a very flagrant disregard of other people's property rights, to move in there on top of somebody else's equipment, do what you want to with it.

Now what happens if that flow line breaks,during the period they're drilling this eight or ten day period, underneath that pad?

MR. NUTTER: Are you speaking, Mr. Hannifin, as a part owner of the well?

MR. HANNIFIN: That's right, that's correct, I am.

I'm also part owner of the Cone Well that Mr. Hartman's talking about to the south with Mr. Hartman there.

MR. NUTTER: Does anyone else have anything they wish to offer in Case 7368?

We'll take the case 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 Conservation Division 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 C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7 October 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico. CASE **7368**

BEFORE: **Daniel S. Nutter**

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant: **William F. Carr, Esq.**
CAMPBELL, BYRD, & BLACK P.A.
Jefferson Place
Santa Fe, New Mexico 87501

A P P E A R A N C E S

For John Yuronka: Sumner G. Buell, Esq.
JASPER & BUELL
Santa Fe, New Mexico 87501

I N D E X

E X H I B I T S

MR. NUTTER: The hearing will come to order, please.

We'll call next Case Number 7368.

MR. PEARCE: Application of Doyle Hartman for an unorthodox gas well location, Lea County, New Mexico.

MR. CARR: May it please the Examiner, my name is William F. Carr, with the law firm Campbell, Byrd, & Black, P. A., of Santa Fe, New Mexico, appearing on behalf of Mr. Hartman.

I have one witness who needs to be sworn.

MR. NUTTER: Other appearances?

MR. BUELL: Mr. Examiner, I'm Sumner G. Buell, of the firm of Jasper and Buell in Santa Fe, appearing on behalf of John Yuronka, and I have one witness to be sworn.

(Witnesses sworn.)

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

Q. Will you state your full name and place of residence?

A. William P. Aycock, Midland, Texas.

Q. Mr. Aycock, by whom are you employed and in what capacity?

A. I'm employed by Doyle Hartman in connection with the application listed in the current docket under Case 7368.

Q. Have you previously testified before an examiner of the Oil Conservation Division and had your credentials as a petroleum engineer accepted and made a matter of record?

A. Yes, I have.

Q. Are you familiar with the application which was filed in this case for Mr. Hartman?

A. Yes, I am.

Q. Are you familiar with the subject acreage?

A. Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. NUTTER: They are.

Q. Mr. Aycock, will you briefly state what

Mr. Hartman seeks with this application?

A. Mr. Hartman seeks an unorthodox gas well location for a well to be drilled 1980 feet from the south line and 990 feet from the west line of Section 17, Township 24 South, Range 37 East, in the Jalmat Pool, the south half of the section to be dedicated to this well and to the now completing Hartman Late Thomas No. 3, located in Unit J, as well as the existing Late Oil Company Thomas No. 1, located in Unit M.

Q. Was the south half of Section 17 and the simultaneous dedication of these Jalmat wells previously approved by this Division?

A. Yes, it was.

Q. Was that by Order R-6781 entered on the 25th of September?

A. Yes, sir.

Q. Would you briefly summarize the events which have resulted in this hearing here today?

A. Mr. Hartman acquired approximately 50 percent of the ownership rights under the south half of Section 17 by a purchase from Mr. Late and from Messrs Aikman. The result of acquiring that ownership by purchase, we docketed the hearing in question and the hearing was held on August the 26th, 1981, in which we requested simultaneous

dedication and two infill locations, all -- simultaneous dedication to be for all three, the two proposed wells plus the existing well, that were on the 320-acre tract.

Since Well No. 3, which is now completing, is a standard location, it did not require any action on the part of the Commission, other than the forced pooling and simultaneous dedication.

MR. NUTTER: So the well in Section -- in Unit M was the original well on the 320, is that it?

A Yes, sir. That was originally the Late Oil Company Thomas 1. Operations of that have been taken over by Hartman in conformance with the Commission's requirements. I believe the appropriate forms have been submitted to the Hobbs Office already.

MR. NUTTER: And then the No. 3 there in J was drilled and it's completing now.

A Yes, sir.

MR. NUTTER: And you're proposing to drill the third well on the unit, which is this subject, the subject well.

A Yes, sir. We originally, the hearing in question, the previous hearing, was this location that was docketed was a nonstandard location. If memory serves me correctly, it was 330 feet from the west line and 1980

from the south, and the reason for doing that was because of the expressed objection of Mr. Yuronka to drilling the well at the non -- at the unorthodox location where we now are requesting permission to drill it.

There was a letter which Mr. Yuronka wrote to Mr. Hartman, a copy of which was furnished to Mr. Stamets, who was the Examiner in the hearing that was held on August 26th. It expressed his concern over damage that might occur to his well as a result of Hartman drilling and completing a Jalmat well approximately 330 feet away from his existing Langlie-Mattix well.

MR. NUTTER: Now, his Langlie-Mattix well is that black dot just to the west of your proposed location --

A. That's correct.

MR. NUTTER: -- I presume.

A. That's correct, sir.

Okay, so we came to the Commission with that proposal and Mr. Kellahin, representing Conoco, opposed that application and informed us by letter, a copy of which has, I believe, been furnished to the Commission, if it has not been we can furnish one, in which he stated that if we would remove the well location to the one that was originally staked, in other words, the one we are now proposing, the 990/

1980 location, that they would have no objection to it. Mr. Hartman had preferred to drill it at that location originally because of his desire to develop the same Jalmat zones that are currently developed in the original Late Oil Company Thomas No. 1, the well located in Unit M, and in which the Hartman Late Thomas No. 3, located in Unit J, is also completed, or is completing. I beg your pardon.

At this time he received another letter of objection from Mr. Yuronka reiterating the fact that he had operations ongoing in the area and had surface facilities and a well located nearby and he thought that the completion of the Hartman well could likely damage his well.

Mr. Hartman had two meetings of which I'm aware with Mr. Yuronka. I was not present at either meeting but I know for a fact that during those meetings Mr. Hartman offered to relocate Mr. Yuronka's existing flow line, which was the immediate point of contention between Mr. Yuronka and Mr. Hartman at his cost and expense, that is, Hartman's cost risk and expense, and Mr. Yuronka declined and said he did not want the flow line moved, at which time Mr. Hartman offered to build him a new flow line of a different size and route it south of the proposed location, and Mr. Yuronka decided that he did not want that done, either. And in fact, what he really wanted was he didn't want Mr. Hartman to drill

the well at this location, even though his well is classified as a Langlie-Mattix well and Hartman has no ownership in the Langlie-Mattix and desires to develop the -- well, I say he has no ownership in the Langlie-Mattix, that's not correct. He has the Hartman Cities Cone No. 1, which is the -- is the twin well in Unit M to the Late Oil Company Jalmat well, but he -- those are the only Langlie Mattix rights that Hartman controls; however, he does own and control, as I previously stated, approximately 1/2, and I beg your indulgence, Mr. Nutter, we put into evidence in the previous hearing the exact percentages of working interest ownership in great detail, and I did not bring all that.

We're simply going to ask you to incorporate that transcript by reference into this hearing so that all those details will be available and you can satisfy yourself that -- as to the ownership, and that sort of thing.

In any event, Mr. Yuronka's well is a Langlie Mattix well; and Mr. Hartman proposes to drill a Jalmat well, in which his total depth will be approximately, or slightly above, the uppermost perforation in the Yuronka well.

And upon the advice of counsel, counsel being one Don Maddox of Hobbs, New Mexico, we furnished in writing to Mr. Hartman a summary of what he viewed his position

to be as the owner of the Jalmat rights under the south half of Section 17.

Mr. Hartman went ahead and covered the existing flow line with a protector, and it is now buried at the depth of between 3-1/2 and 4 feet under the well location which is currently built at the existing unorthodox location being requested in this hearing.

The reason for the fact that it has already been built is that Mr. Yuronka assumed, as he showed in writing in his August 10th letter, and Mr. Hartman, et al, were under the impression that it was a standard location because when two additional wells were drilled on an existing 320-acre proration, we assumed that they would be regarded as if they were in fact 160-acre proration unit wells, and that was not the case.

So we had to readvertise and come back with this request in order to straighten the whole mess out.

There was no opposition, except from Conoco, at the original hearing to the 330-foot location, and Mr. Stamets requested that we provide at least a verbal waiver from Getty Oil Company, which owns the leases to the immediate west in Section 18. You'll see Reserve, which is now a division of Getty Oil Company.

At my request, Mr. Al Kunkle, who is

the production engineer in charge of this area, called both Jerry Sextion, and called Mr. Stamets, and told them that Getty had no objection to the drilling of the well at the 330 foot location, or they would have appeared and voiced their objection at the time.

MR. NUTTER: Well, now what -- where is Continental, that they would be objecting to the 330 foot location?

A They're to the immediate north of us in the north half of 17.

MR. NUTTER: And they were objecting to a well moving west?

A Yes, sir.

MR. NUTTER: I see.

Q Mr. Aycock, will you now refer -- will you now refer to what has been marked for identification as Applicant's Exhibit Number One, identify this, and explain what it shows?

A Exhibit Number One is a combination land and Yates structure map of the nine sections including Section 17, Township 24 South, Range 37 East, and the surrounding, immediately offsetting eight sections, in which the top of the Yates formation is indicated by the contour lines and the consequential wells, which are included upon Exhibits subse-

quently to be presented in this hearing, are indicated, as well as the active and abandoned Jalmat producing wells; the 320-acre proration unit comprising the south half of 17; and the proposed infill location.

Q What does this structure map tell you as to the appropriate place to locate the proposed well?

A It is Mr. Hartman's desire to not drill the Late Thomas 2 either in close proximity to his Late Thomas 3 or the Late Oil Company Thomas No. 1, for reasons of either interfering with the new well, in the case of the Thomas 3, or drilling into a highly depleted reservoir, in the case of the existing Late Thomas No. 1 Well.

He does not desire to go south. The surface in this area, Mr. Nutter, is very congested. As you can see, about 330 feet away from the Hartman proposed location is Mr. Yuronka's well. Mr. Yuronka's tank battery lies immediately to the east of the location, and it could not be conveniently moved in that direction.

South of the location Mr. Yuronka has an electrical distribution system and Mr. Hartman has built his electrical distribution system south of Mr. Yuronka's electrical distribution system. And if you go further south than that, you not only would run the risk of penetrating the Yates and Upper Seven Rivers, which is the portion of

the Jalmat that Hartman has, in which he has completed his Thomas No. 3, and in which he proposes to complete the Thomas No. 2, without running into extreme depletion from -- because of production since 1953 from the Late Oil Company Thomas No. 1 Well.

In addition, he would then be interfering with Mr. Hendrix, who's well is located in Unit N there, and is a Langlie Mattix well, and we think that there's a strong possibility that we would run into opposition from other working interest owners to the nonstandard location that would be proposed if you moved to the south.

So, for all of those reasons, but the location at which Hartman desires to develop his Jalmat rights is the one that is the unorthodox location that is proposed in this hearing.

MR. NUTTER: Now which is the Hendrix well?

A. The Hendrix well is the No. 1-A that's located in Unit N.

MR. NUTTER: What is the brown coloration? What does it signify?

A. The brown is -- signifies cross section C-C'; the green denotes cross section A-A'; and the orange, cross section B-B'; all of which will subsequently be put

into the record.

Q Mr. Aycock, if this was being developed on 160-acre spacing units, would the proposed well be at the standard --

A Yes, it would.

Q -- location? Would you now refer to what has been marked for identification as Exhibit Number Two and review this for Mr. Nutter?

A Exhibit Number Two, Mr. Nutter, is cross section A-A', as previously mentioned on Exhibit One, the trace of which is indicated in green.

