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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
IN THE MATTER OF THE HEARING)
CALLED BY THE OIL CONSERVATION)
DIVISION FOR THE PURPOSE OF)
CONSIDERING:) CASE NO. 10707
APPLICATION OF AMOCO PRODUCTION
COMPANY

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

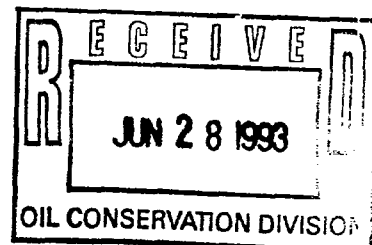
BEFORE: Michael E. Stogner, Hearing Examiner

June 3, 1993

Santa Fe, New Mexico

This matter came on for hearing before the
Oil Conservation Division on June 3, 1993, at the Oil
Conservation Division Conference Room, State Land
Office Building, 310 Old Santa Fe Trail, Santa Fe, New
Mexico, before Lisa Danner-Suggs, Certified Court
Reporter No. 257, for the State of New Mexico.

ORIGINAL



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I N D E X

June 3, 1993
Examiner Hearing
CASE NO. 10707

APPEARANCES PAGE 3

AMOCO'S WITNESS:

J.W."BILL" HAWKINS
Examination by Mr. Carr 5

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E X H I B I T S

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Exhibit 2A. Affidavit/Notification	7	11

A P P E A R A N C E S

FOR THE APPLICANT: CAMPBELL, CARR, BERGE, & SHERIDAN. P.
Post Office Box 2208
Jefferson Place
Santa Fe, New Mexico 87504-2208
BY: WILLIAM F. CARR, ESQ.

CUMBRE COURT REPORTING

P.O. BOX 9262

SANTA FE, NEW MEXICO 87504-9262

(505) 984-2244

1 EXAMINER STOGNER: I'll call next case,
2 number 10707, which is a reopened case for the
3 application of Amoco Production Company for a carbon
4 dioxide injection pilot project and an exception to
5 Rule 4 of order number R-8768-A, that being the special
6 pool rules for the Basin-Fruitland Gas Pool in San Juan
7 County, New Mexico. At this time, I'll call for
8 appearances.

9 MR. CARR: May it please the Examiner, my
10 name is William F. Carr with the Santa Fe law firm
11 Campbell, Carr, Berge and Sheridan. I represent Amoco
12 Production Company. And I have one witness.

13 EXAMINER STOGNER: Are there any other
14 appearances in this matter? Will the witness please
15 stand to be sworn. (witness sworn)

16 MR. CARR: May it please the Examiner, the
17 purpose of reopening this case is to reorient the
18 project area. And I will call Bill Hawkins, who was
19 the engineering witness in the original hearing which
20 was held on April the 8th, to explain to you the reason
21 we are requesting this change in the project area.

22 J.W."BILL" HAWKINS,
23 the witness herein, after having first been duly sworn
24 upon his oath, was examined and testified as follows:
25

EXAMINATION

BY MR. CARR:

Q. Could you state your name for the record, please?

A. James William Hawkins.

Q. Where do you reside?

A. Denver, Colorado.

Q. Mr. Hawkins, you were the engineering witness that testified on April the 8th when this case was originally called?

A. Yes.

Q. At that time your credentials as a petroleum engineer were accepted and made a matter of record?

A. Yes.

Q. Are you the engineer responsible for this project?

A. Yes.

Q. Are you familiar with the application?

A. Yes.

Q. Are you familiar with the reason we have requested that the case be reopened?

A. Yes.

MR. CARR: Are the witness's qualifications acceptable?

EXAMINER STOGNER: They are.

1 Q. (BY MR. CARR) Mr. Hawkins, could you
2 briefly explain to Mr. Stogner why we have come back to
3 the Division to request a reopening of this case?

4 A. Yes. When we first made the application for
5 this C02 injection project, we mistakenly identified
6 the spacing units in section 23 of township 30 north
7 range 9 west to be east-half/west-half spacing units.
8 And we therefore, when we selected the site for our C02
9 injection project we identified the project area to be
10 the same as what we thought the spacing unit was which
11 was the west half of section 23.

