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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASE 10,825

EXAMINER HEARING

IN THE MATTER OF:

In the matter of the hearing called by the Oil
Conservation Division on its own motion for an
order creating and extending certain pools in
Chaves and Eddy Counties, New Mexico

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

September 9, 1993

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
 Attorney at Law
 Legal Counsel to the Division
 State Land Office Building
 Santa Fe, New Mexico 87504

FOR KERR-McGEE CORPORATION:

KAREN AUBREY
 Attorney at Law
 236 Montezuma
 Santa Fe, New Mexico 87501

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E X H I B I T S

DIVISION EXHIBIT:

Exhibit 1	4
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1 WHEREUPON, the following proceedings were had
2 at 3:44 p.m.:

3 EXAMINER CATANACH: Call the hearing back to
4 order, and at this time I'll Case 10,825, In the matter
5 of the hearing called by the Oil Conservation Division
6 on its own motion for an order creating and extending
7 certain pools in Chaves and Eddy Counties, New Mexico.

8 Appearances in this case?

9 MR. STOVALL: Robert G. Stovall of Santa Fe,
10 and I have one witness who says he's going to tell as
11 close to the truth as he understands how.

12 EXAMINER CATANACH: Additional appearances?

13 MS. AUBREY: Karen Aubrey, Santa Fe,
14 representing Kerr McGee Corporation.

15 I have no witnesses.

16 EXAMINER CATANACH: Okay.

17 (Thereupon, the witness was sworn.)

18 EXAMINER CATANACH: Okay, you may proceed.

19 MICHAEL E. STOGNER,

20 the witness herein, after having been first duly sworn
21 upon his oath, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. STOVALL:

24 Q. Please state your name and place of
25 residence.

1 A. I'm Michael E. Stogner, petroleum engineer,
2 New Mexico Oil Conservation Commission, in Santa Fe,
3 New Mexico. I reside in Estancia, New Mexico.

4 Q. And Mr. Stogner, have you previously
5 testified before the Division or Commission and had
6 your qualifications as a petroleum engineer accepted as
7 a matter of record?

8 A. I have.

9 Q. And Mr. Stogner, this is the nomenclature
10 case for Chaves and Eddy Counties.

11 Are you prepared to make recommendations with
12 respect to the creation and extension of certain pools
13 in Chaves and Eddy Counties?

14 A. I am.

15 Q. And how are those recommendations
16 denominated, or how are they about to be denominated?

17 A. As Exhibit 1.

18 Q. And have you had the opportunity to compare
19 Exhibit 1 and the docket that has been prepared for
20 today's hearing to determine if there are any
21 differences between them?

22 A. I have.

23 Q. Are there?

24 A. Yes, there is a difference in subparagraph
25 (1), as in "lemon", of the extension of the Indian

1 Basin-Upper Pennsylvanian Associated Pool in Eddy
2 County, New Mexico.

3 Call your attention down to Township 21
4 South, Range 24 East where it says Section 24 on the
5 docket. That should in fact be Section 34. It was a
6 typo in the docket only.

7 It will not be necessary to readvertise.

8 Q. Are there any other differences between the
9 two?

10 A. No, there are not.

11 Q. Is it your recommendation that the Division
12 adopt this nomenclature order as recommended by Exhibit
13 A or Exhibit 1?

14 A. Yes, it is.

15 Q. And was this prepared in the ordinary course
16 of business of the Oil Conservation Division?

17 A. Yes, it was.

18 Q. And you have reviewed it to determine its
19 accuracy?

20 A. I have.

21 MR. STOVALL: I move the admission of Exhibit
22 1 and pass the witness.

23 EXAMINER CATANACH: Exhibit 1 will be
24 admitted as evidence.

25 Any questions of this witness?

1 MS. AUBREY: Yes.

2 Mr. Stogner -- May I question the witness
3 from here?

4 EXAMINER CATANACH: Yes, you may.

5 MR. STOVALL: I have no objections. You've
6 been waiting a long time for this.

7 MS. AUBREY: I know, a long time for this.

8 EXAMINATION

9 BY MS. AUBREY:

10 Q. Mr. Stogner, is there a discovery well in --
11 I'm referring to subparagraph (k), the Indian Basin-
12 Morrow Gas Pool.

13 A. May I refer to my notes, Ms. Aubrey, and --

14 EXAMINER CATANACH: Certainly.

15 THE WITNESS: Okay, subparagraph (k), that is
16 the extension of the Indian Basin-Morrow Gas Pool. Is
17 that what you're referring to?

18 MS. AUBREY: That's correct.

19 THE WITNESS: Now, the discovery well, as
20 you're alluding to, is the terminology in which we use
21 when a pool is first discovered or first created. We
22 have that on record, but I don't have that in front of
23 me of what that discovery well is.

24 Q. (By Ms. Aubrey) And what is the reason that
25 the Division is proposing the extension of the pool?

1 A. The extension is, at this time, is due to --
2 and I'm referring to Exhibit Number 1 -- is the purpose
3 of one completed gas well which is capable of producing
4 from the Yates Petroleum Corporation Lowe Staple AMR
5 Federal Well Number 1 in Unit K of Section 22, which
6 was completed on June 24th of 1993 in the Morrow
7 formation.

8 Our district geologist, Mark Ashley, reviewed
9 this and placed it in this particular pool, since it
10 was within a mile of the pool boundary.

11 Now, we'll call attention, that pool is
12 spaced on 640 acres. But in that township and range,
13 the boundary with Section 16 and Section 22 was offset
14 by one corner, so as our normal practice, when an
15 offset like that occurs we will bring a portion of a
16 section in to make it contiguous.

17 So I will call that attention to you.

18 Q. So is that the reason for the inclusion of
19 only the south half of Section 15?

20 A. Yes, it is. In this particular case, yes,
21 ma'am.

22 MS. AUBREY: That's all I have. Thank you.

23 FURTHER EXAMINATION

24 BY MR. STOVALL:

25 Q. Mr. Stogner, if a well were to be drilled in

1 Section 15, they could still dedicate a full section;
2 it would be subject to the rules for the pool, right?

3 A. Yes, it is.

4 Q. And then the extension could be made at that
5 time --

6 A. Yes.

7 Q. -- to include the north half?

8 A. And that would be the normal procedure, yes.

9 EXAMINER CATANACH: Okay, Mr. Stogner.

10 Anything else of this witness?

11 There being nothing, you may be excused.

12 Anything further in this case?

13 There being nothing, Case 10,825 will be
14 taken under advisement, and this hearing stands
15 adjourned.

16 (Thereupon, these proceedings were concluded
17 at 3:49 p.m.)

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CERTIFICATE OF REPORTER

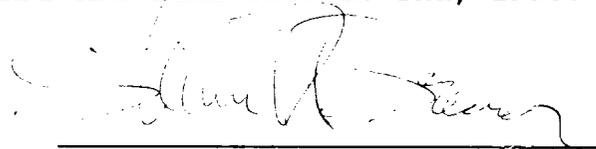
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STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

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

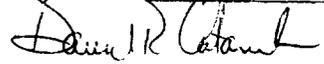
WITNESS MY HAND AND SEAL October 2nd, 1993.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10025, heard by me on September 9 1993.


_____, Examiner
Oil Conservation Division