And as you will see, the existing Late Oil Company Late Thomas No. 1, which is now operated by Doyle Hartman, is the third from the left, and you also have -- that's in Section 17. You also have two other wells in Section 17 that are Jalmat wells that penetrate only the Jalmat section and no deeper. And then you have the Hartman Fleur Harrison No. 1, located in Section 20, all shown so that the authentication is provided for the structural interpretation presented in Exhibit One; i.e., the top of the Yates and, of course, with that the top of the Seven Rivers, the Queen, as defined by the -- as used by the Oil Conservation Division, as defined by the Committee of Industry participants in the mid-1950s, and the top of the Langlie Mattix

100 feet above that point.

All the pertinent details are shown for each well, including the spud date, completion date, total depth, plugback depth, the size casing, where it was set, how it was cemented, the completion interval, and the initial potential test.

I'd like to call Mr. Nutter's attention to the fact that the Late Oil Company Thomas No. 1, once again, the third well from the left, had an initial potential of 50-million cubic feet per day, and an initial shut-in wellhead pressure of -- that's indicated as casinghead pressure -- 1215 pounds, which indicates that it was substantially undepleted at the time in 1953 when it was completed. It was a natural well and a very prolific one.

Q. Will you now refer to your Exhibit Number Three and review this for Mr. Nutter?

A. Exhibit Number Three is cross section B-B', the trace of which is indicated on Exhibit One by the orange circles and line, the ones in the east -- west/east direction.

It has similar information for this group of wells, which were selected to show the -- to illustrate how the interpretation, structural interpretation comes about and to authenticate that to the Commission's satisfaction.

Once again, the existing Late Oil Company Thomas No. 1, the well to which the entire 320-acre proration unit was assigned prior to the drilling of the Hartman Late Thomas No. 3, in this case is shown as the second well from the left.

The same type of information is shown for all of these wells as was detailed in the previous discussion for Exhibit Number Two.

Q Mr. Aycock, will you now refer to your cross section C-C', which is Hartman Exhibit Number Four, and review this for Mr. Nutter?

A The cross section C-C' is indicated by the brown trace on Exhibit One, and it shows all of the consequential wells in the immediate vicinity of the existing Langlie Mattix wells, the proposed location, and the existing two Jalmat wells, including the Doyle Hartman Late Thomas No. 3, which is in the process of being completed, the Late Oil Company Thomas No. 1, which is the lefthand well, which, as mentioned, was the original well, Mr. Yuronka's Thomas No. 1 Well, which is the one that he has expressed the reservations that might be damaged by the drilling of the Hartman Late Thomas No. 2 at the unorthodox location requested.

The correlations, once again, are shown and the prospective completion interval in which Hartman pro-

poses to complete his Late Thomas No. 2 in also indicated, that being common with the completion interval of the Hartman Late Thomas No. 3 and the Hartman Late Thomas No. 1, originally Late Oil Company Thomas No. 1, that being the Yates and the upper portion of the Seven Rivers formation above the -- any of the indicated completions in the Jalmat wells that are closest to the proposed location.

Q. Now, Mr. Aycock, this exhibit shows that the proposed completion interval is substantially shallower than the completion interval in the Yuronka Langlie Mattix well, is that correct?

A. Yes, it's approximately 150 -- between 150 and 200 feet.

Q. Will you now refer to what --

MR. NUTTER: While we're on this exhibit, Mr. Aycock, this Yuronka Thomas well actually has perforations going up into the Jalmat, doesn't it?

A. Yes, sir, as indicated on the -- as indicated on this cross section, it does. It's been granted an exception to the pool rules by the Commission.

MR. NUTTER: Uh-huh.

A. I don't remember the order number, but I was here during the -- I believe you were the examiner. I was -- I believe we were here. I believe Mr. Carr and I

were here on behalf of Mr. Hartman in connection with some other wells at the time that that hearing was -- was conducted.

MR. NUTTER: Well, I know we had a bunch of hearings on a number of wells back several months ago, and this is one of the wells that was granted an exception --

A. Yes, sir.

MR. NUTTER: -- because it's perforations do extend into the Jalmat.

A. That's correct, sir.

MR. NUTTER: All right. Now, you're proposing that the perforations in this well -- of course, you don't have -- you haven't drilled it and you don't know where you'ld actually perforate -- but you think you would perforate in the Yates and just the very uppermost portion of the Seven Rivers.

A. We have no desire to get into the depleted zones in which the Hendrix and the Yuronka wells are completed.

MR. NUTTER: Now, this -- this log here on this Thomas No. 1 Yuronka Well, should be similar to what you'll encounter in your proposed well, because you are drilling it --

A. Yes, sir.

MR. NUTTER: -- rather close to it.

A. That's correct.

MR. NUTTER: I see. Okay.

A. And that's our intention, is to complete in -- where we think the remaining gas reserves are within the Jalmat Pool interval, and that is in the Yates and the Upper Seven Rivers; not in any of the Lower Seven Rivers zones.

MR. NUTTER: I see.

Q. Mr. Aycock, this proposed completion interval correlates with the completion interval in the Late Thomas No. 3, is that correct?

A. Yes, sir. It's at a lower structural elevation simply because of the -- as indicated by all the cross sections and by our figure one, the structure map, that is necessitated by the fact that the dip is from -- in this immediate area is essentially from northeast toward the southwest, and that is the Hartman Late Thomas No. 3 penetrates the Yates formation at a higher subsea datum than is expected for the Hartman Late Thomas No. 2 at the unorthodox location proposed.

Q. Will you now review Exhibit Number Five for Mr. Nutter?

A. Exhibit Number Five is our well information map and it is superimposed upon the same combination structure/land map as was used in the figure one, originally

completed, and it shows the -- it's the same information that has already been shown to you in another form, but it's shown in map form so that you can see when each of the Jalmat wells, with the exception of the Hartman Late Thomas No. 3, and there is no detail information on it because it is in the process of completing now and has not yet been completed, but all the rest of them, the same information as is shown on the cross section is shown; i.e., the completion date, the interval, the cumulative production, the estimated ultimate recovery, and the production in May of 1981, and I would specifically call to Mr. Nutter's attention -- Mr. Nutter's attention to the fact that the only Jalmat well that existed on the south half of Section 17 prior to drilling of the Hartman Late Thomas No. 3, that is, the Late Oil Company Thomas No. 1 operations, which have now been assumed by Mr. Hartman, produced 2431 Mcf in the month of May, indicating that is very near, relatively near commercial depletion.

MR. NUTTER: It has produced 4.6 billion.

A Yes, sir, but that is -- that will not adequately drain the reserves underlying the south half of Section 17. We have in the mail to the Commission the Exhibit Four with all the requirements for the administrative infill application, 103 price for the Hartman Late Thomas 3 at the present time, and we estimate, based on the pressures that

were indicated there, that the Late Thomas 3 should recover about 1.2 Bcf of gas that is not now being drained by the Late Thomas -- the Late Oil Company Thomas No. 1 Well.

We would anticipate at the present time that the prospective reserves for the Thomas No. 2 location would probably be somewhere in the same order of magnitude.

MR. NUTTER: A little over a billion.

A Yes, sir. We -- we found reservoir pressures of in excess of 300 pounds initially at those locations, indicating that the supposition that insufficient -- that inadequate drainage had taken place under the tract was justified.

Q Mr. Aycock, would you refer to what has been marked Hartman Exhibit Number Six and identify that?

A Mr. Nutter, Mr. Hartman has consistently in each of the hearings that have come before the Commission lately, and the first well that's on this top sheet of Exhibit Six, the Bates No. 3, was a deviated hole, and we had to have two hearings on that one, also.

We had a hearing on August the 26th to request the deviated well, and it had to be readvertised again because, once again, we changed the location between what was originally requested and the reason for that was a title problem that cropped up.

But the point in this exhibit, which is a rig schedule followed by copies of Mr. Hartman's proprietary in-house drilling reports, is to demonstrate to the Commission's satisfaction that when Mr. Hartman requests expedited orders and/or assistance in receiving verbal approval prior to an order having been actually committed tc writing, it is to enable him to perpetuate his use of Kenai Rig No. 18, which is the one that he has used and prefers to use throughout the Lea County area in the operations, drilling and operations of -- that he carries on.

And you will see that the time spud to spud between the Bates No. 3 and the Late Thomas No. 3 was twelve days; between the Late Thomas No. 3 and the Husky Woolworth No. 1, on which pipe has just been set, was ten days. He is now on the Shell State No. 5 and he would like to move the rig to the Late Thomas No. 2 at the completion of the Shell State No. 5, and that would be anticipated on or about October -- between October 15th and October 17th, if the well progresses as have the previous two.

So we wanted to demonstrate to you, Mr. Nutter, that we recognize that it is an undue imposition to ask your indulgence, but we are doing it for a purpose.

I have in my possession, and would be glad to furnish it to you if you wish, a letter from Mr. Bill

Smith, who is the president of Kenai Drilling Company, in which he makes very clear the situation with regard to rig availability and the fact that if Mr. Hartman loses this slot for the drilling of this well, the earliest time at which he could hope to get it again would be the middle of November, and if undue weather conditions, or other unforeseen eventualities, should occur, it might be that he would not be able to drill the well in calendar 1981 at all.

In that case Mr. Hartman would suffer a severe loss, if for no other reason than he would be forced to pay Federal Income Taxes that he does not desire to pay. He would rather put them in this well and drill it in a timely fashion.

Q. And you are therefor asking that the order be expedited?

A. Yes, sir, I am.

Q. Were Exhibits One through Six prepared by you or under your direction and supervision?

A. Yes, sir, they were.

MR. CARR: At this time, Mr. Nutter, we would offer Hartman Exhibits One through Six.

MR. NUTTER: Exhibits One through Six will be admitted in evidence.

MR. CARR: And I have nothing further

of Mr. Aycock on direct.

MR. NUTTER: Any other questions?

MR. BUELL: Yes, sir, please.

CROSS EXAMINATION

BY MR. BUELL:

Q. Mr. Aycock, referring to your Exhibit, either Exhibit One or your Exhibit Five, and referring you to the Late Thomas No. 2 that is the subject matter of this hearing.

A. Uh-huh.

Q. If that well were to be moved south 330 feet, approximately, you would still be on the -- approximately the same contour on which your proposed drillsite is, is that not correct?

A. It would be slightly south of it, the way we've interpreted.

Q. Southeast of it?

A. Uh-huh, that's correct.

Q. And so your structural position insofar as putting in a good well would be theoretically as good.

A. The structural position would be but the likelihood that we would encounter a depleted reservoir in the zones in which we propose to complete this well, in

our opinion would be greatly enhanced by that move to the south.

Q. Your other alternative is to move it closer to the Yuronka well where the chances of endangering that well and any production --

A. We don't desire to move it any further to the west, as I indicated in my direct responses to Mr. Carr's queries. The only reason that the well was staked at the 330-foot location in the first place, was an attempt to accommodate Mr. Yuronka's objection. That was not the desired location; that was strictly done in an effort to accommodate him.

Q. But if the well -- I repeat myself, maybe I wasn't clear. If the well were moved in the south-easterly direction you would still be on approximately the same structure that it would be in the location that you propose.

A. The geological difference would not be very great, but the -- the probability, in our opinion, of encountering a more depleted reservoir state, by virtue of the production of about 4.6 Bcf from the Late Oil Company Thomas No. 1, would be greatly enhanced by moving it in that direction.

Q. The other alternative is to move it

towards Mr. Yuronka with a chance of damaging his well.

A You mean to the due west?

Q Well, back up the same contour line that I've just moved you down in the southeast corner, back to your original proposed location, at this hearing.

A Well, the original proposed location was at 330, I believe.

Q That's correct.

A And that's the one to which Continental objected and we had to move it to satisfy their objection.

Q Well, that was when you moved it to the north, was it not?

A We moved it to the -- back to the east. We originally staked it at this location.

Q Uh-huh.