12 Subsequent to the hearing, it's come to our
13 attention that the spacing units in this section
14 actually are north-half/south-half spacing units. And
15 in order to keep our project area consistent with the
16 spacing unit, we have asked that the project area be
17 redefined as the north half of section 23.

18 Q. And Mr. Hawkins, the pilot project is
19 actually going to be conducted in the northwest quarter
20 of section 23; is it not?

21 A. That's correct.

22 Q. By changing the project area to conform to
23 the spacing units, that is changing it from a west half
24 to a north half, will that change have any impact
25 whatsoever on the testimony that was presented in

1 support of the application on April the 8th?

2 A. No, it will not.

3 Q. Let's go to what has been marked as Amoco
4 Exhibit 1A. And I'd ask you to identify this and
5 review it for Mr. Stogner.

6 A. Exhibit 1A is a land plat. It's a nine
7 section area centered around section 23. And we've
8 shown on this the operators or working interest owners
9 that are involved or at least within a mile radius of
10 this section. And all of these parties were notified
11 of our original case. It also shows the orientation of
12 the spacing units in each of these sections. And it
13 also shows the proposed injection location of the
14 proposed injection well in the northwest quarter of
15 section 23.

16 Q. And this is, in effect, the original exhibit
17 that was offered on April the 8th with the one change
18 being the orientation of the spacing?

19 A. That's correct. This is an identical
20 exhibit which is the one exception that the spacing
21 units in section 23 are now shown as a
22 north-half/south-half.

23 Q. Now would you identify for Mr. Stogner what
24 has been marked as Amoco Exhibit 2A?

25 A. Yes. Exhibit 2A is an affidavit

1 notification to these parties that were listed on
2 Exhibit 1A. And there's also -- there's shown on
3 Exhibit A, the second page of that exhibit. And in
4 addition to that, there is a copy of the actual notice
5 for this rehearing, or reopening of the hearing, I
6 suppose is more proper. And in addition to that, there
7 are copies of the certified green return receipt cards
8 for each of those parties.

9 Q. So each of the interest owners -- although
10 they were the same interest owners that were notified
11 before, each of them has been advised that we are now
12 changing the project area from the west half to a north
13 half?

14 A. Yes.

15 Q. The third exhibit in the material that we've
16 presented today is what was offered at the original
17 hearing as Amoco Exhibit Number 4. Could you refer to
18 this and then just briefly summarize for Mr. Stogner,
19 since he was not the Examiner on the 8th of April,
20 summarize for him what Amoco is attempting to do with
21 this project?

22 A. Yes. Exhibit 4 shows all of the wells that
23 are located within roughly half a mile of our proposed
24 CO2 injection project. You can see the proposed
25 injection well is designated by a triangle in the

1 northwest quarter. It's the Florance S 7A Well. We
2 propose to have a monitor producing well located some
3 850 feet away from that. That is shown with a black
4 dot with a circle around it. It's the Florance D 2.
5 It's also located in the northwest quarter of that same
6 section 23.

7 The other information on this exhibit shows
8 the current Fruitland Coal producers, shown by a black
9 dot. And I can identify those for you. In section 23,
10 they are, in the northeast, the Florance S 4, and in
11 the southwest, the Florance U 3. If we move to the --
12 to section 14, to the north, in the southwest quarter
13 of section 14 is the Florance R 4. And if we move to
14 the west in section 22, in the northeast quarter of
15 that section is the Florance K 3 Well.

16 Each of those wells will be monitored for
17 any occurrence of increased CO2 that might occur as a
18 result of our injection project. Our plans are to
19 inject a gas that's currently composed of about 80
20 percent CO2, 20 percent methane into the Florance S 7A
21 Well. That gas is sourced from the Williams Field
22 Service Membrane Unit. It's located in the northeast
23 quarter of section 27. It will be compressed at that
24 site up to 2,000 pounds and transported by pipeline to
25 the Florance 7A site. We will be monitoring for

1 production and pressure response in the offset monitor
2 well Florance D 2. And we will, as I said, look for
3 any potential occurrence of C02 and any offset
4 producers.

