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

EXAMINER HEARING

IN THE MATTER OF:

Applications of Meridian Oil,
Inc., for an Unorthodox Coal
Gas Well Location and For
an Unorthodox Coal Gas Well
Location, Rio Arriba County,
New Mexico

Case 10,039
and 10,040

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
September 5, 1990

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1 HEARING EXAMINER: Call next case, No.
2 10,039.

3 MR. STOVALL: Application of Meridian Oil,
4 Inc., for an unorthodox coal gas well location, Rio
5 Arriba County, New Mexico.

6 HEARING EXAMINER: Call for appearances.

7 MR. KELLAHIN: Mr. Examiner, I'm Tom
8 Kellahin of the Santa Fe law firm of Kellahin,
9 Kellahin & Aubrey appearing on behalf of the
10 applicant. We would request, Mr. Examiner, that you
11 consolidate for hearing purposes the next case with
12 this current case. The next one is 10,040.

13 HEARING EXAMINER: Call next case, No.
14 10,040.

15 MR. STOVALL: Application of Meridian Oil,
16 Inc., for an unorthodox coal gas well location, Rio
17 Arriba County, New Mexico.

18 HEARING EXAMINER: Are there any additional
19 appearances in either of these cases?

20 MR. COOTER: Paul Cooter with the Rodey law
21 firm in Santa Fe appearing on behalf of Northwest
22 Pipeline.

23 HEARING EXAMINER: You're appearing in both
24 of these cases, Mr. Cooter?

25 MR. COOTER: Yes, sir.

1 HEARING EXAMINER: Northwest Pipeline's
2 appearance here today is for clarification or support
3 reasons; is that correct?

4 MR. COOTER: That is correct, sir.

5 HEARING EXAMINER: Thank you, Mr. Cooter.
6 Are there any other appearances?

7 Mr. Kellahin?

8 MR. KELLAHIN: Thank you, Mr. Examiner.

9 HEARING EXAMINER: We need to swear the
10 witnesses at this time.

11 (Witnesses sworn.)

12 MR. KELLAHIN: Mr. Examiner, let me take a
13 moment and explain what we want to demonstrate to you
14 this morning in each of these two cases.

15 The two wells involved, the 222 and the 201
16 well, are Fruitland coal gas wells in the
17 Meridian-operated Rosa Unit. The two wells were
18 drilled, and after they were drilled, pipelines were
19 being extended to each of those two wells, and it
20 became apparent in the field to those people doing the
21 work on the pipeline that there was a discrepancy in
22 what they believed to be the location of each of those
23 two wells.

24 As a result of that concern, additional
25 survey work was done out in the unit, and it was

1 determined in fact that the Rosa 201, as well as the
2 Rosa 222 well, were drilled based upon erroneous
3 survey information. So they were simply, the sites
4 built, the wells drilled at wrong stakes.

5 Meridian was concerned and went out into
6 the field with qualified technical surveying people
7 and confirmed that these were the only two wells that
8 had been drilled based upon the erroneous surveys.

9 We want to present to you Mr. Alexander
10 this morning who is a landman who will show you the
11 sequence of paperwork, the filings of documentation.
12 We want to present to you a reservoir engineer who
13 will demonstrate that while these wells are drilled at
14 unorthodox locations, there is no correlative rights
15 damage; we believe no waste will occur. The
16 encroachment of each of these wells is to interior
17 boundaries of the Rosa Unit. And while a mistake has
18 been caused, we believe there is no damage resulting
19 from the two mistaken wells.

20 We want to present to you Mr. Ed
21 Risenhoover. Mr. Risenhoover is the surveyor whose
22 crew erroneously staked the two wells, and he will
23 explain to you what his analysis shows to be the
24 reasons for the mistakes in each of those two cases.

25 After the presentation, we will request

1 that you approve without penalty each of the two wells
2 at their locations. The documentation now shows that
3 we know what those precise locations are. They are in
4 fact unorthodox as to one well. The other one is not
5 unorthodox, but we included it in the package simply
6 because it was part of the surveying crew's mistake
7 for the two wells and wanted to show you both
8 situations.

9 With those comments then, I'd like to call
10 Mr. Alan Alexander, if I might.

11 HEARING EXAMINER: Mr. Kellahin, which well
12 is not unorthodox, did you say? The 222 or the 201?

13 MR. KELLAHIN: The 222, I believe, is --

14 THE WITNESS: 635 feet.

15 MR. KELLAHIN: Is that the 222?.

16 (Thereupon, a discussion was held
17 off the record.)

18 MR. KELLAHIN: I misspoke, Mr. Examiner.
19 They are in fact both unorthodox.

20 HEARING EXAMINER: Thank you, Mr. Kellahin.

21 MR. STOVALL: Mr. Kellahin, were there not
22 some more wells actually that were involved in the
23 erroneous surveys, but the others were in fact still
24 orthodox; is that correct, or would you rather have
25 the witness discuss that?

1 MR. KELLAHIN: Mr. Alexander can probably
2 tell you in more detail. My understanding is that
3 they have checked all paperwork, and if there was a
4 mistake in C-102's for wells not yet drilled, those
5 were corrected. And to the best of our knowledge, all
6 wells in the Rosa Unit drilled, with the exception of
7 these two, are properly drilled as permitted and as
8 surveyed. So the only mistakes acted on, if you will,
9 were the 201 and the 222.

10 Is that right?

11 THE WITNESS: That's correct.

12 ALAN ALEXANDER,

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

15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q. For the record, Mr. Alexander, would you
18 please state your name and occupation.

19 A. Yes. My name is Alan Alexander. I'm
20 employed as a senior land adviser with Meridian Oil in
21 their Farmington, New Mexico, office.

22 Q. Mr. Alexander, on prior occasions have you
23 testified before the Division as a petroleum landman?

24 A. I have.

25 MR. KELLAHIN: We tender Mr. Alexander as

1 an expert petroleum landman.

