

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BUILDING  
5 SANTA FE, NEW MEXICO

6 20 September 1989

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Doyle Hartman for a non- CASE  
10 standard gas proration unit and an un- 9766  
11 orthodox gas well location, Lea County,  
12 New Mexico.

13 BEFORE: David R. Catanach, Examiner

14 TRANSCRIPT OF HEARING

15 A P P E A R A N C E S

16 For the Division: Robert G. Stovall  
17 Attorney at Law  
18 Legal Counsel to the Division  
19 State Land Office Building  
20 Santa Fe, New Mexico

21 For Doyle Hartman: Joanne Reuter  
22 Attorney at Law  
23 GALLEGOS LAW FIRM  
24 141 East Palace Avenue  
25 Santa Fe, New Mexico 87501

For Marathon Oil Company: W. Thomas Kellahin  
Attorney at Law  
KELLAHIN, KELLAHIN & AUBREY  
P. O. Box 2265  
Santa Fe, New Mexico 87504  
and  
Lawrence D. Garcia  
Attorney at Law  
MARATHON OIL COMPANY  
P. O. Box 3128  
Houston, Texas 77253

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## I N D E X

## DANIEL S. NUTTER

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1 MR. CATANACH: At this time we  
2 will call Case 9766.

3 Application of Doyle Hartman  
4 for a nonstandard gas proration unit and an unorthodox gas  
5 well location in Lea County, New Mexico.

6 Are there appearances in this  
7 case?

8 MS. REUTER: I am Joanne  
9 Reuter from the Gallegos Law Firm and I'm appearing on be-  
10 half of Doyle Hartman and I have one witness on his be-  
11 half, Mr. Dan Nutter.

12 MR. CATANACH: Any other ap-  
13 pearances?

14 MR. KELLAHIN: Mr. Examiner,  
15 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,  
16 Kellahin & Aubrey, appearing on behalf of Marathon Oil  
17 Company.

18 MR. CATANACH: Any other ap-  
19 pearances?

20 MR. KELLAHIN: I'm sorry, I'm  
21 fatigued, I guess. I'm appearing in association with Mr.  
22 Larry Garcia, who is an attorney and house counsel for the  
23 Marathon Oil Company, and will you please note his appear-  
24 ance.

25 We have no witnesses to pre-

1 sent, Mr. Examiner.

2 MR. CATANACH: Okay. Will  
3 the witness please stand to be sworn in?

4  
5 (Witness sworn.)

6  
7 MR. CATANACH: You may pro-  
8 ceed.

9  
10 DANIEL S. NUTTER,  
11 being called as a witness and being duly sworn upon his  
12 oath, testified as follows, to-wit:

13  
14 DIRECT EXAMINATION

15 BY MS. REUTER:

16 Q Could you please state your name and  
17 address for the record.

18 A My name is Dan Nutter. I live in Santa  
19 Fe, New Mexico.

20 Q And could you state what your occupation  
21 is?

22 A I'm a consulting petroleum engineer.

23 Q Have you previously testified before the  
24 Oil Conservation Division as a petroleum engineer?

25 A Yes, I have.

1           Q           Have you testified on prorationing and  
2 petroleum engineering issues?

3           A           Yes, I have?

4           Q           Have you been qualified as an expert be-  
5 fore the OCD on prorationing and petroleum engineering  
6 issues?

7           A           I have.

8           Q           Have you examined and studied the appli-  
9 cation of Doyle Hartman in this case and the facts and cir-  
10 cumstances surrounding that application?

11          A           I have.

12                       MS. REUTER:    Mr. Examiner, I  
13 tender Mr. Nutter's testimony as that of an expert petro-  
14 leum engineer on prorationing and petroleum engineering  
15 issues.

16                       MR. CATANACH:  He is so qual-  
17 ified.

18          Q           Mr. Nutter, turning your attention to  
19 Exhibit One, could you please describe for us what is con-  
20 tained in that exhibit?

21          A           Exhibit One in Case Number 9766 is a  
22 packet of correspondence pertaining to the application of  
23 Doyle Hartman for the unorthodox location of his A. L.  
24 Christmas Well No. 1 and the assignment of a 140-acre non-  
25 standard gas proration unit to that well.