A And Mr. Yuronka protested about the location, so we moved it to the unorthodox location at 330.

And then Continental objected to that. So in the hearing before Mr. Stamets we asked to move it back to the 990 location in which we had originally staked it because we were unable to satisfy both the objections of Mr. Yuronka and Continental and it was apparent to us and to the Commission that Continental had standing, and we were not able to ascertain that Mr. Yuronka had any formal standing

with regard to the Jalmat.

MR. NUTTER: Well, now where -- where was the 330 location, Mr. Aycock? Was it -- would it be 660 feet due west of your proposed location?

A Yes, sir. On the other side of the Yuronka well.

MR. NUTTER: It would be right where that "6" is in the number 367, wouldn't it?

A Yes, sir.

MR. NUTTER: I still don't understand why Continental objected to that?

A Well, I don't know, but we have Mr. Kellahin's letter, if you want to see it. He appeared and opposed it. He furnished Mr. Carr a letter and said if we'd move it back to where we originally staked it, that they would withdraw their objection, and of course, since they have standing in the case, being the -- having the operating rights for the Jalmat under the north half of 17, well, we were -- there was no way we could circumvent their objections and Mr. Yuronka's at the same time and still drill the well at a preferred location as far as penetrating the reservoir at a -- both at what we considered a compromise, optimum geologic and reserve and deliverability position.

Q Now if I understand what you just said,

the first proposed location was on the number "6" in 367.

A. Roughly. It was 330/1980, was the location.

Q. And then you moved it north, am I not correct?

A. No. That was what I believe we originally proposed in the call of the hearing that was held on October 26th, and that was to satisfy Mr. Yuronka's request that we move it the other side of his well. That's what we attempted to do.

And Continental appeared at the hearing with Mr. Kellahin and opposed us on the grounds that that unorthodox location was not satisfactory to them.

Q. And so now you --

A. And then they wrote us a letter, which we have a copy of, from Mr. Kellahin to Mr. Carr, and said, if you will move your location to the 990/1980 location, at least to that point, we have no objection to your drilling a well at an unorthodox location.

So that's what we did.

Q. And to make sure I understand everything, that is now where you propose --

A. That's correct.

Q. -- to drill.

Incidentally, is it customary for Mr. Hartman to prepare a drill site before he even has permission to do so on an unorthodox location?

A Well, at the time he -- he did this, he thought that it was -- he did not understand that it was not. As I pointed out originally, if you'll look at Mr. Yuronka's August 10th letter, which I'll be glad -- I have a copy of it here, and if the Commission desires me to, I'll be happy to get it out and read it.

Mr. Yuronka thought it was a -- that this was a standard location and we thought it was a standard location, too. It was our mistake, jointly, his and ours.

Q Well, in that letter I believe he threatened you with a lawsuit, so evidentally he didn't feel it was a proper location.

A Well, he says at the standard location in the second paragraph of his letter, if you want me to read it. I'll be glad to.

MR. NUTTER: Why don't you read the letter into evidence?

I think since there's been so much discussion, also, of the previous case, Mr. Carr, we ought to incorporate the record in the previous case --

MR. CARR: We intend to.

MR. NUTTER: -- in this one.

MR. CARR: If it's appropriate now, I will move -- at this time, Mr. Nutter, I would move to incorporate the record in Oil Conservation Division Case 7339, which was heard on August 26th.

MR. NUTTER: 7339?

MR. CARR: Yes, sir.

MR. NUTTER: And that was Order No. R-6781, wasn't it?

MR. CARR: 6781, yes, sir.

MR. CARR: Did you find it there?

A. Yeah.

This letter is on the letterhead from Mr. John Yuronka, 102 Petroleum Building -- Consulting Engineer, 102 Petroleum Building, Midland, Texas.

MR. BUELL: Mr. Aycock, I think the Examiner is reading it right now.

A. I call Mr. Nutter's attention to paragraph two, where it says, "Both of these wells are standard locations, according to the New Mexico Oil Conservation Commission rules and regulations, but I am concerned about their close proximity to my existing and producing Langlie Mattix Pool wells."

So it is apparent that Mr. Yuronka

thought that they were both standard locations; that is, the Late Thomas 2 and 3, as originally staked, which was, the Late Thomas No. 2 was originally staked at the location, unorthodox location now proposed. It was moved and the application was made in the original hearing at the 330-foot location to accommodate Mr. Yuronka.

So in this letter he is referring to the unorthodox location herein proposed.

MR. NUTTER: Well, I presume, Mr. Aycock, that in view of the -- I won't say warning, but the notification of the possibility of the existance of some kind of liability, that Mr. Hartman is aware of what might happen there when he fracs the wells?

A. Yes, sir, that's correct. And on the advice of counsel, the proper forum for that is before a court of law with jurisdiction over those matters, and not before this Commission.

MR. NUTTER: Right.

MR. BUELL: May I object to him, unless he's qualified as a lawyer, giving legal advice?

MR. NUTTER: He wasn't giving any legal advice; he was making a legal statement.

A. I'll be glad to place into evidence a

letter from Don Maddox, with the law firm of Maddox and -- dated September 30th, 1981, if the Commission would like for me to, that places no doubt upon the fact that Mr. Hartman proceeded upon the advice of competent counsel in this matter.

MR. BUELL: I'd object to the letter on the grounds it's hearsay.

MR. NUTTER: I don't think we need to hear that. He says Mr. Hartman got this letter and he's been put on notice --

A He told -- he told Mr. Yuronka, to my knowledge, twice that he was -- he was aware that any time operations were conducted that might cause liability, that there was that possibility. He is not concerned about it for two reasons.

Number one, he does not propose to drill the well to within a substantial depth differential of where Mr. Yuronka is completed.

And in addition, Mr. Hartman circulates cement to the surface on all the wells that he drills, using appropriate cementing materials and practices to prevent the unwarranted and undesired subsurface migration of fluids from one zone to the other.

The idea that fractures could penetrate the wellbore is an undocumented and technical assumption on

Mr. Yuronka's behalf, that if it were to occur and would be provable, would certainly, possibly, be the subject of liability.

MR. CARR: Would you like to mark that as your exhibit or would you like me to?

MR. BUELL: Who's got the nearest stamp?

MR. CARR: With your permission, Mr. Nutter, we would propose to mark Mr. Yuronka's letter as Hartman Exhibit Seven.

A In fact, I further believe, Mr. Nutter, that this flow line matter was discussed by Mr. Maddox with Mr. Sexton the day before he wrote Mr. Hartman the letter that has been mentioned here.

MR. CARR: At this time we'd move the admission of Hartman Exhibit Seven.

MR. BUELL: No objection.

MR. NUTTER: Exhibit Seven will be admitted.

Q Mr. Aycock, when was -- where was the exact location which the Continental Oil Company objected to?

A I have here a letter from W. Thomas Kellahin --

Q If you'd just answer the question. How many feet from the north line and how many feet from the

south line -- or west line?

A. 330 feet from the west and 1980 from the -- from the south, approximately. It may be slightly different. I don't have the original C-101 and 102 with me. If you want to give me a few minutes to get it from the Commission records, I'll be glad to.

It was in the call of the original hearing, which I may have here, and if you want to wait a few minutes, I'll be glad to find it for you.

Q. Mr. Aycock, what type of treatment program do you propose for this well?

A. May I answer the other question first? I have found here the original -- the amended C-101 that was filed on August 17th, in which the location was 330 feet from the west line and 2310 feet from the south line, of Section 17.

The treatment that is proposed will probably be around 50,000 gallons of total frac fluid with around 100,000 pounds of sand, which is fairly typical of what Mr. Hartman has employed in all his Langlie Mattix and Jalmat wells.

The final numbers are subject to detailed fracture design calculations and that, the general parameters are all that I could conscientiously and honestly give you

at this time.

Q. Well, using those volumes and pressures, it would be quite possible for the -- in fracing the Late Thomas No. 2 to interfere with the Yuronka Thomas No. 1 Well. Isn't that possible?

A. Well, it's possible. You know, anything is virtually possible. The probability, in my opinion, is relatively low, but there's certainly a tiny possibility that something like that could occur. That's correct.

Q. If you feel it's so remote, would Mr. Hartman be willing to post a bond of $400 or $450,000 to replace the Thomas No. 1 Well?

A. No, he would not.

Q. Have you discussed that with him?

A. Yes, all of those options have been discussed by him with competent counsel, and as you pointed out, I am not he.

Q. I'm glad you picked up on that.

Before you begin treatment of this well and fracing it, would you be willing to advise Mr. Yuronka of that?

A. Certainly. Mr. Hartman's letters to Mr. Yuronka, of which I'm sure you're aware, have indicated his desire to cooperate with Mr. Yuronka in every way possible

that Mr. Yuronka would allow him to throughout this whole situation.

I think that's evidenced by the fact that we moved the location once in an attempt to satisfy Mr. Yuronka's objection and moved it back when we had objection from someone with obvious standing that required us to move it back.

Q Well, you moved it the first time because you were about to put it right on top of his tank battery, weren't you?

A The 300 -- the 330/2310 is the place that we moved it and this is where it was originally staked, right here.

The 330/2310 was where it was moved to ostensibly satisfy Mr. Yuronka's objections.

Mr. Yuronka's tank battery, I have been told, I have not been on the ground, is to the east, not to the west.

Q Yes, and you tried to put a location to the west, and you were asked to move it, were you not?

A The 2310/330? To my knowledge, Mr. Yuronka never objected to that location. He didn't appear in the hearing to object to it when it was so advertised. The only thing that was ever discussed with him was the 990/1980

location where we now propose to drill it.

That was what was originally filed with the Commission.

Q. Well, again, to go back to my first point, if that well location is moved roughly 330 feet to the south and east, you'd still be on the same structure, you'd be moved away from Mr. Yuronka's well --

A. But we would then have to move two --

Q. Excuse me.

A. -- two electrical power systems in order to build that location.

Q. Just bring it south and you'd have to do that?

A. Sure would, in order to get the rig in.

Q. Did you say that the power stations were to the south of your proposed location?

A. Uh-huh, both of them, Mr. Yuronka's and Mr. Hartman's.

Q. Therefor, if you moved it south and east, why --

A. You'd be in close proximity to them, too close to be safe, among other things.

Q. And otherwise, your other alternative is to be in too close proximity to Mr. Yuronka's well.

A. Well, that's your opinion, not mine, and not Mr. Hartman's. You're free to voice your opinion.

MR. BUELL: I have nothing else.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Aycock, now where is the Hartman -- where is the Yuronka tank battery?

A. It is on the 40 acres to the immediate east of the proposed location. If he moved to the east he would get in conflict with it.

The flow line that is the subject of all the controversy runs across this 40 acre tract from Mr. Yuronka's well to his tank battery.

Q. And rather than -- you discussed moving the flow line to the south, couldn't make any agreement on how that was going to be —

A. Mr. Yuronka said that he didn't want any of his surface facilities touched, was his remark, I believe.

Q. So now it's buried, I think you said.

A. Yes, sir.

Q. How did you bury it without touching it?

A. We put three joints of 8-5/8ths inch

casing over them before we buried them, and then buried them in the process of building the well location.

Q And now the location is on top --

A Yes, sir.

Q -- of the flow line.

A That's right.

Q But how far from the actual well is the flow line?

A I can't give you an exact answer, Mr. Nutter. It's far enough away that we don't have any compunctions about moving the rig in on it.

Q So you --

A Protected as it is.

Q And then once the rig is moved off, then it will be buried and be south of the --

A It's roughly 3-1/2 to 4 feet deep right now.

Q I see.

A It's protected by three joints of 8-5/8ths inch casing that was slotted and placed over it.

Q I see.

A Warning signs, as soon as they have been -- can be cut and prepared by the sign company, will be placed at each end of the conduit which emerges from the pad

to show that there's a flow line there.