2 HEARING EXAMINER: Mr. Alexander is so
3 qualified.

4 Q. (BY MR. KELLAHIN) Mr. Alexander, let's,
5 before we start through the exhibit books, would you
6 summarize your understanding of the question with
7 regards to the 201 well and the 222, and then we'll go
8 into your specific involvement?

9 A. Yes. As you previously stated, we drilled
10 both the 222 and the 201 Rosa Unit wells based upon
11 C-102 plats and the footages indicated on those plats
12 that were filed by Northwest Pipeline Corporation.
13 They initiated the surface work on these wells before
14 we took over as suboperator of the Fruitland formation
15 in the Rosa Unit.

16 After the wells were drilled, and during
17 the time that Daggett, which is a surveyor there in
18 Farmington, was surveying in the lines to tie in the
19 wells, he noted that he could not tie the wells
20 according to the footages that were previously posted
21 and alerted us to that fact verbally at that time.
22 When he alerted us to the potential problem, we did
23 send a surveying crew out there that we had working
24 for us at the time, and they're still working for us,
25 to check and make sure that there was or was not a

1 problem.

2 After resurveying the locations, we
3 determined that Daggett was correct, there was a
4 problem with the original footages. We filed an
5 amended C-102 to show the correct footages for each
6 well, and then we initially asked the Commission for
7 administrative approval to approve these wells at the
8 location, since they were already drilled.

9 Subsequent to that, the Commission asked us
10 to go ahead and file an application and bring these
11 wells to a hearing before the Commission, and that's
12 the purpose of our testimony today.

13 Q. Let me have you turn to the exhibit book
14 that's identified for case 10,039, Mr. Alexander, and
15 when we turn behind Exhibit No. 1, what are the
16 documentations shown there?

17 A. Exhibit No. 1 is a copy of the application
18 we filed with the Commission requesting administrative
19 approval of the revised location for the Rosa Unit No.
20 222 well. Attached to it is the Sundry Notice from
21 the Bureau of Land Management or filed with the Bureau
22 of Land Management for the well, indicating that there
23 has been a change in the location of the well.

24 Q. When we look at the Sundry Notice and it
25 says, NWPL survey and gives a footage, what does that

1 represent?

2 A. That represents Northwest Pipeline Survey,
3 the original survey, and the footages that were
4 originally listed on the C-102. And, of course, below
5 that is listed MOI Survey; that's Meridian Oil, Inc.'s
6 most recent survey listing the corrected footages for
7 the well.

8 Attached behind the Sundry Notice is the
9 Form C-102 filed with the Oil Conservation Division
10 showing the drilling block and the correct location
11 for the Rosa No. 222 Unit well.

12 Q. This is the location as drilled?

13 A. That is correct.

14 Q. Behind Exhibit No. 2, what do we find?

15 A. Behind Exhibit No. 2, we have included for
16 the Commission a topographic map showing, again, the
17 drilling block for the well, which makes an easy
18 locator reference.

19 On that you will see that we have shown two
20 well spots. One of them, the arrow shows that it is
21 platted. That would be the Northwest Pipeline's
22 original survey footages. And the other one is
23 labeled "FND," and that stands for "found." That's
24 the actual site of the well as drilled.

25 Behind the topographic map is a general

1 land map of the area showing the 222 unit well,
2 showing that the well is indeed offset by Rosa Unit
3 acreage for the drill blocks that directly offset the
4 well or for the acreage that the well is encroaching
5 upon. It does show that the San Juan 31-6 Unit, which
6 is operated by Northwest Pipeline, is located two
7 sections to the south, and you can see the heavy, dark
8 line border of that federal unit.

9 Q. Exhibit 3, what's the documentation behind
10 Exhibit No. 3?

11 A. Behind Exhibit No. 3, we have included the
12 various sundry and C-102 plats. In order of
13 appearance, we have inserted the Sundry Notice filed
14 by Meridian Oil, Inc., accepted by the BLM, on March
15 29, 1990, showing the changes in location. Attached
16 to it, again, is the C-102 Form filed with the Oil
17 Conservation Division. This form was submitted by
18 Meridian showing the correct footage for the Rosa 222
19 unit well.

20 Immediately behind that, we have included
21 the original Sundry and C-102 Form filed by Northwest
22 Pipeline. And it shows the footages which we
23 originally believed the well was located at.

24 Q. Had this well been actually drilled as
25 proposed by this C-102 dated October 17, 1988, it

1 would have been at a standard well location, would it
2 not?

3 A. That is correct. Behind the C-102 filed by
4 Northwest, we have included for the Commission's
5 reference the completion report, C-104 Form filed with
6 the Oil Conservation Division, which has pertinent
7 data as to completion and spud date on it.

8 Q. To the best of your knowledge, did the BLM
9 make an on-site inspection at the location where the
10 well was actually drilled to determine that it was an
11 appropriate use of that particular surface?

12 A. They did, and they did determine it was
13 appropriate for the uses of the Bureau.

14 Q. When we turn to Exhibit 4, what's the
15 documentation behind Exhibit 4?

16 A. Behind Exhibit No. 4, you will see a letter
17 from Daggett Surveying, Inc., out of Farmington. We
18 requested that they write this letter to document
19 their earlier telephone conversation to us which
20 originally pinpointed the problem. He describes where
21 the well was supposed to be located and where he
22 located the well as a result of surveying in the
23 gathering line for the well.

24 He also included for reference a map which
25 is attached immediately behind his letter, which shows

1 his survey control points and the pertinent data that
2 he used to locate the well.

3 Q. And then the final document in that series
4 of documents behind Exhibit No. 4 is what?

5 A. It is a letter from Geological
6 Consultants. They are an archeological firm, stating
7 that in fact the Bureau of Land Management had
8 reviewed the locations initially, and they re-reviewed
9 the locations when we were looking at a possible
10 expansion of the well pad area. And they determined
11 that we would not expand the pad and that the
12 locations that were built did pass archeological
13 clearance, and no further work was needed on this well
14 pad.