1                   The well would be located 990 feet from  
2 the north line and 460 feet from the west line of Section  
3 18, Township 22 South, Range 37 East, Lea -- Eumont Gas  
4 Pool, Lea County, New Mexico. The acreage to be dedicated  
5 to the well would be the 140-acre -- 48 acre nonstandard  
6 proration unit, comprising Lots 1, 2, 3 and 4 on the west  
7 boundary, the west side of Section 18 of Township 22 South,  
8 Range 37 East.

9                   In this packet is the original applica-  
10 tion for the well which Doyle Hartman requested administra-  
11 tive approval for on July the 27th, 1989. Also attached  
12 are the return receipts from all offset operators, acknow-  
13 ledging that they had received a copy of the application  
14 through Mr. Hartman.

15                   Upon objection being received from Mara-  
16 thon Oil Company, this matter was set for hearing.

17                   Q           Mr. Nutter, you have stated both that  
18 Mr. Hartman is seeking a 140-acre and a 148-acre proration  
19 unit. Could you clarify for the record which exactly the  
20 -- what exactly the acreage of the unit would be?

21                   A           I stand corrected. The total acreage  
22 contained in Lots 1, 2, 3 and 4 of Section 18, is 148  
23 acres.

24                   Q           Turning now to Exhibit Two, could you  
25 please tell me what that exhibit shows?

1           A           Exhibit Two is a plat showing the pro-  
2 posed proration unit outlined in yellow. Colored in  
3 various colors are the offsetting proration units in the  
4 Eumont Gas Pool.

5                   Also attached to the plat is a listing  
6 identifying by color and by the tract number which is indi-  
7 cated on the plat, the operator of that particular tract,  
8 the name of the well which is dedicated to the tract,  
9 whether it is a producing or nonproducing gas well, the  
10 location of the plat, a description of it, and the number  
11 of acres that are contained in the proration unit.

12                   Also shown is the proposed Eumont Gas  
13 infill well, the A. L. Christmas No. 1, as well as the  
14 original Eumont Gas producer which is located on the same  
15 148-acre tract being the Gulf A. L. Christmas C Well No. 5,  
16 which is located 2310 from the south line and 330 feet from  
17 the west line of Section 18. This produced -- this well  
18 produced from the Eumont Gas Pool for a number of years and  
19 upon declining production was finally plugged and abandoned  
20 by Gulf.

21           Q           Mr. Nutter, could you tell us when that  
22 well was plugged and abandoned?

23           A           That well was plugged, I believe it was  
24 in 1976.

25           Q           And what exactly was the location of

1 that well?

2 A 2310 from the south line and 330 feet  
3 from the west line.

4 Q I believe the record in this case also  
5 reflects that Marathon had -- did not oppose the applica-  
6 tion but rather requested that an allowable penalty be  
7 imposed upon Mr. Hartman's proposed well and I understand  
8 that Marathon has some offsetting wells. Would those be  
9 shown on this plat?

10 A Yes, they are shown.

11 Q Could you tell me where those are?

12 A I might also mention that when Gulf  
13 applied for the nonstandard proration unit for their  
14 Christmas Well No. 5, a copy of the application for admin-  
15 istrative approval for that well, being 330 feet from the  
16 boundary, was sent to Marathon, or to Ohio Oil Company, the  
17 predecessor to Marathon Oil Company. No objection was re-  
18 ceived from Marathon or Ohio at that time.

19 Now, Hartman is proposing a well which  
20 is 460 feet from the west line of the section and we did  
21 get an objection.

22 I might point out, also, that in Tract  
23 8, which is outlined in blue in Section 13 of Township 22  
24 South, Range 36 East, that Marathon has their McDonald  
25 State ACC Well No. 11, located 330 feet from the north line

1 and 330 feet from the east line. This is also a Eumont  
2 well. The plat is in error here. It depicts it as being a  
3 Eumont oil well with a casinghead gas allowable; however,  
4 that well has been reclassified. It is a Eumont gas well  
5 with a gas well allowable, and has 160 acres dedicated.