Q And how far -- how long is the distance under which --

A Roughly 120 feet.

Q I see, just to get it under the location.

A Yes, sir.

Q And of course the location is much bigger when you've got a drilling rig there than it need be for a producing well.

A Correct. We were glad to do it because it would have been an unsafe condition in our opinion to have a fiberglass flow line handling oil and gas laying on the surface of the ground in any condition where it could be conveniently buried, simply because if a pumper were to inadvertently drive over it and fracture it, he could be subject to being killed and no telling what.

Q Okay. Now, on your Exhibit Number Six you show these spud to spud days as only twelve days in two instances and ten in the other.

How were you able to drill that one well that was whipstocked in only twelve days?

A By having Larry Nurmyr on -- with his hand on the thing being out there most of the time.

Q It took just the ordinary time to drill,

didn't it?

A Yes, sir. Well, you see, the Late Thomas No. 3, you'll notice we had a split joint of pipe. We lost about three days on that because of the split pipe. We cemented with the first stage and the returns didn't come back at all, and we had to determine what was wrong and we found a split joint of pipe and we had to back that off and get that out of the ground and replace those, go back and run another DV tool, stab into it, pressure test the existing DV tool and then cement with a second stage in order to circulate cement, like he does on all the wells that he drills out there.

Q So the normal times can be nine to ten days.

A The normal time will be seven to eight without any trouble at all.

Q I see.

A It's going to run nine to ten, and then, of course, as you know, if it runs over a weekend, you can even get a permit to move your rig; they don't keep you waiting till you can move it during a week day.

One of these we had to wait two days for trucks, and I don't remember which one it was, but all of those details are included in those copies of Hartman's

proprietary drilling reports which are attached as documentation to this schedule.

Q. I see. Okay.

MR. NUTTER: Are there any other questions of Mr. Aycock?

REDIRECT EXAMINATION

BY MR. CARR:

Q. Mr. Aycock, Mr. Hartman has been designated operator of the subject well, is that correct?

A. Yes, sir.

Q. And is it his opinion and your opinion that the proposed location is the best possible location from which to drill this well?

A. His and the other working interest. It's my understanding that Gulf Oil Company has chose to join in the drilling of it and Cities Service probably will, rather than be force pooled.

So we have two major companies who I would consider knowledgeable operators that have -- one of which has definitely joined and the other gives indications that they probably will before the force pool deadline on the thing.

MR. NUTTER: Now the original order was

a compulsory pooling order.

A. Yes, sir.

MR. CARR: Yes, sir, it was.

I have no further questions of Mr. Aycock.

MR. NUTTER: Then Mr. Aycock may be excused.

Do you have anything further, Mr. Carr?

MR. CARR: I have nothing further in my direct case.

MR. NUTTER: Mr. Buell?

MR. BUELL: I have nothing.

MR. NUTTER: Does anyone have anything to offer -- they wish to offer in Case Number 7368?

MR. CARR: Mr. Nutter, I have a very brief statement.

MR. NUTTER: Go ahead.

MR. CARR: I would like to ask that the Commission grant the application of Mr. Hartman to drill the well at the proposed unorthodox location.

We would point out that he has the Jalmat rights under the south half of Section 17; that he has been opposed at this hearing only by Mr. Yuronka, and Mr. Yuronka, it should be noted, does not have any Jalmat

rights under the south half of this section. He does not own any rights offsetting the property and therefor is not being crowded.

His only concern appears to be potential for damage to a Langlie Mattix well and there has been a suggestion that perhaps a bond should be posted to protect them.

We would direct your attention to your records, Case 7041, in which Mr. Yuronka was seeking an exception to the vertical limits of the Langlie Mattix Pool. And when we take note of that case, you will notice that he testified that this well, the well that he is so concerned about today was, in his own words, not worth the expense of the hearing for it had been watered out by the waterflood to the west.

We submit that we have no good faith opposition to this application today; that we are on a tight rig schedule; that we need an order quickly, and request that you grant the application and expedite the order.

MR. NUTTER: Thank you, Mr. Carr.

MR. BUELL: I have nothing.

MR. HANNIFIN: I'd like to make one statement.

MR. NUTTER: Go ahead, Mr. Hannifin.

MR. HANNIFIN: I think that Mr. Hartman's operation of this -- this lease, of the Thomas No. 2, without a legal location being given to him by the Commission, is a very flagrant disregard of other people's property rights, to move in there on top of somebody else's equipment, do what you want to with it.

Now what happens if that flow line breaks,during the period they're drilling this eight or ten day period, underneath that pad?

MR. NUTTER: Are you speaking, Mr. Hannifin, as a part owner of the well?

MR. HANNIFIN: That's right, that's correct, I am.

I'm also part owner of the Cone Well that Mr. Hartman's talking about to the south with Mr. Hartman there.

MR. NUTTER: Does anyone else have anything they wish to offer in Case 7368?

We'll take the case 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 Conservation Division 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, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

October 16, 1981

Re: CASE NO. 7368
ORDER NO. R-6807

Applicant:

Doyle Hartman

Mr. William F. Carr
Campbell, Byrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87501

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Sumner Buell

RIG SCHEDULE

KENAI RIG NO. 18

OPERATOR	WELL NAME AND LOCATION	MOVE-IN DATE	SPUD DATE	RELEASED RIG	DAYS SPUD TO SPUD	REMARKS
Doyle Hartman	Bates No. 3 M-20-26S-37E	September 3, 1981	September 3, 1981	September 14, 1981	12	Whipstocked
Doyle Hartman	Late-Thomas No. 3 J-17-24S-37E	September 14, 1981	September 15, 1981	September 24, 1981	12	Split pipe
Doyle Hartman	Husky-Woolworth No. 1 M-33-24S-37E	September 26, 1981	September 26, 1981	October 4, 1981	10	
Doyle Hartman	Shell State No. 5 J-13-23S-36E	October 5, 1981	October 5, 1981			
Doyle Hartman	Late-Thomas No. 2 L-17-24S-37E					

Doyle Hartman
Bates No. 3
1635 FSL & 1210 FWL (M),
Section 20, T-25-S, R-37-E
Lea County, New Mexico
Jalmat (Gas)
3040.2 GL
Proposed TD: 3340 TVD
Kenai Drilling Company of Texas

09-04-81 Drilling with spud mud at a total depth of 290'. Progress previous 24 hours was 290'. Moved in and rigged up Kenai rig No. 18. Spudded well at 8:30 p.m. 9-03-81. Daily time breakdown: 13 1/2 hours moving in and rigging up; 10 1/2 hours drilling.

09-05-81 Presently preparing to cement casing. Drilled ahead to total depth of 652'. Circulated hole clean and pulled out of hole. Rigged up and ran 16 joints (652.01') of 10 3/4", 40.5# casing and landed at 652'. Deviation survey was 1/2° at 652'. Daily time breakdown: 12 1/4 hours drilling, 1 1/4 hours circulating, 1/4 hour survey, 1 hour repairs, 9 1/4 hours running casing.

09-06-81 Presently drilling cement. Cemented 10 3/4" casing with 250 sx Class C cement containing 4% gel and 2% CaCl followed by 200 sx of Class C cement containing 2% CaCl. Circulated 134 sx of excess cement to pit. Plug down at 8:30 a.m. 9-5-81. WOC 18 hours. Tagged cement at 127'. Drilled cement. Daily time breakdown: 4 1/2 hours drilling cement, 18 hours WOC, 1 1/2 hours cement casing.

09-07-81 Presently drilling in redbeds with brine at a total depth of 892'. Progress previous 24 hours was 98'. Pulled out of hole and ran gyroscope. Picked up and ran Dyna-dril. Drilled 60' and pulled Dyna-dril. Ran in hole with bit and drilled ahead to 892'. Deviation surveys were: at 778'--1 3/4° N42°E; at 827'--3 1/2° N45°E; at 858'--4 1/4° N42°E. Daily time breakdown: 8 hours drilling, 5 hours trip, 7 3/4 hours survey, 2 hours running Dyna-dril, 1 1/4 hours circulating.

09-08-81 Presently tripping in hole. Drilled ahead with brine to total depth of 2069'. Trip to change bottom hole assembly. Mud properties are: MW= 10.0, Vis= 28, Ph= 7.0. Deviation surveys were: at 952'--4 3/4° N39°E; at 1046'--5 3/4° N36°E; at 1140'--6 3/4° N34° E; at 1234'--7 3/4° N33°E; at 1326'--8 3/4° N33°E'; at 1420'--10° N36°E; at 1512'--11 1/2° N32°E; at 1605'--12 3/4° N33°E; at 1699'--13 3/4° N32°E; at 1794'--15 1/2° N32°E; at 1884'--17° N32°F; at 1981'--20° N28°E; at 2044'--21 1/4° N28°E. Daily time breakdown: 12 1/4 hours drilling, 5 1/4 hours trip, 6 1/4 hours surveys.

09-09-81 Presently going in hole at a total depth of 2458'. Progress previous 24 hours was 389'. Formation salt. Drilled to 2393'. Pulled out of hole and picked up dyna-drill. Ran in hole and positioned dyna-drill. Drilled 64' with dyna-dril. Pulled out of hole and laid down dyna-dril. Going in hole with bit to drill ahead. Mud properties are: MW= 10.0, Vis= 28, Ph= 8.0. Deviation surveys were: at 2113'--22 1/4° N27°E; at 2210'--23° N27°E; at 2306'--23 3/4° N27E; at 2393'--24 1/2° N26°E; at 2456'-- 23 1/4° N34E. Vertical section 395.26' N29.92°E. TVD= 2396.50'. Daily time breakdown: 13 hours drilling, 8 hours trip, 3 hours survey.

09-10-81 Drilling in Yates formation at a total depth of 2900'. Progress previous 24 hours was 442'. Mudded up at 2600'. Mud properties are: MW= 10.0, Vis= 34, WL= 9.2, Ph= 7.5. Deviation surveys were: at 2519'--23 1/4° N36E; at 2608'--23 1/2° N37E; at 2703'--23 1/4° N37E; at 2799'--23° N37E. Vertical section 530.83' N31.72°E. TVD= 2711.57'. Daily time breakdown: 19 1/2 hours drilling, 1/2 hour reaming to bottom, 1 3/4 hours trip, 1/4 hour repair, 2 hours survey.

09-11-81 Drilling in Seven Rivers formation at a total depth of 3200'. Progress previous 24 hours was 300'. Mud properties are: MW= 10.0, Vis= 34, WL= 8.4. Deviation surveys were: at 2893'--23 1/4° N37E; at 2985'--23° N37E; at 3079'--22 3/4° N38E; at 3179'--23° N38E. Vertical section 679.11' N33.03°E. TVD= 3061.36'. Daily time breakdown: 22 hours drilling, 2 hours survey.

09-12-81 Present operation trip. Drilled well to a total depth of 3408'. Progress previous 24 hours was 208'. Mud properties are: MW= 10.1, Vis= 34, WL= 7.6, Ph= 7.5. Deviation surveys were: at 3253'--23° N39E, at 3359--23 1/4° N39E. Vertical section 769' N33.82°E. TVD= 3272'. Daily time breakdown: 22 1/4 hours drilling, 3/4 hours trip, 1 hour survey.

09-13-81 Present operation logging. Drilled well to a total depth of 3481'. Reached TD at 4:15 p.m. 9-12-81. Circulated hole 3 hours. Pulled out of hole and rigged up Welex. Mud properties are: MW= 10.1, Vis= 34, WL= 6.4, Ph= 7.5. Deviation surveys were: at 3482'--23° N40E. Vertical section 798' N35°E. TVD= 3340'. Daily time breakdown: 6 hours drilling, 1/2 hour ream to bottom, 3 hours circulating, 5 1/2 hours trip, 1/2 hour survey, 8 1/2 hours logging.