15 Q. Let's turn now to the exhibit book in case
16 10,040, if you please. Have you provided in this
17 exhibit book the same type of information for the 201
18 well that you provided for the 222 well?

19 A. Yes, sir. We have used the same format,
20 and we provided the same information. Of course, it
21 concerns only the Rosa Unit No. 201 well.

22 Q. Let's turn to the topo map shown behind
23 Exhibit No. 2. What is represented on this display?

24 A. We have shown for the Commission the
25 drilling block that's dedicated to the Rosa Unit No.

1 201 well, which is the east half of Section 22 of 31
2 North, 6 West. We have shown on that topographic map
3 two locations, one being labeled as platted, and that
4 would be the Northwest Pipeline originally surveyed
5 location.

6 The other one you will see is platted as
7 FND. That means the location that was found by our
8 crew, and that's the location that we built, and
9 that's the location where the well is, in fact,
10 drilled.

11 Q. The next display after the topo map is
12 what, sir?

13 A. It is the area land map showing the
14 offsetting drill blocks and the offsetting acreage to
15 the Rosa Unit 201 well. And, again, you will note
16 that the San Juan 31-6 Unit is located to the
17 immediate south of Section 22. However, the 201 well
18 does not directly impact that acreage since it's
19 located up in the northeast quarter.

20 Q. The encroachment of this well is towards
21 other acreage within the same Rosa Unit, is it not?

22 A. Yes, sir, that's correct.

23 Q. And the owners that are participating in
24 the production from the spacing unit attributable to
25 the 201 well will be the same ones participating in

1 coal gas production from the offsetting spacing units
2 towards which this well encroaches?

3 A. That is correct.

4 Q. Exhibit 3, the documentation behind that is
5 similar documentation that applies to the 201 that you
6 had in the other exhibit book for 202?

7 A. Yes, sir, that's correct.

8 Q. Does that conclude your presentation, Mr.
9 Alexander?

10 A. Yes, sir, it does.

11 MR. KELLAHIN: Mr. Examiner, we would move
12 the introduction of Meridian's Exhibits 1 through 4 in
13 both cases.

14 HEARING EXAMINER: Exhibits 1 through 4
15 will be admitted into evidence at this time.

16 Mr. Cooter, do you have any questions?

17 MR. COOTER: No, sir.

18 MR. STOVALL: Simple one, Mr. Examiner.

19 HEARING EXAMINER: Mr. Stovall.

20 CROSS-EXAMINATION

21 BY MR. STOVALL:

22 MR. STOVALL: In Exhibit 2, the topo map in
23 both cases, I note there is a diamond, one or more
24 diamonds with your "found" abbreviation also. Do you
25 know what those are?

1 THE WITNESS: Yes, sir. Those represent
2 the survey points, the control points that were used
3 to establish the resurvey of each well.

4 HEARING EXAMINER: Mr. Alexander, after --
5 I'm sorry, were you through, Mr. Stovall?

6 Q. (BY MR. STOVALL) Let's look at 10,040 just
7 real quickly. If I look at Exhibit 4, Daggett's
8 survey, there is at the northeast corner -- that's 22;
9 correct? Yes -- a survey mark which is marked
10 "found," and then it appears to be at the half-section
11 line, there appears to be none, the northwest corner
12 proration unit; is that correct?

13 A. Yes, sir.

14 Q. Is there one there on the topo map?

15 A. No. The two surveys, the one done by
16 Daggett and the one that Meridian Oil did, were done
17 independently of each other, and we did not use the
18 same markers that are located out in the field.

19 Q. So the found ones are the ones Meridian
20 used and not necessarily the ones Daggett used; is
21 that correct?

22 A. That's correct. The one on Daggett's map
23 are the ones that he used -- that he found and used to
24 do his survey. We found other permanent markers out
25 there and did our survey from those markers. So the

1 two surveys do tend to confirm the actual location of
2 the well, which we are very comfortable with at this
3 time.

4 Q. You actually found the different survey
5 points and came to the same location; is that correct?

6 A. With very close tolerances. You'll note
7 the differences between the two. As in Case 10,040,
8 Daggett is saying that he found the well to be located
9 16,44 feet from the north line and 420 feet from the
10 east line.

11 You will reference that to our plat that we
12 filed behind Exhibit No. 1, showing that we found the
13 well to be located 1,640 feet, which is a difference
14 of four feet from the north line, and we were right on
15 or we agree exactly with Daggett on the distance from
16 the east line being 420 feet.

17 MR. STOVALL: Okay. That's all I have.

18 MR. MORROW: You have the same thing on
19 39?

20 THE WITNESS: Yes, sir. There is a
21 different variance between the wells in Case 39, but
22 it's well within the accepted tolerances of the field,
23 and they're very close to each other, and we feel very
24 comfortable that the locations are where have them
25 currently plotted.

1 CROSS-EXAMINATION

2 BY HEARING EXAMINER:

3 Q. Mr. Alexander, when you became aware of
4 this, did you have any conversations with Northwest
5 Pipeline?6 A. Yes, sir. We made them aware at that time
7 verbally that there may be a problem with the surveys
8 on these two wells, and that we were investigating
9 it. We kept them informed of the progress of our
10 resurveys and what the results were that we found.

11 Q. Who did you talk to?

12 A. I talked both with Mr. Paul Thompson in the
13 Farmington office with Northwest Pipeline, and I also
14 talked to their Salt Lake City office with Mr. Darrell
15 Gillen, who's in their land department.16 Q. Either party that you talked to, did they
17 have anything to do with the original surveys as far
18 as signing off on them or doing the actual field
19 inspections when Northwest Pipeline originally drilled
20 those wells?

21 A. I don't believe so, to my knowledge.

22 Q. I'm sorry, Northwest Pipeline originally
23 staked the wells?24 A. Yes. To my knowledge, the only involvement
25 that I'm aware of is that a representative in the

1 Farmington office for Northwest Pipeline did sign the
2 C-102 plats, but I don't believe that that individual
3 was on the ground when the original surveys were done.