6 There is also another well which has a  
7 480-acre plat, tract, dedicated to it, that being Mara-  
8 thon's McDonald No. 26, which is located in Unit J of Sec-  
9 tion 13, 22, 36, and that is a Eumont Oil Well at the pre-  
10 sent time.

11 Q Mr. Nutter, do you know whether Marathon  
12 is still objecting or asking for a penalty to be placed on  
13 the allowable that would be given to Mr. Hartman's A. L.  
14 Christman Well?

15 A It is my understanding -- it is my un-  
16 derstanding that Marathon is withdrawing their objection to  
17 the application of Hartman for this 148-acre unit and the  
18 nonstandard location, and for that reason we're not pre-  
19 senting our entire case that we had planned on at this  
20 time.

21 Q Can you also tell me whether any of  
22 these offsetting proration units are standard?

23 A There are no standard proration units in  
24 this area?

25 Q Could you tell us for the record what a

1 standard proration unit --

2 A A standard --

3 Q -- in the Eumont is?

4 A A standard proration in the Eumont Gas  
5 Pool is 640 acres. At one time the Well No. 26 of Mara-  
6 thon's in Section 13 did have the entire 640 acres dedi-  
7 cated to it. Then when they completed their Well No. 11,  
8 they carved 160 acres and dedicated it to the Well No. 11,  
9 and left 480 acres dedicated to the No. 26. No. 26 is now  
10 a Eumont oil well, having been reclassified from gas to  
11 oil, and theoretically, that 480-acre unit is nonexistent  
12 at the present time and there would only be 40 acres dedi-  
13 cated to the No. 26 as an oil well.

14 Q How many acres receive an acreage factor  
15 of 1 in the Eumont?

16 A A full sized unit of 640 receives an  
17 acreage factor of 4. A 160-acre nonstandard unit receives  
18 an acreage factor of 1, and we would expect an acreage  
19 factor for this well to be in proportion to 148 acres over  
20 160 acres times 1 to be the acreage dedication, or acreage  
21 allowable factor.

22 Q Do you know offhand what that factor  
23 would be?

24 A No, I don't. I think it's .98, I  
25 believe; something like that.

1           Q           Do you know whether it's in Mr. Hart-  
2 man's application?

3           A           I believe it is contained in one of  
4 those letters that are in Exhibit Number One.

5           Q           Thank you. Turning to Exhibit Three,  
6 could you tell us what that exhibit is?

7           A           That acreage factor would be .93, I  
8 stand corrected.

9           Q           Oh, thank you, Mr. Nutter. Now turning  
10 to Exhibit Number Three, could you tell us -- describe for  
11 us what that exhibit shows?

12          A           Exhibit Three is a plat of the area.  
13 Outlined in orange is the proposed nonstandard proration  
14 unit and also shown are all of the wells within two loca-  
15 tions away of the proposed proration unit and in color code  
16 identifying the formations from which those wells are pro-  
17 ducing.

18                   The light blue is the Eumont Pool wells  
19 and you will notice that there are Eumont wells to the  
20 north, south, east and west of the proposed location.

21          Q           Mr. Nutter, what does the location of  
22 those Eumont wells tell you as a petroleum engineer about  
23 any possibility of Mr. Hartman obtaining an unfair geolo-  
24 gical advantage in drilling his proposed well?

25          A           Well, it shows that the Eumont zone is

1 present and productive in the entire area. I believe the  
2 next exhibit more precisely defines that.

3 Q Well, turning to the next exhibit, which  
4 is Exhibit Number Four, why don't you go ahead and describe  
5 what this exhibit demonstrates for us?

6 A Yes. Exhibit Four is a larger size  
7 plat. It identifies the proposed proration unit in yellow.  
8 It also shows the location of other wells which are on  
9 cross sections which we won't be presenting here today,  
10 A-A' and B-B'; however, if you will look at the contour --  
11 this is a structure map on top of the Penrose, which is the  
12 pay zone in the Queen formation, you will notice that at  
13 the very bottom of the proposed proration unit there's a  
14 heavy dark line that's marked plus or minus zero. This  
15 would be the C level elevation of a contour which encom-  
16 passes the entire west half of the west half of Section 18.  
17 This is a high in this area except for the little peak down  
18 in the southwest southwest of Section 18, and for a high up  
19 in Sections 12 and 7 to the north. There's a small peak up  
20 there also.