09-14-81 Present operation rigging down. Ran CR-CNL and Guard Forxo logs. Reviewed logs and found the following log tops:

Formation	Measured Depth	True Vertical Depth	Gross Interval
Rustler	978	977	160
Salado Salt	1138	1337	1472
Tansil	2610	2538	157
Yates	2767	2681	256
Seven Rivers	3023	2917	452
CUQ Marker	3407	3270	---
Queen	3475	3333	3
Total Depth	3478	3336	---

Ran in hole, circulated 1/2 hour, laid down drill pipe. Ran 91 joints (3486') of 5 1/2", 17 lb/ft, LTC casing. Landed at 3477'. Cemented with 350 sx Class C cement containing 3% econolite and 1/4 lb/sx floseal, followed by 200 sx of Class C cement containing 50-50 Pozmix, 9 lb/sx salt, and 1/4 lb/sx floseal. Bump plug at 9:30 p.m. 9-13-81. Circulated 60 sx excess cement to pit. WOC. Released rig at 5:00 a.m. 9-14-81. Daily time breakdown: 1 hour circulating, 4 1/4 hours laying down drill pipe, 4 hours logging, 4 1/4 hours running casing, 1 1/4 hours cementing, 5 hours WOC, 2 1/4 hours rigging down.

09-15-81 Rigged up Apache Services and ran GRN-CCL log. Propose perforating well with a total of 17 shots with one shot each at: 2773, 2786, 2793, 2801, 2813, 2819, 2830, 2835, 2840, 2847, 2873, 2879, 3301, 3307, 3311, 3329, 3337.

Now preparing to move in well service unit and begin completion operations.

09-16-81 Waiting on completion unit. Installed 114 pumping unit and built electric line to location.

09-17-81 Moved in and rigged up well service unit. Rigged up Apache Services and perforated well as originally proposed with a total of 17 shots with one shot each at: 2773, 2786, 2793, 2801, 2813, 2819, 2830, 2835, 2840, 2847, 2873, 2879, 3301, 3307, 3311, 3329, 3337. Ran in hole with 107 joints (3334') of 2 3/8" OD EUE tubing equipped with seating nipple and 17' mud anchor and tagged bottom at 3470'. Pulled tubing to bottom of perfor interval. Circulated hole with 2% KCl water, and then spotted 700 gallons 15% MCA acid across perforations. Pulled tubing above acid. Shut down for night. Now ready to acidize well with

an additional 4300 gallons 15% MCA acid.

09-18-81 With tubing at 2649, rigged up Halliburton and acidized well with an additional 4300 gal (total of 5000 gals) of 15% MCA acid and 26 ball sealers. Before starting acid, loaded hole with 150 gals. of 2% KCl water. Treated well at an average rate of 6 BPM and average pump pressure of 2340 psi. Max. press.= 3100 psi. ISIP= 400 psi. 2-min SIP= 0 psi. IBDP= 1800 psi. Good ball action throughout treatment. Lowered tubing below perforations, installed lubricator, and started swabbing well to pit. Swabbed well to pit for 7 1/2 hours before shutting down for night. Lowered fluid level to 3400 feet from surface. Final annular pressure= 120 psi. Overnight SITP= 30 psi and SICP= 180 psi.

09-19-81 Blew well down, removed BOP, buttoned up wellhead, and made up pumping-flowing wellhead assembly. Ran 3/4" rod string and 1 1/4" insert pump. Loaded tubing and placed well to pumping through separator at 11 x 64 x 1014. Sixteen hours after placing well on production, well producing at the rate of 36 MCFPD on a 20/64" choke. PCP= 30 psi.

09-20-81 Testing well at the rate of 80 MCFPD plus 4 BWPD with a trace of oil on a 13/64" choke. PCP= 64 psi.

09-21-81 Testing well on a 16/64" choke at the rate of 82 MCFPD plus an estimated 4 BFPD. PCP= 43 psi.

09-22-81 Testing well on a 12/64" choke at the rate of 77 MCFPD plus 3 1/2 BFPD. PCP= 81 psi.

09-23-81 Shut well in for pressure build-up. 24-hour SIP= 160 psi.

09-24-81 Shut in for second day of pressure build-up. SIP= 160 psi. Now preparing to place well back on production test.
3:30 p.m.: CP= 81 psi, 86 MCF, 13/64" choke.
6:30 p.m.: CP= 78 psi, 82 MCF, 13/64" choke.

09-25-81 6:30 a.m.: CP= 80 psi, 80 MCF, 13/64" choke.

09-26-81 Testing well on 17/64" choke at the rate of 82 MCFPD. PCP= 47 psi.

09-27-81 Testing well on 17/64" choke at the rate of 82 MCFPD. PCP= 48 psi.

09-28-81 Testing well on 17/64" choke at the rate of 85 MCFPD. PCP= 49 psi.
12:00 p.m. CP= 51 psi, rate= 94 MCF, 17/64" choke. Open to 20/64" choke, rate increase to 130 MCF.
12:30 p.m. CP= 34 psi, rate= 107 MCF, 20/64" choke.
3:00 p.m. CP= 32 psi, rate= 103 MCF, 20/64" choke.
6:00 p.m. CP= 32 psi, rate= 103 MCF, 20/64" choke.

09-29-81 At 6:30 a.m. well tested at the rate of 99 MCF on 20/64" choke. CP= 31 psi.

Doyle Hartman
Late-Thomas No. 3
1980 FSL & 2080 FEL (J),
Secion 17, T-24-S, R-37-E
Lea County, New Mexico
Jalmat (Gas)-Yates well
Proposed TD: 3400'
Elevation: 3267 G. L.
Drilling Contractor: Kenai Drilling Company of Texas

09-15-81 Moving in and rigging up Kenai Rig #18.

09-16-81 Presently WOC. Finished rigging up. Spudded well at 10:45 a.m. 9-15-81. Drilled well to a total depth of 426'. Ran 11 joints (427') of 9 5/8", 40.5 casing. Landed at 426'. Cemented with 225 sx of Class C cement containing 2% CaCl. Plug down at 12:30 a.m. 9-16-81. Circulated 100 sx of excess cement to pit. Daily time breakdown: 3 3/4 hours rigging up, 10 3/4 hours drilling, 1/2 hour circulating, 2 1/2 hours running and cementing casing, 6 1/2 hours waiting on cement.

09-17-81 Drilling 8 3/4" hole with brine in Rustler formation at a total depth of 1060'. Progress previous 24 hours was 634'. Deviation survey was 1/2° at 925'. Mud properties: MW= 9.9, Vis= 28, Ph= 8.5. Daily time breakdown: 14 3/4 hours drilling, 1 hour trip, 1/4 hour survey, 7 hours nipple up and test casing.

09-18-81 Drilling 8 3/4" hole with brine in salt at a total depth of 1720'. Progress previous 24 hours was 660'. Deviation survey was 3/4° at 1426'. Mud properties are: MW= 10.0, Vis= 29. Daily time breakdown: 21 1/4 hours drilling, 2 hours trip, 1/4 hour ream to bottom, 1/2 hour survey.

09-19-81 Drilling in Tansil formation with brine at a total depth of 2645'. Progress previous 24 hours was 925'. Deviation survey was 1 1/4° at 1935'. Mud properties are: MW= 10.1, Vis= 29. Daily time breakdown: 23 hours drilling, 1 hour survey.

09-20-81 Drilling in Yates formation at a total depth of 3000'. Progress previous 24 hours was 355'. Deviation survey was 1 1/2° at 2923'. Mud properties are: MW= 10.1, Vis= 34, WL= 9.6. Daily time breakdown: 22 3/4 hours drilling, 3/4 hours repair, 1/2 hour survey. Drilling breaks: 2858-2871, 2935-2945, 2978-2984, 2991-2994, 2998-3002.

09-21-81 Drilling in Seven Rivers formation at a total depth of 3185'. Progress previous 24 hours was 185'. Mud properties are: MW= 10.1, Vis= 32, WL= 10.0. Lost circulation while drilling at 3153'. Lost a total of 550 bbls of mud. Daily time breakdown: 14 1/4 hours drilling, 1 hour trip, 3 hours repair, 5 3/4 hours lost circulation.

09-22-81 Drilled well to a total depth of 3350'. Circulated hole 2 hours and pulled drill string. Rigged up Welex and logged well with CDL-Neturon-GR log and Forxo-Guard log. Found the following log tops:

Formation	Log Top	Thickness	Subsea
Rustler	1150	95'	+2129
Salado Salt	1245	1405'	+2034
Tansil	2650	160	+ 629
Yates	2810	280	+ 469
Seven Rivers	3090	205	+ 189
Total Depth	3295	---	- 16

Ran into hole with drill string. Now preparing to circulate hole prior to laying down drill string.

09-23-81 Conditioned hole and then pulled and laid down drill string. Ran 76 joints (3297') of 7" OD, 23 lb/ft, J-55, ST&C casing equipped with a float shoe at 3297', float collar at 3279', and DV Tool at 2718' and landed bottom of casing at 3350' RKB. Attempted to cement casing to two stages as follows:

Stage 1
100 sx of a 50-5- blend of API Class C cement and Pozmix "A" containing 1/2 lb/sx floseal, 5 lb/sx gilsonite, and 9 lb/sx salt.

Stage 2
250 sx of API Class C cement containing 3% Econolite followed by 50 sx of API Class C neat cement.
Upon finishing first cement stage, hole developed in casing. Ran slick line and found cement plug at 3277'. Rigged up CRC Wireline Services, ran temp survey, and found top of cement at approximately 2590' (128' above DV tool). Ran radioactive tracer profiles and after eight hours of a bracketing procedure, a hole in the casing was located 580' from the surface. Now preparing to replace bad joint of casing and resume cement operations.

09-24-81 Rigged up Kuykendall Wireline Services. Ran Free-Point to locate bottom of free pipe and determined the following movement readings: 100% at 2500', 70% at 2570', 85% at 2600', 80% at 2650', 0% at 2670'. Dropped bomb to open DV tool. Ran into hole with Howco R-4 packer on 2 3/8" tubing and set packer below hole in casing. Pressured casing to 2500 psi but could not pump through DV tool. Pulled and laid down tubing and packer. Ran into hole with string shot and shot collar and backed off casing at 2508'. Now pulling and laying down 7", 26 lb/ft casing.

09-25-81 Pulled and laid down 58 joints 7" OD, 26 lb/ft, J-55, LT&C casing. Set aside a total of 11 defective or damaged joints including 1 joint with 2' split. Reran a total of 59 joints 7" OD, 26 lb/ft, J-55, LT&C casing equipped with a DV tool at 2458' and screwed into 7" casing pin at 2508'. Tested casing to 1000 psi. Dropped bomb and opened DV tool. Cemented remaining 59 joints casing with 350 sx of API Class C cement containing 3% Halliburton Econolite followed by 150 sx of API Class C Neat cement. Final plug down at 8:10 p.m. CDT 9-24-81. Circulated a total of 150 sx of excess cement to pit. Preparing to complete well. Propose perforating well with a total of 20 shots with one shot each at: 2855, 2870, 2955, 2974, 2999, 3038, 3042, 3046, 3050, 3054, 3058, 3062, 3070, 3074, 3078, 3082, 3086, 3090, 3114, 3117.

09-26-81 Waiting on trucks to move rig.

09-27-81 Rigged down and moved rig.

09-28-81 Waiting on completion unit.

09-29-81 Waiting on completion unit.

09-30-81 Moved in and rigged up completion unit. Picked up 6 1/8" bit, 4 drill collars, and tubing. Ran in hole and tagged DV tool at 2458'. Pressure tested casing to 1000 psi. Started drilling on DV tool.

Doyle Hartman
Husky-Woolworth No. 1
330 FSL & 430 FWL (M),
Section 33, T-24-S, R-37-E
Proposed Jalmat (Gas)-Yates Well
Proposed TD: 3350
Elevation: 3252 G.L.
Drilling Contractor: Kenai Drilling Company of Texas

09-15-81 Presently building location. Waiting on rotary rig.