4 MR. STOVALL: Is it correct, Mr. Kellahin,
5 Mr. Risenhoover did the original surveys and is here
6 on testify; is that correct?

7 MR. KELLAHIN: Yes, that's correct.

8 Q. (BY HEARING EXAMINER) On those original
9 C-102's, Mike Turnbaugh, you never did talk to him
10 shown as senior engineer for Northwest Pipeline?

11 A. I believe we did talk through the course of
12 the events here. I don't remember my specific
13 conversations with him. I do remember talking with
14 Mr. Paul Thompson, who is his immediate supervisor.

15 HEARING EXAMINER: I have no further
16 questions of Mr. Alexander. Are there any other
17 questions of this witness?

18 MR. MORROW: I have a question about the
19 road to the unit.

20 CROSS-EXAMINATION

21 BY MR. MORROW:

22 Q. Could you tell me briefly what the road to
23 the unit is?

24 A. Yes, sir. Your referring to the land plat
25 that's attached behind Exhibit No. 2?

1 Q. Yes, sir.

2 A. Well, particularly in Case 10,040, or do
3 you have --

4 Q. 10,040 is the one I'm looking at.

5 A. Actually, both plats show the same land
6 area in both cases. We have simply shown a specific
7 area around the two wells in question. And all of the
8 acreage that is to the north of the heavy dashed line,
9 you will see immediately above the heavy dashed line,
10 it says "Rosa Unit," and all of the acreage to the
11 north of that is located in the Rosa Federal Unit. It
12 is a federal unit.

13 The acreage immediately to the south of
14 that heavy line, except for Section 20 of 31-6, you
15 will see it shown as being in the San Juan 31-6 Unit,
16 and that is also a federal unit.

17 Insofar as Section 20 of 31-6 is concerned,
18 you will see immediately above the south line of
19 Section 20 that it shows that that acreage is included
20 in the northeast Blanco Unit, and that also is a
21 federally approved unit.

22 MR. STOVALL: Mr. Alexander, as a follow-
23 up, much of the acreage operated, particularly the
24 Mesaverde, some of the Dakota and Fruitland and PC
25 acreage in the San Juan Basin operated by Meridian and

1 Northwest Pipeline is in these types of units, isn't
2 it, the approximated township; is that correct?

3 THE WITNESS: Quite a substantial portion
4 of it is, that is correct.

5 MR. STOVALL: And particularly in this
6 geographic area of the basin?

7 THE WITNESS: Yes. Most of the acreage in
8 this particular area is dedicated to one or more --
9 not to one or more but is dedicated to a federal unit.

10 MR. MORROW: So is all the acreage that's
11 in this Rosa unit that's north of the dashed line you
12 referred to and inside the hashed line, that all is
13 common ownership?

14 THE WITNESS: Yes. It's all been unitized
15 so as to effectively provide for a common ownership.

16 MR. MORROW: In all zones?

17 THE WITNESS: In all horizons, yes, sir.

18 HEARING EXAMINER: Are there any other
19 questions of this witness? If not, he may be excused.

20 Mr. Kellahin?

21 MR. KELLAHIN: I'd like to call Mr. Dave
22 Wantuck, please.

23 DAVID WANTUCK,
24 the witness herein, after having been first duly sworn
25 upon his oath, was examined and testified as follows:

1 DIRECT EXAMINATION

2 BY MR. KELLAHIN:

3 Q. Would you please state your name and
4 occupation.5 A. Yes. My name is David Wantuck. I'm a
6 reservoir engineer with Meridian Oil in Farmington,
7 New Mexico.8 Q. Mr. Wantuck, you have testified before the
9 Division on prior occasions concerning Fruitland coal
10 gas locations and spacing units, have you not?

11 A. Yes, I have.

12 Q. Have you made an investigation of the two
13 wells that are subject to this hearing, the 201 and
14 the 222 in the Rosa Unit?

15 A. Yes.

16 MR. KELLAHIN: We tender Mr. Wantuck as an
17 expert petroleum engineer.18 HEARING EXAMINER: Mr. Wantuck is so
19 qualified.20 Q. (BY MR. KELLAHIN) Let me have you turn,
21 sir, to Exhibit No. 5 in either one of the Exhibit
22 books. I think they are identical except that one
23 locates the 201 and the other locates the 202 wells?

24 A. That's correct.

25 Q. When we look at the actual location of the

1 wells as drilled for Fruitland coal gas development
2 for each of these wells, was Meridian able to obtain
3 Fruitland coal gas production from these wells?

4 A. Yes.

5 Q. Can you give us the general range of
6 productivity of these wells involved?

7 A. Yes. General range is from 100 to 200 Mcf
8 a day.

9 Q. When we look at the coal thickness map,
10 what does it show you about the two wells in question?

11 A. The coal thickness is fairly uniform in the
12 area, and it shows that that is not -- that does not
13 give a significant advantage to the movement of what
14 it is compared to where it was supposed to be staked.

15 Q. For development of each of the two spacing
16 units involved, and they were both stand-up east half
17 spacing units in their appropriate sections --

18 A. Yes.

19 Q. -- in terms of effectively and efficiently
20 developing the coal in each of those spacing units, do
21 you have that opportunity with the wells as drilled?

22 A. Yes.

23 Q. Do you see any advantage gained over any
24 offsetting operator with regards to the approval of
25 these unorthodox locations in the absence of a

1 penalty?

2 A. No, I don't.

3 MR. KELLAHIN: That concludes my
4 examination of Mr. Wantuck, Mr. Examiner. We move the
5 introduction of Exhibits 5 of in each of these two
6 cases.

7 HEARING EXAMINER: Exhibits 5 will be
8 admitted into evidence.

9 Mr. Cooter, do you have any questions?

10 MR. COOTER: No questions.

11 HEARING EXAMINER: Does anybody else have
12 any questions of Mr. Wantuck? You may be excused.

13 Mr. Kellahin?

14 MR. KELLAHIN: Call now Mr. Risenhoover.

15 Mr. Examiner, I'll find an exhibit stamp
16 during the break, but if you'll indulge me for a
17 minute, we will make this one Exhibit No. 6. These
18 are Mr. Risenhoover's plats concerning the two wells.