21 But we consider that anything that's  
22 inside this plus or minus zero to be definitely productive  
23 and outlined in pink is the approximate oil/gas contact.  
24 Anything above that structure should be productive of gas  
25 if it's completed properly, and that would be at the -100

1 foot level.

2 So we are well above that. We're 100  
3 feet above that within the proration unit.

4 So I think that this establishes that  
5 the likelihood of the entire 148-acre unit would be pro-  
6 ductive of gas from the Eumont Gas Pool.

7 Q Where -- which portion of the structure  
8 is Mr. Hartman's proposed well? Is it in the high portion  
9 or the low portion?

10 A It's in the high portion of the struc-  
11 ture, except for those two little peaks, the one in the  
12 southwest southwest of 18, which is a few feet higher than  
13 the plus or minus zero line, and then there's another  
14 little peak that crosses the section lines between Section  
15 12 and Section 7 to the north there.

16 Q By locating his proposed well to the  
17 west side of the center line of the proposed proration  
18 unit, is Mr. Hartman locating his well closer to the high  
19 side of the formation or to the lower side of the forma-  
20 tion?

21 A He is moving, probably, slightly to the  
22 west of the high there, because it comes up through a  
23 saddle, you'll notice, in the northwest northwest quarter  
24 section of Section 18. There's a little saddle there where  
25 this high narrows down and he's moving slightly to the west

1 of the center there; however, there are reasons why the  
2 well had to be moved to the west and we elaborate on that  
3 later.

4 Q It appears also on this map that other  
5 wells or people are trying to move further to the east  
6 rather than to the west in the structure, is that correct?

7 A Yes. You'll notice that almost all of  
8 the wells to the west there in Section 12 or in Section 22  
9 or Section 24 to the south, were all moved to 330/330  
10 locations in their respective 40-acre tracts. It's true of  
11 the first column of 40-acre tracts in Sections 12, 13 and  
12 24, and then as you move on to the next row of forties, the  
13 wells are still located as far east as they could be  
14 located. In the third the row of forties the wells are  
15 still located to the east. They were oil wells and all  
16 drilled 330 to the -- from the eastern boundary of their  
17 respective 40-acre tracts. And this is also true in the  
18 northwest northwest of Section 13. That No. 14 Well is  
19 located 330 feet from the eastern boundary of that 40-acre  
20 tract. So there's been a tendency to try to move all of  
21 the wells to the east, to get on that high that progresses  
22 up through Section 18 and into Sections 12 and 7.

23 Q So Mr. Hartman's proposed well then in  
24 moving westward would really give him somewhat of a geolo-  
25 gical disadvantage, if anything.



1 and elaborated a little bit in the second page of Exhibit  
2 Number Five. The red outline on the second page is a map  
3 of the 40-acre tract. Now you'll notice that there is a  
4 line running almost directly up and down through the middle  
5 of that 40-acre tract with some P's interposed in the line.  
6 That is a powerline which runs virtually north -- which  
7 runs north and south virtually right down the middle of the  
8 tract. It would make it impossible to drill a well near  
9 the center of the tract because of the danger of a rig  
10 standing too close to the powerline, so the well has to be  
11 moved at least 120 feet away from the powerline.

12 Now there's a Shell pipeline that runs  
13 southwest/northeast just to the north of the proposed loca-  
14 tion 100 feet.

15 There's also a Texaco pipeline running  
16 northwest/southeast.

17 There's also another well which is  
18 located -- the Well No. 14, which is visible on the other  
19 plats that we had. It's located in the approximate north-  
20 east quarter of the red square there. I believe that that  
21 well is located 660 feet from the -- well, I really can't  
22 say exactly where that well is, but it's located just south  
23 of the point where the Shell pipeline and the Texaco pipe-  
24 line intersect each other. There's another well there so  
25 he couldn't move in that direction.

1                   So he had to move in the westerly direc-  
2 tion from the center of the section.

3                   Now, it's impossible to get a 660-foot  
4 location because the narrowness of the lot, it's only 5,180  
5 rather than 5,280 feet wide. So a 660 location is impos-  
6 sible.