09-25-81 Preparing to move in rotary rig.

09-27-81 Present operation: preparing to run casing. Progress previous 24 hours was 415'. Moved in and rigged up Kenai Rig #18. Spudded well at 6:15 p.m. 9-26-81. Drilled 12 1/4" hole using spud mud to a total depth of 415'. Daily time breakdown: 11 1/4 hours moving in and rigging up, 11 1/2 hours drilling, 1 1/4 hours circulating.

09-28-81 Drilling in redbeds with brine at a total depth of 920'. Progress previous 24 hours was 505'. Ran 10 joints (413.87') of 9 5/8"", 40.5 lb/ft casing and landed at 412'. Cemented with 225 sacks Class C cement containing 2% CaCl. Plug down at 7:45 a.m. 9-27-81. Circulated 50 sacks of excess cement to pit. Tagged top of cement at 365'. Deviation survey was 1/2° at 891'. Mud properties are: MW= 9.9, Vis= 28. Daily time breakdown: 5 1/4 hours drilling, 18 hours WOC, 3/4 hours running casing.

09-29-81 Drilling in salt with brine at a total depth of 1540'. Progress previous 24 hours was 620'. Deviation survey was 3/4° at 1422'. Mud properties are: MW= 10.0, Vis= 28. Daily time breakdown: 23 3/4 hours drilling, 1/4 hour survey.

09-30-81 Drilling in salt with brine at a total depth of 2320'. Progress previous 24 hours was 780'. Deviation surveys were 1 1/4° at 1582', 1 1/2° at 2079'. Mud properties are: MW= 10.1, Vis= 29, Ph= 7.8. Daily time breakdown: 21 1/4 hours drilling, 1 3/4 hours trip, 3/4 hours survey, 1/4 hour reaming to bottom.

10-01-81 Drilling in Yates formation at a total depth of 2860'. Progress previous 24 hours was 540'. Mud properties are: MW= 10.1, Vis= 33, WL= 9.6, Ph= 8. Deviation survey was 1 1/4° at 2641'. Daily time breakdown: 22 1/2 hours drilling, 1 hour rig repair, 1/2 hour TOTCO.

10-02-81 Drilling in Seven Rivers formation at a total depth of 3170'. Progress previous 24 hours was 310'. Mud properties are: MW= 10.1, Vis= 33, WL= 8.8, Ph= 8. Deviation survey was 1 1/4° at 3107'. Daily time breakdown: 23 1/2 hours drilling, 1/2 hour TOTCO.

10-03-81 Presently circulating well prior to logging at a total depth of 3350'. Progress previous 24 hours was 180'. Mud properties are: MW= 10.1, Vis= 33, WL= 8.8. Deviation survey was 1 1/4° at 3350'. Daily time breakdown: 21 3/4 hours drilling, 2 1/4 hours circulating and running TOTCO.

10-04-81 Finished circulating well and pulled drill string. Rigged up Welex and logged well with CDL-DSN-GR log and Forxo-Guard log. Found the following log tops:

Rustler	1180	+2080	(107)
Salado Salt	1287	+1977	(1443)
Tansil	2730	+ 534	(160)
Yates	2890	+ 374	(272)
Seven Rivers	3162	+ 112	(188)
Total Depth	3350	- 86	---

Went into hole with drill string and conditioned hole. Pulled and laid down drill string. Ran 81 joints (924' of 23 lb/ft and 2431' of 26 lb/ft) 7" OD, J-55, ST&C casing equipped with a float shoe on bottom and landed at 3350 RKB. Cemented casing with 300 sx of API Class-C cement containing 3% Halliburton Econolite and 1/4 lb/sx floseal followed by 200 sx of a 50-50 blend of API Class-C cement and Pozmix "A" containing 18% salt, 1/4 lb/sx floseal, and 5 lb/sx gilsonite. Plug down at 4:30 a.m. CDT 10-4-81. Circulated 139 sx of

excess cement to pit. Daily time breakdown: 1/2 hour circulating, 6 1/2 hours trip and laying down drill string, 7 1/2 hours logging, 7 hours running and cementing casing, 2 1/2 hours rigging down.

10-05-81 Waiting on completion unit. Propose perforating well with a total of 17 shots with one shot each at: 2993, 3013, 3023, 3067, 3103, 3106, 3113, 3116, 3129, 3133, 3137, 3141, 3145, 3149, 3158, 3199, 3202.

10-06-81 Waiting on completion unit.

Doyle Hartman
Shell State No. 5
1800 FSL & 1650 FEL (J),
Section 13, T-23-S, R-36-E
Lea County, New Mexico
Proposed TD: 3450
Jalmat (Gas) well
Elevation: 3367 GL
Drilling Contractor: Kenai

10-05-81 Finished building location. Now moving in rotary rig.

10-06-81 Presently WOC at a total depth of 435'. Spudded well at 4:30 p.m. CDT 10-5-81. Drilled 12 1/4" hole to a total depth of 435'. Deviation survey was 1/4° at 435'. Circulated hole 2 hours and pulled drill string. Ran 10 joints 9 5/8", 40 lb/ft, Grade-B, ST&C casing and landed at 432' RKB. Cemented casing with 225 sx API Class C cement containing 2% $CaCl_2$. Plug down at 5:30 a.m. CDT 10-6-81. Circulated a total of 70 sx of excess cement to pit.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
HARTMAN EXHIBIT NO. 6
CASE NO. 7368

(daily time 7-8 days)

RIG SCHEDULE

KENAI RIG NO. 18

OPERATOR	WELL NAME AND LOCATION	MOVE-IN DATE	SPUD DATE	RELEASED RIG	DAYS SPUD TO SPUD	REMARKS
Doyle Hartman	Bates No. 3 M-20-25S-37E	September 3, 1981	September 3, 1981	September 14, 1981	12	Whipstocked
Doyle Hartman	Late-Thomas No. 3 J-17-24S-37E	September 14, 1981	September 15, 1981	September 24, 1981	12	Split pipe
Doyle Hartman	Husky-Woolworth No. 1 M-33-24S-37E	September 26, 1981	September 26, 1981	October 4, 1981	10	
Doyle Hartman	Shell State No. 5 J-13-23S-36E	October 5, 1981	October 5, 1981			
Doyle Hartman	Late-Thomas No. 2 L-17-24S-37E					

Doyle Hartman
Bates No. 3
1635 FSL & 1210 FWL (M),
Section 20, T-25-S, R-37-E
Lea County, New Mexico
Jalmat (Gas)
3040.2 GL
Proposed TD: 3340 TVD
Kenai Drilling Company of Texas

09-04-81 Drilling with spud mud at a total depth of 290'. Progress previous 24 hours was 290'. Moved in and rigged up Kenai rig No. 18. Spudded well at 8:30 p.m. 9-03-81. Daily time breakdown: 13 1/2 hours moving in and rigging up; 10 1/2 hours drilling.

09-05-81 Presently preparing to cement casing. Drilled ahead to total depth of 652'. Circulated hole clean and pulled out of hole. Rigged up and ran 16 joints (652.01') of 10 3/4", 40.5# casing and landed at 652'. Deviation survey was 1/2° at 652'. Daily time breakdown: 12 1/4 hours drilling, 1 1/4 hours circulating, 1/4 hour survey, 1 hour repairs, 9 1/4 hours running casing.

09-06-81 Presently drilling cement. Cemented 10 3/4" casing with 250 sx Class C cement containing 4% gel and 2% CaCl followed by 200 sx of Class C cement containing 2% CaCl. Circulated 134 sx of excess cement to pit. Plug down at 8:30 a.m. 9-5-81. WOC 18 hours. Tagged cement at 127'. Drilled cement. Daily time breakdown: 4 1/2 hours drilling cement, 18 hours WOC, 1 1/2 hours cement casing.

09-07-81 Presently drilling in redbeds with brine at a total depth of 892'. Progress previous 24 hours was 98'. Pulled out of hole and ran gyroscope. Picked up and ran Dyna-dril. Drilled 60' and pulled Dyna-dril. Ran in hole with bit and drilled ahead to 892'. Deviation surveys were: at 778'--1 3/4° N42°E; at 827'--3 1/2° N45°E; at 858'--4 1/4° N42°E. Daily time breakdown: 8 hours drilling, 5 hours trip, 7 3/4 hours survey, 2 hours running Dyna-dril, 1 1/4 hours circulating.

09-08-81 Presently tripping in hole. Drilled ahead with brine to total depth of 2069'. Trip to change bottom hole assembly. Mud properties are: MW= 10.0, Vis= 28, Ph= 7.0. Deviation surveys were: at 952'--4 3/4° N39°E; at 1046'--5 3/4° N36°E; at 1140'--6 3/4° N34° E; at 1234'--7 3/4° N33°E; at 1326'--8 3/4° N33°E'; at 1420'--10° N36°E; at 1512'--11 1/2° N32°E; at 1605'--12 3/4° N33°E; at 1699'--13 3/4° N32°E; at 1794'--15 1/2° N32°E; at 1884'--17° N32°E; at 1981'--20° N28°E; at 2044'--21 1/4° N28°E. Daily time breakdown: 12 1/4 hours drilling, 5 1/4 hours trip, 6 1/4 hours surveys.

09-09-81 Presently going in hole at a total depth of 2458'. Progress previous 24 hours was 389'. Formation salt. Drilled to 2393'. Pulled out of hole and picked up dyna-drill. Ran in hole and positioned dyna-drill. Drilled 64' with dyna-dril. Pulled out of hole and laid down dyna-dril. Going in hole with bit to drill ahead. Mud properties are: MW= 10.0, Vis= 28, Ph= 8.0. Deviation surveys were: at 2113'--22 1/4° N27°E; at 2210'--23° N27°E; at 2306'--23 3/4° N27E; at 2393'--24 1/2° N26°E; at 2456'-- 23 1/4° N34E. Vertical section 395.26' N29.92°E. TVD= 2396.50'. Daily time breakdown: 13 hours drilling, 8 hours trip, 3 hours survey.

09-10-81 Drilling in Yates formation at a total depth of 2900'. Progress previous 24 hours was 442'. Mudded up at 2600'. Mud properties are: MW= 10.0, Vis= 34, WL= 9.2, Ph= 7.5. Deviation surveys were: at 2519'--23 1/4° N36E; at 2608'--23 1/2° N37E; at 2703'--23 1/4° N37E; at 2799'--23° N37E. Vertical section 530.83' N31.72°E. TVD= 2711.57'. Daily time breakdown: 19 1/2 hours drilling, 1/2 hour reaming to bottom, 1 3/4 hours trip, 1/4 hour repair, 2 hours survey.

09-11-81 Drilling in Seven Rivers formation at a total depth of 3200'. Progress previous 24 hours was 300'. Mud properties are: MW= 10.0, Vis= 34, WL= 8.4. Deviation surveys were: at 2893'--23 1/4° N37E; at 2985'--23° N37E; at 3079'--22 3/4° N38E; at 3179'--23° N38E. Vertical section 679.11' N33.03°E. TVD= 3061.36'. Daily time breakdown: 22 hours drilling, 2 hours survey.

09-12-81 Present operation trip. Drilled well to a total depth of 3408'. Progress previous 24 hours was 208'. Mud properties are: MW= 10.1, Vis= 34, WL= 7.6, Ph= 7.5. Deviation surveys were: at 3253'--23° N39E, at 3359--23 1/4° N39E. Vertical section 769' N33.82°E. TVD= 3272'. Daily time breakdown: 22 1/4 hours drilling, 3/4 hours trip, 1 hour survey.