19 EDGAR RISENHOOVER,
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. KELLAHIN:

24 Q. Mr. Risenhoover, would you please state
25 your name and occupation, sir.

1 A. Edgar Risenhoover. I'm a Registered
2 Professional Surveyor in the State of New Mexico,
3 self-employed in Farmington, New Mexico.

4 Q. Mr. Risenhoover, were members of your crews
5 involved in the original staking for Northwest
6 Pipeline of the Rosa 201 and the Rosa 222 wells?

7 A. Yes, sir.

8 Q. Have you had an opportunity to examine the
9 work of those crews, the field notes that they have
10 supplied to you within your office, and have an
11 opportunity to reach certain conclusions with regards
12 to the surveying of the 201 and the 222 well?

13 A. Yes, sir.

14 MR. KELLAHIN: We tender Mr. Risenhoover as
15 an expert surveyor.

16 HEARING EXAMINER: Mr. Risenhoover is so
17 qualified.

18 Q. (BY MR. KELLAHIN) Mr. Risenhoover, let me
19 show you what we have marked as Exhibit No. 6 to the
20 consolidated hearings. The first page refers to the
21 201 well, and the second refers to the 222?

22 A. Okay.

23 Q. All right? Do each of these two pages
24 represent a summary of your investigation of what the
25 crews did in the field, as best you can reconstruct

1 it, concerning the staking of the Rosa 201 and the
2 222?

3 A. Yes, sir.

4 Q. Let's start with the 201 and have you help
5 us understand what your conclusions are with regards
6 to the work performed by the first crew. So that we
7 don't confuse the listeners --

8 A. Okay.

9 Q. -- help us understand, first of all, what
10 the method employed by the first crew is when they're
11 asked to go out and stake a well location. What are
12 they supposed to do?

13 A. Okay. The first crew in this instance went
14 out and ran a random traverse taking off of one corner
15 of the sections and through the general area of the
16 location and tying to another corner in the section.

17 Q. What's the purpose of the random traverse?

18 A. To bring control to the area we want to
19 work in.

20 Q. And that random traverse is established by
21 taking known permanent geologic markers that establish
22 some fixed point?

23 A. Yes, sir.

24 Q. And, typically, they're taken from a point
25 where four sections come together?

1 A. Yes, sir.

2 Q. In this case, what's your understanding of
3 where Crew No. 1 began when they ran the traverse
4 control line?

5 A. They started at the southeast corner of
6 Section 22, ran through these points and back into the
7 northeast corner of Section 22.

8 Q. When we look at the survey, and you find
9 this line running generally northwest to southeast,
10 and it says "Temporary 201-B," what are we looking at
11 when we see that?

12 A. We left a point there that we knew the
13 coordinates of. It was along the road where we were
14 running our traverse. That was the reason for leaving
15 that one there.

16 Q. Typically, these traverse control lines
17 then are run along roads or next to roads or somewhere
18 where they're easily accessible?

19 A. Yes, sir.

20 Q. Having set the point then on the temporary
21 control line, 201-B, did they set any other control
22 points along this traverse line?

23 A. Yes. We had a 201-A.

24 Q. And that's shown in the northwest portion
25 of the display?

1 A. Yes, sir.

2 Q. Having established that control line and
3 those two control points, what then does the crew do
4 with that information?

5 A. Knowing where those are, then we go back
6 and stake the location where either the oil company
7 representative wants it, have it picked out on the
8 ground, or where we pick to be the legal footage for a
9 location.

10 Q. Did Crew No. 1 use these control points and
11 this traverse line to stake any location for this
12 well?

13 A. Yes. We did stake one that BLM disapproved
14 of originally.

15 Q. Did the No. 1 crew then finish their work
16 on that particular project?

17 A. No. They were somewhere else, and another
18 crew was sent out.

19 Q. When it says Crew No. 2 on the display,
20 that's identified by a circle that has a dot in the
21 middle of it?

22 A. Yes, sir.

23 Q. What did the second crew do?

24 A. They went out and set the well that was
25 drilled. They set a stake where the well was

1 drilled. Due to a lack of communication, the best I
2 can ascertain, as the picture indicates, they thought
3 they were at 201-A when in reality they were at 201-B.

4 Q. If they're at the wrong control point on
5 this traverse line, it will give them the mistake that
6 appears here?

7 A. Yes, sir.

8 Q. So when they are trying to find a location
9 1,230 from the north and 1,330 from the east, which
10 was the location that Northwest had requested, and
11 they got the wrong control point, they went from A to
12 B and started there?

13 A. Yes, sir.

14 Q. That resulted in having the well misstaked
15 misdrilled?

16 A. Yes, sir.

17 Q. Was there any other explanation for the
18 error?

19 A. Not to my knowledge.

20 Q. Let's go to the 222 well. I find this one
21 a little hard to understand as a layman; so take it
22 slow with me so we're not confused.

23 A. Okay. The survey crew started from the
24 northeast corner of Section 15, traversed along the
25 road to the existing Rosa Unit, No. 12.

1 Q. When they're doing this, they use the same
2 method; they go back to a known geologic marker that
3 establishes a permanent point, and usually it's the
4 intersection of four sections?

5 A. Yes.

6 Q. And they did that here?

7 A. Yes.

8 Q. And they find that corner and establish a
9 control point?

10 A. Yes.

11 Q. Where is that represented on this display?

12 A. On this particular one, we were using
13 existing Rosa Unit No. 12 as a control point, with a
14 temporary point for a back side along the road, and
15 it's marked as TP on the drawing.