7                   The most orthodox location that would be  
8 possible east and west would be 610 feet, but 610 feet is  
9 right on the powerline, so we couldn't locate there.

10                  Now we are located 960 feet from the  
11 north boundary of the section and that is a standard  
12 location insofar as the 160-acre unit or even a 320-acre  
13 unit is concerned, standard from the end boundary.

14                  Q           Mr. Nutter, you just stated that he is  
15 located 960 feet from the north boundary. Isn't it more  
16 accurate to say he's 990 feet?

17                  A           990, did I say 960?

18                  Q           If you look at the first page of Exhibit  
19 Number Five, there is a marking on there that shows 1220  
20 feet. Is that not the width of the proposed proration  
21 unit?

22                  A           That's right, a normal 40-acre tract  
23 would be 1320. Now, as I mentioned before, the section is  
24 5,180 feet wide. A normal section is 5280. So it's 100  
25 feet short. The 100 feet comes off of this row of lots on

1 the west side, so this particular lot is only 1220 feet  
2 wide.

3 Q And the centerline of that proration  
4 unit would be 610 feet.

5 A 610 feet rather than 660 feet.

6 Q But the powerline is in the middle at  
7 610 feet.

8 A That is correct.

9 Q Why is the proposed well 120 feet off of  
10 the powerline?

11 A To provide the ample -- the ample dis-  
12 tance in case the rig would fall over to the east. It  
13 wouldn't land on the power line.

14 Q And why would it be 100 feet south of  
15 the Shell pipeline?

16 A Well, I guess to keep it from falling on  
17 the pipeline. We hope it doesn't fall down, period.

18 Q How much is the variance from the stand-  
19 ard location from the east or west line?

20 A According to the Eumont Pool rules, if  
21 he could move that well 200 feet to the east and have a 660  
22 location, he could be 990 feet from the north line, 660  
23 feet from the west line, and be permitted to dedicate the  
24 entire west half of the section, if he owned the acreage or  
25 communitized it; however, we're only seeking 148 acres and

1 we're 200 feet closer than we would have to be for a  
2 320-acre proration unit, which would have an acreage factor  
3 of 2, whereas we're we're asking for an acreage factor of  
4 .93, did I say, I think.

5 Q Mr. Nutter, just so that the record is  
6 clear all in one place, could you explain to us why Mr.  
7 Hartman was seeking a nonstandard proration unit?

8 A The nonstandard proration unit is still  
9 in existence. It was approved by the Commission. There  
10 never has been any written notice that the nonstandard  
11 proration unit was terminated, but I think probably it was  
12 terminated by virtue of the fact that the well which was  
13 dedicated to that 148-acre unit was plugged and abandoned.  
14 The prorated unit is probably dead. If it's not dead, we  
15 don't need approval, but just in case it is dead, we want  
16 approval for a 148-acre unit, also.

17 Q Can you tell me when that nonstandard  
18 proration unit was initially approved by the Commission?

19 A It was initially approved by NSP-461 and  
20 I believe the date on that was 1957, I believe. I believe  
21 it was approved January the 10th of 1957.

22 Q To your knowledge was there any objec-  
23 tion received by Mr. Hartman or any that turned up in your  
24 review of the OCD files in this case, of any objection to  
25 reinstatement of that nonstandard proration unit?



1 him to pursue this action, this application.

2 Q In your opinion as an expert in this  
3 area, is approval of this application in the interest of  
4 conservation and the protection of correlative rights?

5 A I think it certainly is in this case,  
6 yes.

7 Q Mr. Nutter, were the exhibits that we  
8 entered as Numbers One through Five either prepared by you  
9 or at your direction or request?

10 A Yes, they were.

11 MS. REUTER: Mr. Examiner, I  
12 offer Exhibits One through Five be admitted into evidence.

13 MR. CATANACH: Exhibits One  
14 through Five will be admitted as evidence.

15 MS. REUTER: And I have  
16 nothing further from Mr. Nutter.

17

18

#### CROSS EXAMINATION

19 BY MR. CATANACH:

20 Q Mr. Nutter, on Exhibit Number Three you  
21 show three Eumont wells in that -- in that proposed prora-  
22 tion unit. Isn't that one too many? That's not correct,  
23 is it?