09-13-31 Present operation logging. Drilled well to a total depth of 3481'. Reached TD at 4:15 p.m. 9-12-81. Circulated hole 3 hours. Pulled out of hole and rigged up Welex. Mud properties are: MW= 10.1, Vis= 34, WL= 6.4, Ph= 7.5. Deviation surveys were: at 3482'--23° N40E. Vertical section 798' N35°E. TVD= 3340'. Daily time breakdown: 6 hours drilling, 1/2 hour ream to bottom, 3 hours circulating, 5 1/2 hours trip, 1/2 hour survey, 8 1/2 hours logging.

09-14-81 Present operation rigging down. Ran CR-CNL and Guard Forxo logs. Reviewed logs and found the following log tops:

Formation	Measured Depth	True Vertical Depth	Gross Interval
Rustler	978	977	160
Salado Salt	1138	1337	1472
Tansil	2610	2538	157
Yates	2767	2681	256
Seven Rivers	3023	2917	452
CUQ Marker	3407	3270	---
Queen	3475	3333	3
Total Depth	3478	3336	---

Ran in hole, circulated 1/2 hour, laid down drill pipe. Ran 91 joints (3486') of 5 1/2", 17 lb/ft, LTC casing. Landed at 3477'. Cemented with 350 sx Class C cement containing 3% econolite and 1/4 lb/sx floseal, followed by 200 sx of Class C cement containing 50-50 Pozmix, 9 lb/sx salt, and 1/4 lb/sx floseal. Bump plug at 9:30 p.m. 9-13-81. Circulated 60 sx excess cement to pit. WOC. Released rig at 5:00 a.m. 9-14-81. Daily time breakdown: 1 hour circulating, 4 1/4 hours laying down drill pipe, 4 hours logging, 4 1/4 hours running casing, 1 1/4 hours cementing, 5 hours WOC, 2 1/4 hours rigging down.

09-15-81 Rigged up Apache Services and ran GRN-CCL log. Propose perforating well with a total of 17 shots with one shot each at: 2773, 2786, 2793, 2801, 2813, 2819, 2830, 2835, 2840, 2847, 2873, 2879, 3301, 3307, 3311, 3329, 3337.

Now preparing to move in well service unit and begin completion operations.

09-16-81 Waiting on completion unit. Installed 114 pumping unit and built electric line to location.

09-17-81 Moved in and rigged up well service unit. Rigged up Apache Services and perforated well as originally proposed with a total of 17 shots with one shot each at: 2773, 2786, 2793, 2801, 2813, 2819, 2830, 2835, 2840, 2847, 2873, 2879, 3301, 3307, 3311, 3329, 3337. Ran in hole with 107 joints (3334') of 2 3/8" OD EUE tubing equipped with seating nipple and 17' mud anchor and tagged bottom at 3470'. Pulled tubing to bottom of perfor interval. Circulated hole with 2% KCl water, and then spotted 700 gallons 15% MCA acid across perforations. Pulled tubing above acid. Shut down for night. Now ready to acidize well with

an additional 4300 gallons 15% MCA acid.

09-18-81 With tubing at 2649, rigged up Halliburton and acidized well with an additional 4300 gal (total of 5000 gals) of 15% MCA acid and 26 ball sealers. Before starting acid, loaded hole with 150 gals. of 2% KCl water. Treated well at an average rate of 6 BPM and average pump pressure of 2340 psi. Max. press.= 3100 psi. ISIP= 400 psi. 2-min SIP= 0 psi. IBDP= 1800 psi. Good ball action throughout treatment. Lowered tubing below perforations, installed lubricator, and started swabbing well to pit. Swabbed well to pit for 7 1/2 hours before shutting down for night. Lowered fluid level to 3400 feet from surface. Final annular pressure= 120 psi. Overnight SITP= 30 psi and SICP= 180 psi.

09-19-81 Blew well down, removed BOP, buttoned up wellhead, and made up pumping-flowing wellhead assembly. Ran 3/4" rod string and 1 1/4" insert pump. Loaded tubing and placed well to pumping through separator at 11 x 64 x 1014. Sixteen hours after placing well on production, well producing at the rate of 36 MCFPD on a 20/64" choke. PCP= 30 psi.

09-20-81 Testing well at the rate of 80 MCFPD plus 4 BWPD with a trace of oil on a 13/64" choke. PCP= 64 psi.

09-21-81 Testing well on a 16/64" choke at the rate of 82 MCFPD plus an estimated 4 BFPD. PCP= 43 psi.

09-22-81 Testing well on a 12/64" choke at the rate of 77 MCFPD plus 3 1/2 BFPD. PCP= 81 psi.

09-23-81 Shut well in for pressure build-up. 24-hour SIP= 160 psi.

09-24-81 Shut in for second day of pressure build-up. SIP= 160 psi. Now preparing to place well back on production test.
3:30 p.m.: CP= 81 psi, 86 MCF, 13/64" choke.
6:30 p.m.: CP= 78 psi, 82 MCF, 13/64" choke.

09-25-81 6:30 a.m.: CP= 80 psi, 80 MCF, 13/64" choke.

09-26-81 Testing well on 17/64" choke at the rate of 82 MCFPD. PCP= 47 psi.

09-27-81 Testing well on 17/64" choke at the rate of 82 MCFPD. PCP= 48 psi.

09-28-81 Testing well on 17/64" choke at the rate of 85 MCFPD. PCP= 49 psi.
12:00 p.m. CP= 51 psi, rate= 94 MCF, 17/64" choke. Open to 20/64" choke, rate increase to 130 MCF.
12:30 p.m. CP= 34 psi, rate= 107 MCF, 20/64" choke.
3:00 p.m. CP= 32 psi, rate= 103 MCF, 20/64" choke.
6:00 p.m. CP= 32 psi, rate= 103 MCF, 20/64" choke.

09-29-81 At 6:30 a.m. well tested at the rate of 99 MCF on 20/64" choke. CP= 31 psi.

Doyle Hartman
Late-Thomas No. 3
1980 FSL & 2080 FEL (J),
Secion 17, T-24-S, R-37-E
Lea County, New Mexico
Jalmat (Gas)-Yates well
Proposed TD: 3400'
Elevation: 3267 G. L.
Drilling Contractor: Kenai Drilling Company of Texas

09-15-81 Moving in and rigging up Kenai Rig #18.

09-16-81 Presently WOC. Finished rigging up. Spudded well at 10:45 a.m. 9-15-81. Drilled well to a total depth of 426'. Ran 11 joints (427') of 9 5/8", 40.5 casing. Landed at 426'. Cemented with 225 sx of Class C cement containing 2% CaCl. Plug down at 12:30 a.m. 9-16-81. Circulated 100 sx of excess cement to pit. Daily time breakdown: 3 3/4 hours rigging up, 10 3/4 hours drilling, 1/2 hour circulating, 2 1/2 hours running and cementing casing, 6 1/2 hours waiting on cement.

09-17-81 Drilling 8 3/4" hole with brine in Rustler formation at a total depth of 1060'. Progress previous 24 hours was 634'. Deviation survey was 1/2° at 925'. Mud properties: MW= 9.9, Vis= 28, Ph= 8.5. Daily time breakdown: 14 3/4 hours drilling, 1 hour trip, 1/4 hour survey, 7 hours nipple up and test casing.

09-18-81 Drilling 8 3/4" hole with brine in salt at a total depth of 1720'. Progress previous 24 hours was 660'. Deviation survey was 3/4° at 1426'. Mud properties are: MW= 10.0, Vis= 29. Daily time breakdown: 21 1/4 hours drilling, 2 hours trip, 1/4 hour ream to bottom, 1/2 hour survey.

09-19-81 Drilling in Tansil formation with brine at a total depth of 2645'. Progress previous 24 hours was 925'. Deviation survey was 1 1/4° at 1935'. Mud properties are: MW= 10.1, Vis= 29. Daily time breakdown: 23 hours drilling, 1 hour survey.

09-20-81 Drilling in Yates formation at a total depth of 3000'. Progress previous 24 hours was 355'. Deviation survey was 1 1/2° at 2923'. Mud properties are: MW= 10.1, Vis= 34, WL= 9.6. Daily time breakdown: 22 3/4 hours drilling, 3/4 hours repair, 1/2 hour survey. Drilling breaks: 2858-2871, 2935-2945, 2978-2984, 2991-2994, 2998-3002.

09-21-81 Drilling in Seven Rivers formation at a total depth of 3185'. Progress previous 24 hours was 185'. Mud properties are: MW= 10.1, Vis= 32, WL= 10.0. Lost circulation while drilling at 3153'. Lost a total of 550 bbls of mud. Daily time breakdown: 14 1/4 hours drilling, 1 hour trip, 3 hours repair, 5 3/4 hours lost circulation.

09-22-81 Drilled well to a total depth of 3350'. Circulated hole 2 hours and pulled drill string. Rigged up Welex and logged well with CDL-Neturon-GR log and Forxo-Guard log. Found the following log tops:

Formation	Log Top	Thickness	Subsea
Rustler	1150	95'	+2129
Salado Salt	1245	1405'	+2034
Tansil	2650	160	+ 629
Yates	2810	280	+ 469
Seven Rivers	3090	205	+ 189
Total Depth	3295	---	- 16

Ran into hole with drill string. Now preparing to circulate hole prior to laying down drill string.

09-23-81 Conditioned hole and then pulled and laid down drill string. Ran 76 joints (3297') of 7" OD, 23 lb/ft, J-55, ST&C casing equipped with a float shoe at 3297', float collar at 3279', and DV Tool at 2718' and landed bottom of casing at 3350' RKB. Attempted to cement casing to two stages as follows:

Stage 1
100 sx of a 50-5- blend of API Class C cement and Pozmix "A" containing 1/2 lb/sx floseal, 5 lb/sx gilsonite, and 9 lb/sx salt.

Stage 2
250 sx of API Class C cement containing 3% Econolite followed by 50 sx of API Class C neat cement.
Upon finishing first cement stage, hole developed in casing. Ran slick line and found cement plug at 3277'. Rigged up CRC Wireline Services, ran temp survey, and found top of cement at approximately 2590' (128' above DV tool). Ran radioactive tracer profiles and after eight hours of a bracketing procedure, a hole in the casing was located 580' from the surface. Now preparing to replace bad joint of casing and resume cement operations.

09-24-81 Rigged up Kuykendall Wireline Services. Ran Free-Point to locate bottom of free pipe and determined the following movement readings: 100% at 2500', 70% at 2570', 85% at 2600', 80% at 2650', 0% at 2670'. Dropped bomb to open DV tool. Ran into hole with Howco R-4 packer on 2 3/8" tubing and set packer below hole in casing. Pressured casing to 2500 psi but could not pump through DV tool. Pulled and laid down tubing and packer. Ran into hole with string shot and shot collar and backed off casing at 2508'. Now pulling and laying down 7", 26 lb/ft casing.

09-25-81 Pulled and laid down 58 joints 7" OD, 26 lb/ft, J-55, LT&C casing. Set aside a total of 11 defective or damaged joints including 1 joint with 2' split. Reran a total of 59 joints 7" OD, 26 lb/ft, J-55, LT&C casing equipped with a DV tool at 2458' and screwed into 7" casing pin at 2508'. Tested casing to 1000 psi. Dropped bomb and opened DV tool. Cemented remaining 59 joints casing with 350 sx of API Class C cement containing 3% Halliburton Econolite followed by 150 sx of API Class C Neat cement. Final plug down at 8:10 p.m. CDT 9-24-81. Circulated a total of 150 sx of excess cement to pit. Preparing to complete well. Propose perforating well with a total of 20 shots with one shot each at: 2855, 2870, 2955, 2974, 2999, 3038, 3042, 3046, 3050, 3054, 3058, 3062, 3070, 3074, 3078, 3082, 3086, 3090, 3114, 3117.

09-26-81 Waiting on trucks to move rig.

09-27-81 Rigged down and moved rig.

09-28-81 Waiting on completion unit.