16 Q. When I find the triangle that says "TP,"
17 that's the temporary point, and that becomes a control
18 point?

19 A. That was just a control point on the survey
20 line, yes, sir.

21 Q. When the crew goes and looks at the
22 existing unit well 12, do they reconfirm that the Rosa
23 Unit 12 is where it purports to be on the ground?

24 A. Yes, sir.

25 Q. They don't simply rely on the sign or

1 something else on that well?

2 A. No.

3 Q. They shoot that well in from an established
4 geologic marker of a permanent point?

5 A. Yes.

6 Q. Having done that then, they now know where
7 the No. 12 well is?

8 A. Yes, sir.

9 Q. They have set their temporary point, which
10 is at 85 degrees, 26 minutes, 37 seconds?

11 A. Right.

12 Q. Then what happens?

13 A. From that point, there was, to the best of
14 my knowledge, a point picked south of there that was
15 to be used for the location. There had been another
16 location set here that the BLM turned down. So
17 another point was picked, and the crew surveyed to
18 that point from this Rosa Unit 212.

19 Q. They're trying to get from Rosa Unit 212 to
20 a requested location by northwest of 1,880 from the
21 north and 830 from the east?

22 A. No. They were going just to a point that
23 had been picked on the ground. And when they surveyed
24 to it, as you can see, the conclusion from the field
25 notes; consequently, they came up with the erroneous

1 footages of 1,880 and 830 where the actual point was
2 the 1,911, 636.

3 Q. Okay. The conclusions from the field
4 notes, it says "A" in parentheses and then it has a
5 notation, what does that mean?

6 A. Right. It's my opinion that one or two of
7 these things happened: when they set to start their
8 survey, they did not have that actual angle set in the
9 instrument, or when they turned that first angle, they
10 misread it. Consequently, the footages were
11 calculated from a bad angle.

12 Q. Once you've started with footages
13 calculated from a bad angle, that is going to take you
14 to the wrong surface location on the surface?

15 A. Yes.

16 Q. And they were attempting to get 1,880 from
17 the north and 830 from the east?

18 A. Where it says "actual location of well,"
19 that point was picked on the ground to go to prior to
20 the survey, and surveyed to that, and simply
21 calculated the wrong footages for the point picked.

22 Q. So, in actuality, the well turned out to be
23 staked at approximately 1,911 from the north and 636
24 from the east?

25 A. Yes.

1 Q. And the requested location had been 1,880
2 from the north and 830 from the east?

3 A. Not necessarily. The point, the actual
4 location was picked on the ground; if this original
5 survey had been correct, the footages that are here
6 now are the footages that would have been supplied on
7 the C-102. Because of the terrain, this was the best
8 place to put the location.

9 Q. As best you can determine then, the mistake
10 in the surveying has resulted because of either a
11 misreading of the angle or the degree or turning the
12 wrong angle based upon it?

13 A. Yes, sir.

14 Q. The degree and the instrument?

15 A. Yes, sir.

16 Q. Can you think of any other explanation that
17 explains the error?

18 A. No, sir.

19 MR. KELLAHIN: That concludes my
20 examination of Mr. Risenhoover. We would move the
21 introduction of Exhibit 6 in each of the two cases.

22 HEARING EXAMINER: Exhibit 6 in both cases
23 will be admitted into evidence.

24 CROSS-EXAMINATION

25 BY HEARING EXAMINER:

1 Q. Mr. Risenhoover, let me make sure I've got
2 this straight. On the 222 --

3 A. Okay.

4 Q. -- the actual location that was shown,
5 that's where the stake was put out by Northwest
6 Pipeline that you were to survey to?

7 A. Yes, sir, that is my understanding.

8 Q. And it was the numbers from the survey that
9 indicated the wrong or the different footers?

10 A. Yes, sir.

11 Q. Does that scenario also apply to Case No.
12 10,040, the Rosa 201?

13 A. Yes, sir, because the original location
14 that we staked was turned down by the BLM, and the
15 location where it was built, as best I recall, was
16 picked as what the BLM wanted to use for the location.

17 Q. Which one was it, the 1230, 1330 or the
18 1640, 420?

19 A. The 1640, 420, that's where the well is,
20 and that was the location that the BLM actually wanted
21 after they turned down the original one we had staked.

22 Q. Which was the 1230, 1330?

23 A. No, sir, because the original we had staked
24 was not shown on here. It was south of this 201-A,
25 southwest of that.

1 Q. I'm going to compare these two now. You
2 said your crew came out, and then they used on the
3 222, they used the existing Rosa Unit No. 12 well as a
4 starting point or a central point?

5 A. No. They had surveyed into that and
6 ascertained the coordinates of that well prior to
7 using it to go on.

8 Q. Is this normal procedure, to use an
9 existing well?

10 A. Well, we did not use it for control other
11 than we had turned in to it, and it was a part of our
12 traverse.

13 Q. Now, for the 201 well, there's two existing
14 wells nearby. Neither one of those was used as a
15 central point?

16 A. No, sir.

17 Q. Do you know why they wouldn't use them?

18 A. No, sir.

19 Q. Did you have any conversations with Mr.
20 Mike Turnbaugh when these wells were staked?

21 A. Yes, sir.

22 Q. And he was the one who instructed you to
23 survey these two points or these two wells, I should
24 say?

25 A. Yes, sir.

1 CROSS-EXAMINATION

2 BY MR. STOVALL:

3 Q. Mr. Risenhoover, I may be getting a little
4 redundant here, but both locations were actually
5 identified by Northwest Pipeline and the BLM as
6 appropriate before you went out, and your job was then
7 to go out and say, "Where are these locations in
8 relation to some artificial survey points on the
9 ground"?

10 A. Yes, sir.

11 Q. Survey lines? So in this particular case,
12 you did not pick the location, although you have done
13 that in other cases; is that correct?

14 A. Yes, sir.

15 Q. So topographic conditions dictated where
16 they were. You just put the wrong numbers to identify
17 that point; is that correct?