24 A Yes, it is. The old No. 1 was an oil  
25 well which was plugged and abandoned.



1           A           The No. 5 Well down here in the south-  
2 east of the southwest is a good little gas well of Amerada.  
3 They originally had that 80-acre unit dedicated to that No.  
4 1 Well, which is the blue well just to the north and it  
5 decreased in production so they drilled the No. 5 and it's  
6 a good gas well in the Eumont. So we believe that the  
7 entire 148-acre unit is productive of gas.

8                       The No. 5 Well was still capable of pro-  
9 ducing small quantities of gas when Gulf abandoned it.

10           Q           Okay. So that's going to be the only  
11 well dedicated to this unit.

12           A           Yes, sir, the proposed well will be the  
13 only well.

14                               MR. CATANACH: That's all I  
15 have.

16                               MR. KELLAHIN: Let me ask a  
17 couple of clarifying questions.

18                               MR. CATANACH: Oh, I'm sorry.  
19 Mr. Kellahin.

20

21

CROSS EXAMINATION

22 BY MR. KELLAHIN:

23           Q           Mr. Nutter, if you'll help me with your  
24 Exhibit Number Two, I believe.

25           A           Oh, okay.

1           Q           You've attempted with this exhibit to  
2 show certain of the acreage in Section 18 that is current-  
3 ly dedicated to the Eumont gas wells.

4           A           Yes.

5           Q           There is some portion of 18 that is not  
6 shown as currently dedicated to Eumont gas wells. Did you  
7 simply stop tabulating them or is the balance of Section 18  
8 when you look at the southeast quarter, certain portions of  
9 the northeast quarter --

10          A           You mean on my Exhibit Number Three?

11          Q           No, sir, I'm looking at the exhibit --  
12 plat attached to Exhibit Two. Turn past -- there you go.

13          A           No, these are just the offsetting pro-  
14 ration units that offset -- directly offset the proposed  
15 proration unit.

16          Q           So as we look in the balance of Section  
17 18, there are additional spacing units currently dedicated  
18 to Eumont gas wells. You simply haven't outlined them.

19          A           I did not even check to see if they were  
20 there. We only looked at the offsetting proration units.

21          Q           When I look at the items you have  
22 identified and I see the one shown as No. 2.

23          A           You mean the proration units.

24          A           The proration units, yes, sir. That's  
25 shown as Meridian Oil, Inc., is the operator.

1           A           Okay.

2           Q           It's shown within an area that shows Mr.  
3 Hartman as having an acreage position in that spacing unit.

4           A           Hartman originally owned that 80-acre  
5 tract there and drilled that Crosby No. 2 Well; however,  
6 that well has since been sold to Meridian and Meridian is  
7 the operator of that well at the present time.

8           Q           So Mr. Hartman doesn't have any interest  
9 in the spacing unit outlined in No. 2 that could be added  
10 to the spacing unit for the Christmas No. 1 infill well.

11          A           No. This plat is an old plat and shows  
12 Hartman. Now on your structure map you'll see that it has  
13 been changed to Meridian there for that 80-acre proration  
14 unit.

15          Q           So the current -- currently all the  
16 available acreage to Mr. Hartman in 18 is the four 40-acre  
17 tracts constituting the west half of the west half of 18.

18          A           As far as I know that's all of his  
19 acreage, yes.

20          Q           Do you know whether or not he has plans  
21 to -- to add additional acreage in Section 18 into this  
22 proposed spacing unit?

23          A           Not -- well, he doesn't own any leases  
24 at the present time unless he would acquire some additional  
25 acreage and you'll also notice up in Section 7 on the old

1 plat, the north half of the south half is identified as D.  
2 Hartman.

3 Q Yes, sir.

4 A And if you look at the new map, that  
5 also shows that that's another Meridian well or tract that  
6 was sold to Meridian.

7 He disposed of almost all of his stuff  
8 in the Eumont.

9 Q Well, that was part of my question, is  
10 to clarify for me what currently is his acreage position  
11 because I was confused by looking at the two exhibits.