5 Q. Now, Mr. Hawkins, this is the first C02
6 pilot project or enhanced gas recovery; is it not?

7 A. That's correct.

8 Q. What sort of increase in recoveries are you
9 hoping to see?

10 A. Well, under conventional pressure depletion,
11 recoveries generally are in the range of 50 to 60
12 percent, depending on what your abandonment pressure
13 might be and the original pressure conditions in the
14 resevoir.

15 Through our laboratory work, we've seen
16 recoveries by C02 injection of up to 80 to 90 percent
17 recovery. And I think that could probably be increased
18 depending on the amount of time and C02 you inject
19 through the samples. So we are hoping that we can
20 implement something in the field that will approach the
21 type of success we've seen in the laboratory.

22 Q. The injection and the initial monitoring
23 that you anticipate doing will be between the Florance
24 S 7A and the Florance D 2; is that correct?

25 A. That's correct.

1 Q. So basically, although you've got other
2 monitor wells indicated on Exhibit 4, the pilot project
3 really focuses in the northwest quarter of this
4 section?

5 A. That's correct.

6 Q. Will reorienting the project area from a
7 west half to a north half have any effect on the actual
8 operation of the pilot project?

9 A. No, it will not.

10 Q. It will just honor the existing spacing
11 units in section 23?

12 A. That's correct.

13 Q. Were Exhibits 1A and 2A either prepared by
14 you or compiled under your supervision?

15 A. Yes.

16 MR. CARR: At this time, Mr. Stogner, we
17 would move the admission of Amoco Exhibits 1A and 2A.

18 EXAMINER STOGNER: Exhibits 1A and 2A will
19 be admitted into evidence.

20 MR. CARR: That concludes my examination of
21 Mr. Hawkins. He is available to answer any questions
22 that you may have about this pilot project. That
23 concludes my direct examination of this witness.

24 EXAMINER STOGNER: I trust, Mr. Carr, that
25 when this application was originally heard on April

1 8th, all the technical presentation was done at that
2 time?

3 MR. CARR: Yes, sir it was.

4 EXAMINER STOGNER: I really have no
5 questions at this point. I will provide Mr. Catanach a
6 verbal and maybe written response on today's
7 proceedings which I have heard. And more than likely,
8 he will be the one assigned to make the recommendation
9 to Mr. Lemay.

10 MR. CARR: Mr. Stogner, there's one other
11 matter. As we are both aware, the Farmington newspaper
12 failed to run the entire legal advertisement for
13 today's hearing. It therefore has to be again
14 advertised and it cannot be advertised for hearing
15 until the July 1 hearing.

16 So in view of that, we would request that
17 the case be on the record made on the 8th of April and
18 now today on June the 3rd, that the case be continued
19 to July the 1st. And then on those two records it be
20 taken under advisement at that time.

21 EXAMINER STOGNER: And so it shall, Mr.
22 Carr. With that, this case will be continued and
23 readvertised for July 1st, 1993 solely for the purpose
24 of the readvertisement. And I have no questions of Mr.
25 Hawkins. You may be excused.

1 MR. CARR: We have nothing further.

2 EXAMINER STOGNER: That concludes the matter
3 in case 10707. And with that, hearing adjourned.

4 (The foregoing hearing was
5 adjourned at the hour of 11:00 a.m.)
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17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing of Case No. 10707,
heard by me on 3 June 1993.

20 Michael E. Stogner, Examiner
21 Oil Conservation Division
22
23
24
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1 CERTIFICATE OF REPORTER

2
3 STATE OF NEW MEXICO)


4) ss.

5 COUNTY OF SANTA FE)

6 I, Lisa Danner-Suggs, Certified Court
7 Reporter and Notary Public, HEREBY CERTIFY that I
8 caused my notes to be transcribed under my personal
9 supervision, and that the foregoing transcript is a
10 true and accurate record of the proceedings of said
11 hearing.

12 I FURTHER CERTIFY that I am not a relative
13 or employee of any of the parties or attorneys involved
14 in this matter and that I have no personal interest in
15 the final disposition of this matter.

16 WITNESS MY HAND AND SEAL, June 14, 1993.

17
18
19 
20 LISA DANNER-SUGGS
CCR No. 257