18 A. Yes.

19 Q. When you're in the field doing this sort of
20 work, for example, looking at your situation, if I
21 understand what you did in the 222, you started at the
22 northeast corner of Section 15, which is shown on the
23 map, and, I guess, following a road and taking
24 bearings and distances along that road, you ended up
25 at the existing Rosa Unit No. 12?

1 A. Yes, sir.

2 Q. You then went and determined was that well
3 in fact at that location?

4 A. Yes, sir.

5 Q. Do you know if they compared that with a
6 sign any sort of plat showing the location of the well
7 before determining if that well was in the proper
8 place?

9 A. Yes, sir. This traverse -- this well was
10 only a part of the traverse, and we did check the
11 coordinates of it to see if it matched what was on the
12 sign, and they were within reason.

13 Q. So it was a benchmark that you could use to
14 give you a rough check on accuracy?

15 A. Right.

16 Q. What was the point of doing the back side
17 up to the temporary point? What does that accomplish?

18 A. You have to know which way you're coming
19 from to know which way you're going.

20 Q. The temporary point is on the road, and
21 then you went over to the well from there?

22 A. Right.

23 Q. You knew where you were at the temporary
24 point?

25 A. Right.

1 Q. And then you went down. Somebody took a
2 wrong turn somewhere on their way to the well; is that
3 correct?

4 A. Yes, sir.

5 Q. Are there any sort of checks you can use,
6 kind of rough checks -- for example, if you're looking
7 at mathematics, you'll look at a number and say, does
8 it makes sense. Is there any way to do that in the
9 field when you're doing a survey like that?

10 A. Yes, you can tell if it's really bad.
11 This, you were going south. It would be really hard
12 to notice it on this one.

13 Q. I assume that little triangle that's got
14 the kind of half circle around it showing the 199
15 degrees is another temporary point?

16 A. Right.

17 Q. You've got to sight-survey, right, from a
18 point you can see to a point you can see?

19 A. Yes.

20 Q. On the 201, that's off quite a bit?

21 A. Yes, sir.

22 Q. The examiner referenced the fact that there
23 are other wells in the area. Does it make sense to
24 perhaps go to another well and say, "This one's here,
25 and this one's here, and I'm over there, and I really

1 should be over there"?

2 A. Yes, sir.

3 Q. But they didn't do it this time, did they?

4 A. It just didn't happen.

5 Q. What you're saying is these survey mistakes
6 were basic human error in drawing the survey?

7 A. Yes.

8 HEARING EXAMINER: Mr. Risenhoover, your
9 signature appears on both C-102's under Mr. Mike
10 Turnbaugh's of Northwest Pipeline. When do you
11 actually put your signature on these documents, after
12 or before his signature? Do you submit them to him,
13 or does he submit them to you?

14 THE WITNESS: Before. That is, after the
15 survey, that is what we submit to the client.

16 MR. KELLAHIN: So your signature is first?

17 THE WITNESS: Yes.

18 MR. KELLAHIN: You certify it to the client
19 and deliver it to them, and then they use it?

20 THE WITNESS: Yes, sir.

21 HEARING EXAMINER: Mr. Kellahin, do you
22 have any other witnesses from Northwest Pipeline?

23 MR. KELLAHIN: Mr. Cooter is here available
24 on behalf of Northwest.

25 HEARING EXAMINER: MR. COOTER: Do you have

1 anybody with Northwest Pipeline here today?

2 MR. COOTER: Mr. Turnbaugh is here, but I
3 have a couple of questions for this witness, when it
4 pleases the Examiner.

5 HEARING EXAMINER: You may ask this witness
6 then.

7 CROSS-EXAMINATION

8 BY MR. COOTER:

9 Q. Mr. Risenhoover, I may have misunderstood
10 the questions and answers that were just made. You
11 were retained by Northwest Pipeline in these two
12 instances?

13 A. Yes.

14 Q. At the time you were retained, you were
15 told the two units that were going to be involved for
16 the staking of new wells?

17 A. Yes.

18 Q. When you went out to those locations to
19 stake those wells, were there any preliminary
20 locations or stakes out there made by Northwest?

21 A. No, none.

22 Q. They just told you the units, the proration
23 units that were going to be drilled?

24 A. Yes.

25 Q. And you knew the parameters of what would

1 be standard locations within those units?

2 A. Yes, sir.

3 Q. You were given no further instructions by
4 Northwest Pipeline as to where to stake other than to
5 stake a standard location?

6 A. The general area, yes.

7 Q. Yes, within that?

8 A. Right.

9 Q. And then you looked at the topography and
10 made the decisions where within that window of
11 standard locations, within this unit, particular unit,
12 what would be the place for the well location?

13 A. Yes, sir.

14 Q. And that's what you surveyed?

15 A. Yes, sir.

16 Q. And that's what you staked?

17 A. Yes, sir.

18 Q. And when you staked it, then at that point
19 in time, Mike Turnbaugh or someone from Northwest
20 would come visit the site?

21 A. Yes.

22 Q. And after that then the BLM and the Bureau
23 of Reclamation people visited the sites also?

24 A. To the best of my knowledge.

25 Q. And in both of these instances, those

1 preliminary sites or I think what you called temporary
2 sites were moved at the request of the BLM and the
3 Bureau of Reclamation?

4 A. Yes.

5 Q. One, I think the original site was a little
6 rougher on the side of a hill, and it was moved to a
7 different location by virtue of the request of the
8 BLM?

9 A. Yes, sir.

10 Q. And the other location was moved over a
11 little knoll so the drilling site would not be seen by
12 those using the lake?

13 A. Yes, sir.

14 Q. And then when those new sites were selected
15 then by the BLM and the Bureau of Reclamation people,
16 those sites were surveyed?

17 A. Yes, sir.

18 Q. And based upon the information that you
19 then had, those sites were correctly stated by you on
20 your Form 102's that you then submitted to Northwest
21 Pipeline?