12 A Yeah. No, that -- this probably should  
13 have been updated, but this was sent in -- it's just a copy  
14 of the Midland Mapping Company's plats and they haven't  
15 changed their -- they -- maybe they have by now, but they  
16 hadn't when this exhibit was prepared. This is a new exhi-  
17 bit we prepared specifically for this hearing, however, and  
18 it has been updated.

19 Q Let me ask you a technical question.  
20 What would be the allowable that Mr. Hartman can produce if  
21 he uses this approximately 160 acres? What is his maximum  
22 daily producing rate for a Eumont gas well?

23 A I believe in 1988 a 160-acre proration  
24 unit in the Eumont averaged around 225 a day. So he would  
25 get .93 percent --

1 Q Times that --

2 A -- times that, yes, sir.

3 Q -- number.

4 A Yes, sir.

5 Q Have you done any forecast for him on  
6 the anticipated reserves to be recovered within the spacing  
7 unit?

8 A No, that's his -- his job.

9 Q Summarize for us, Mr. Nutter, why, in  
10 your opinion, Mr. Hartman does not gain any advantage over  
11 Marathon in terms of his unorthodox location in relation to  
12 their spacing unit?

13 A Well, with respect to their proration  
14 unit they are 330 feet from the line of a 160-acre unit and  
15 getting full allowable for that.

16 He is a 100 -- he's got a 148-acre unit.  
17 He's asking for an allowable in proportion to a 140-acre  
18 unit but he's 460 feet, so he's 130 feet further from the  
19 common line than Marathon is.

20 We feel that they have an advantage by  
21 virtue of their location being closer to the common line  
22 than he is, and they're both getting a proportionate share  
23 of the allowable factor for the amount of acreage they have  
24 dedicated. So by virtue of closeness to the common line,  
25 they have an advantage over Hartman.

1           Q           Do you have any other reasons to demon-  
2 strate to the Examiner that Mr. Hartman is not gaining an  
3 advantage over the offset with this location?

4           A           Well, I think also that the structure  
5 map itself shows he's higher on the structure than the  
6 Meridian No. -- or the Marathon No. 11 Well is. And being  
7 higher on the structure, he should have more reserves pre-  
8 sent, more pay thickness, probably, than their well would  
9 have.

10          Q           Did you attempt to analyze the actual  
11 perforated and producing zones among the wells in the im-  
12 mediate vicinity of Mr. Hartman's proposed location?

13          A           Certain of the wells, yes. Yes. We  
14 have more exhibits.

15          Q           No, sir, I mean I don't want to see all  
16 the rest of the stuff. I just wanted to have a summary --

17          A           Yeah.

18          Q           -- from you about your expert opinion as  
19 to whether or not you thought Mr. Hartman was gaining an  
20 advantage notwithstanding the fact there is a Marathon well  
21 that is closer to the common line than his well.

22          A           No, I see no advantage. I see him at a  
23 disadvantage, as a matter of fact.

24                           MR. KELLAHIN: Thank you, Mr.  
25 Chairman.

1 MR. CATANACH: Any more  
2 questions of this witness?

3 If not he may be excused.

4 Anything further in this case?

5 MR. KELLAHIN: Mr. Examiner,  
6 I'd like to state on the record that Mr. Nutter is correct.  
7 Marathon, based upon information supplied to us by the  
8 applicant, is persuaded that he does not gain an unfair ad-  
9 vantage for which the Commission needs to address a penalty  
10 on his allowable, and therefor we are withdrawing our oppo-  
11 sition to his application.

12 MR. CATANACH: Thank you, Mr.  
13 Kellahin.

14 MS. REUTER: Mr. Examiner, I  
15 also would like to add that Mr. Hartman would love to get  
16 his drilling program moving along rapidly in southeast New  
17 Mexico. So we would respectfully request that we get an  
18 expedited order, as soon as possible.

19 MR. CATANACH: Case 9766 will  
20 be taken under advisement.

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(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C. S. R. DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9766 heard by me on September 20 1978.  
David R. Catant, Examiner  
Oil Conservation Division