09-29-81 Waiting on completion unit.

09-30-81 Moved in and rigged up completion unit. Picked up 6 1/8" bit, 4 drill collars, and tubing. Ran in hole and tagged DV tool at 2458'. Pressure tested casing to 1000 psi. Started drilling on DV tool.

Doyle Hartman
Husky-Woolworth No. 1
330 FSL & 430 FWL (M),
Section 33, T-24-S, R-37-E
Proposed Jalmat (Gas)-Yates Well
Proposed TD: 3350
Elevation: 3252 G.L.
Drilling Contractor: Kenai Drilling Company of Texas

09-15-81 Presently building location. Waiting on rotary rig.

09-25-81 Preparing to move in rotary rig.

09-27-81 Present operation: preparing to run casing. Progress previous 24 hours was 415'. Moved in and rigged up Kenai Rig #18. Spudded well at 6:15 p.m. 9-26-81. Drilled 12 1/4" hole using spud mud to a total depth of 415'. Daily time breakdown: 11 1/4 hours moving in and rigging up, 11 1/2 hours drilling, 1 1/4 hours circulating.

09-28-81 Drilling in redbeds with brine at a total depth of 920'. Progress previous 24 hours was 505'. Ran 10 joints (413.87') of 9 5/8"", 40.5 lb/ft casing and landed at 412'. Cemented with 225 sacks Class C cement containing 2% CaCl. Plug down at 7:45 a.m. 9-27-81. Circulated 50 sacks of excess cement to pit. Tagged top of cement at 365'. Deviation survey was 1/2° at 891'. Mud properties are: MW= 9.9, Vis= 28. Daily time breakdown: 5 1/4 hours drilling, 18 hours WOC, 3/4 hours running casing.

09-29-81 Drilling in salt with brine at a total depth of 1540'. Progress previous 24 hours was 620'. Deviation survey was 3/4° at 1422'. Mud properties are: MW= 10.0, Vis= 28. Daily time breakdown: 23 3/4 hours drilling, 1/4 hour survey.

09-30-81 Drilling in salt with brine at a total depth of 2320'. Progress previous 24 hours was 780'. Deviation surveys were 1 1/4° at 1582', 1 1/2° at 2079'. Mud properties are: MW= 10.1, Vis= 29, Ph= 7.8. Daily time breakdown: 21 1/4 hours drilling, 1 3/4 hours trip, 3/4 hours survey, 1/4 hour reaming to bottom.

10-01-81 Drilling in Yates formation at a total depth of 2860'. Progress previous 24 hours was 540'. Mud properties are: MW= 10.1, Vis= 33, WL= 9.6, Ph= 8. Deviation survey was 1 1/4° at 2641'. Daily time breakdown: 22 1/2 hours drilling, 1 hour rig repair, 1/2 hour TOTCO.

10-02-81 Drilling in Seven Rivers formation at a total depth of 3170'. Progress previous 24 hours was 310'. Mud properties are: MW= 10.1, Vis= 33, WL= 8.8, Ph= 8. Deviation survey was 1 1/4° at 3107'. Daily time breakdown: 23 1/2 hours drilling, 1/2 hour TOTCO.

10-03-81 Presently circulating well prior to logging at a total depth of 3350'. Progress previous 24 hours was 180'. Mud properties are: MW= 10.1, Vis= 33, WL= 8.8. Deviation survey was 1 1/4° at 3350'. Daily time breakdown: 21 3/4 hours drilling, 2 1/4 hours circulating and running TOTCO.

10-04-81 Finished circulating well and pulled drill string. Rigged up Welex and logged well with CDL-DSN-GR log and Forxo-Guard log. Found the following log tops:

Rustler	1180	+2080	(107)
Salado Salt	1287	+1977	(1443)
Tansil	2730	+ 534	(160)
Yates	2890	+ 374	(272)
Seven Rivers	3162	+ 112	(188)
Total Depth	3350	- 86	---

Went into hole with drill string and conditioned hole. Pulled and laid down drill string. Ran 81 joints (924' of 23 lb/ft and 2431' of 26 lb/ft) 7" OD, J-55, ST&C casing equipped with a float shoe on bottom and landed at 3350 RKB. Cemented casing with 300 sx of API Class-C cement containing 3% Halliburton Econolite and 1/4 lb/sx floseal followed by 200 sx of a 50-50 blend of API Class-C cement and Pozmix "A" containing 18% salt, 1/4 lb/sx floseal, and 5 lb/sx gilsonite. Plug down at 4:30 a.m. CDT 10-4-81. Circulated 139 sx of

excess cement to pit. Daily time breakdown: 1/2 hour circulating, 6 1/2 hours trip and laying down drill string, 7 1/2 hours logging, 7 hours running and cementing casing, 2 1/2 hours rigging down.

10-05-81 Waiting on completion unit. Propose perforating well with a total of 17 shots with one shot each at: 2993, 3013, 3023, 3067, 3103, 3106, 3113, 3116, 3129, 3133, 3137, 3141, 3145, 3149, 3158, 3199, 3202.

10-06-81 Waiting on completion unit.

Doyle Hartman
Shell State No. 5
1800 FSL & 1650 FEL (J),
Section 13, T-23-S, R-36-E
Lea County, New Mexico
Proposed TD: 3450
Jalmat (Gas) well
Elevation: 3367 GL
Drilling Contractor: Kenai

10-05-81 Finished building location. Now moving in rotary rig.

10-06-81 Presently WOC at a total depth of 435'. Spudded well at 4:30 p.m. CDT 10-5-81. Drilled 12 1/4" hole to a total depth of 435'. Deviation survey was 1/4° at 435'. Circulated hole 2 hours and pulled drill string. Ran 10 joints 9 5/8", 40 lb/ft, Grade-B, ST&C casing and landed at 432' RKB. Cemented casing with 225 sx API Class C cement containing 2% $CaCl_2$. Plug down at 5:30 a.m. CDT 10-6-81. Circulated a total of 70 sx of excess cement to pit.

CAMPBELL, BYRD & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87501
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

September 16, 1981

Case 7368

Mr. Joe D. Ramey
Division Director
Oil Conservation Division
New Mexico Department of
Energy and Minerals
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Doyle Hartman for an Unorthodox Gas Well Location, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on October 7, 1981.

Very truly yours,

William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman
Mr. William P. Aycock

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE 7368

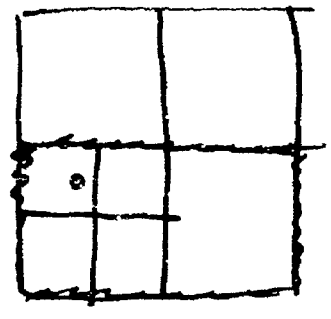
APPLICATION

Comes Now DOYLE HARTMAN, by and through his undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox gas well location and in support thereof, would show the Division:

1. Applicant is the operator of the Jalmat formation underlying the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and proposes to drill his Late Thomas Well No. 2 at a point 1980 feet from the South line and 990 feet from the West line of said Section 17.

2. Applicant seeks an exception to the well location requirements prescribed by the general rules and regulations for southeastern New Mexico (Oil Conservation Commission Order No. R-1670, as amended) to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Jalmat Gas Pool.

3. That the applicant appeared in Oil Conservation Division Case 7339, which was heard before Examiner Stamets on August 26, 1981, seeking an order pooling the



S/2 of said Section 17 and approving the simultaneous dedication of the Jalmat wells located thereon, including the subject Late Thomas Well No. 2.

4. That approval of this application will afford applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool and will otherwise be in the best interests of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, applicant requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 7, 1981, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location of the Late Thomas Well No. 2 and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By William F. Carr

William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE 7368

APPLICATION

Comes Now DOYLE HARTMAN, by and through his undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox gas well location and in support thereof, would show the Division:

1. Applicant is the operator of the Jalmat formation underlying the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and proposes to drill his Late Thomas Well No. 2 at a point 1980 feet from the South line and 990 feet from the West line of said Section 17.

2. Applicant seeks an exception to the well location requirements prescribed by the general rules and regulations for southeastern New Mexico (Oil Conservation Commission Order No. R-1670, as amended) to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Jalmat Gas Pool.

3. That the applicant appeared in Oil Conservation Division Case 7339, which was heard before Examiner Stamets on August 26, 1981, seeking an order pooling the

S/2 of said Section 17 and approving the simultaneous dedication of the Jalmat wells located thereon, including the subject Late Thomas Well No. 2.

4. That approval of this application will afford applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool and will otherwise be in the best interests of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, applicant requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 7, 1981, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location of the Late Thomas Well No. 2 and providing such other and further relief as is proper in the premises.

Respectfully submitted,

CAMPBELL, BYRD & BLACK, P.A.

By _____
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF DOYLE HARTMAN FOR AN UNORTHODOX GAS WELL LOCATION, LEA COUNTY, NEW MEXICO.

CASE 7368

APPLICATION

Comes Now DOYLE HARTMAN, by and through his undersigned attorneys, and hereby makes application to the Oil Conservation Division for an unorthodox gas well location and in support thereof, would show the Division:

1. Applicant is the operator of the Jalmat formation underlying the S/2 of Section 17, Township 24 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and proposes to drill his Late Thomas Well No. 2 at a point 1980 feet from the South line and 990 feet from the West line of said Section 17.

2. Applicant seeks an exception to the well location requirements prescribed by the general rules and regulations for southeastern New Mexico (Oil Conservation Commission Order No. R-1670, as amended) to permit the drilling of the well at the above-mentioned unorthodox location to a depth sufficient to adequately test the Jalmat Gas Pool.

3. That the applicant appeared in Oil Conservation Division Case 7339, which was heard before Examiner Stamets on August 26, 1981, seeking an order pooling the

S/2 of said Section 17 and approving the simultaneous dedication of the Jalmat wells located thereon, including the subject Late Thomas Well No. 2.

4. That approval of this application will afford applicant the opportunity to produce his just and equitable share of the gas in the Jalmat Gas Pool and will otherwise be in the best interests of conservation, the protection of correlative rights and the prevention of waste.

WHEREFORE, applicant requests that this matter be set for hearing before a duly appointed examiner of the Oil Conservation Division on October 7, 1981, that notice be given as required by law and the rules of the Division, and that the Division enter its order approving the unorthodox location of the Late Thomas Well No. 2 and providing such other and further relief as is proper in the premises.

Respectfully submitted,
CAMPBELL, BYRD & BLACK, P.A.

By William F. Carr
William F. Carr
Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7368

ORDER NO. R- 6807

APPLICATION OF DOYLE HARTMAN

FOR AN UNORTHODOX GAS WELL LOCATION,

LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 7, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Doyle Hartman, seeks approval of an unorthodox gas well location 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East, NMPM, to test the Yates and Upper Seven Rivers formations, Jalmat Gas Pool, Lea County, New Mexico.

(3) That the S/2 of said Section 17 is to be dedicated to the well.

(4) That a well at said unorthodox location will better enable applicant to produce the gas underlying the proration unit.

(5) That ~~no offset operator objected to the proposed unorthodox location~~ the lessee of the deep rights under the NW/4 SW/4 of said Section 17 objected to the aforesaid unorthodox location on grounds that it would endanger his Langlie Mattix well located on the same 40-acre tract.

(7) That approval of the subject application will afford the applicant the opportunity to produce its just and equitable share of the gas in the subject pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Doyle Hartman for an unorthodox gas well location for the Yates and Seven Rivers formation is hereby approved for a well to be located at a point 1980 feet from the South line and 990 feet from the West line of Section 17, Township 24 South, Range 37 East NMPM, Jalmat Gas Pool, Lea County, New Mexico.

(2) That the S/2 of said Section 17 shall be dedicated to the above-described well.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

(6) That the proposed well is located some 330 feet or more distant from said Ramsey Keating well and should pose no threat to same.