22 A. Yes, sir.

23 MR. COOTER: Thank you.

24 FURTHER EXAMINATION

25 BY MR. STOVALL:

1 Q. Mr. Risenhoover, do you do a lot of
2 surveying for oil companies in the San Juan Basin?

3 A. Yes, sir.

4 Q. How many different companies would you say
5 you regularly survey for?

6 A. Probably five or six.

7 Q. What's the normal practice in picking a
8 location? Does a company representative normally go
9 out in the field with you, or do they normally tell
10 you what orthodox drilling window they would like to
11 be in and send you out and let you pick the location
12 for it? What's more common?

13 A. I would say probably about half and half.
14 Part of the time, it would be, "Go find us a place.
15 Then we will look at it and see if that's what we
16 want." Part of the time, they will send a
17 representative. Other times, just pick the location
18 in the standard window, and we will go from there.

19 Q. And then if that standard window appears to
20 you to be unusable as a drill site for primarily
21 topographic reasons, I would assume, then you have
22 some latitude? What is your latitude? Does that vary
23 from company to company?

24 A. From company to company and job to job. It
25 will depend on if they are familiar with the area

1 before they send me out, they will have made the
2 decision, "If you can't find one standard well, look
3 for one that is nonstandard."

4 MR. STOVALL: I have nothing further.

5 MR. MORROW: I have a question.

6 CROSS-EXAMINATION

7 BY MR. MORROW:

8 Q. I understood from the questioning just now,
9 there's two locations in each of these cases, two
10 locations were actually picked. One was picked and
11 then moved. Did you survey in both of those or only
12 the latter one in each case?

13 A. Both of them.

14 Q. You surveyed in the one that was originally
15 picked, and then you moved it and surveyed it again?

16 A. Yes, sir.

17 Q. And your error carried through to both
18 those blocks; is that the way it was?

19 A. Except that at neither time was the
20 original location involved in the second survey. The
21 first location was staked and turned down, we removed
22 all the evidence of that and started back from one of
23 our control points.

24 Q. You made the same mistake twice in each
25 case; is that what you're saying?

1 A. No.

2 MR. STOVALL: Let's look at the 201.
3 Perhaps, Mr. Morrow, we can clarify this. On the 201,
4 you indicated that the original location which you
5 surveyed in to meet Northwest's criteria was somewhere
6 to the south and west of what is identified as
7 Temporary 201-A; is that correct?

8 THE WITNESS: It was south and east of
9 there.

10 MR. STOVALL: South and east. And then
11 once the BLM said -- to the best of your knowledge,
12 had that location been the approved location, that
13 survey would have been accurate?

14 THE WITNESS: There was no problem with it.

15 MR. STOVALL: But then when the BLM said,
16 "No, you can't do that," you thought or your crew
17 thought -- was it a different crew, was it Crew 1 that
18 did the original location?

19 THE WITNESS: Yes.

20 MR. STOVALL: Then when that was
21 disapproved by the BLM, Crew 2 went out there, thought
22 they were at 201-A, when in fact they were at 201 B,
23 and they did all their measuring back out from 201-B,
24 which means that the circle with the circle in the
25 center is where they thought they were because they

1 thought they were coming from the 201-A point, but, in
2 fact, they were at the 201-B point; so they were at
3 what is now the location of the well?

4 THE WITNESS: Yes, sir.

5 MR. STOVALL: Was the 201 -- I'll call it
6 201 erroneous, do you know if the BLM ever looked at
7 that?

8 THE WITNESS: As it's marked on here?

9 MR. STOVALL: As it's marked on here?

10 THE WITNESS: No, because there was never a
11 stake.

12 MR. STOVALL: Nothing there to --

13 THE WITNESS: There was nothing there.

14 HEARING EXAMINER: Mr. Risenhoover, what
15 were the parameters that Northwest sent you out with
16 to survey these two wells in? You said you understood
17 what a standard location was. What is it?

18 THE WITNESS: Well, for the gas well, 790
19 from the quarter line or the section line, and for the
20 coal gas, ten foot from the quarter line, with a
21 stand-up 80, and 790 from the -- well, from the --
22 it's from the quarter line 130, I believe, offhand,
23 for the coal gas, 10 foot for the 4040 line.

24 HEARING EXAMINER: But the 201 that you
25 were asked to go out and stake -- let me make sure I

1 get this straight -- when you went out to survey the
2 201, did you know that fell outside the parameter, or
3 did they instruct you to locate that well outside the
4 parameter?

5 THE WITNESS: The original 201 was within,
6 if I'm not mistaken, we were staking that, to begin
7 with, we put it at just original gas well footages,
8 790 and 130 from the 40 line.

9 MR. STOVALL: You thought these wells were
10 orthodox the whole time you were working with them,
11 based upon your surveys? All the locations you
12 thought you were dealing with you thought were
13 orthodox?

14 THE WITNESS: Yes.

15 MR. STOVALL: It's only unorthodox by
16 virtue of the fact that your folks made a mistake in
17 the field?

18 THE WITNESS: Yes, sir.

19 MR. STOVALL: Not by virtue of any
20 instructions from Northwest or authorization from them
21 or anything else; is that correct?

22 THE WITNESS: No.

23 HEARING EXAMINER: Are there any other
24 questions for Mr. Risenhoover?

25 MR. MORROW: I think you understand the

1 question I was trying to ask; so I'll get you to
2 explain it to me later.

3 MR. COOTER: I have one more question.

4 HEARING EXAMINER: Mr. Cooter?

5 FURTHER EXAMINATION

6 BY MR. COOTER:

7 Q. The Form C-102's as prepared by you showing
8 the locations of the two wells involved here, the 201
9 and the 222, were, to the best of your knowledge when
10 you prepared those forms, accurate and correct?

11 A. Yes, sir.

12 Q. You did not deliberately misstate any facts
13 on those documents that you prepared?

14 A. No, sir.

15 Q. Were you given any instructions by
16 Northwest Pipeline to do anything contrary to that?

17 A. No, sir.

18 MR. COOTER: Thank you.

19 HEARING EXAMINER: Are there any other
20 questions of this witness? He may be excused.

21 (Thereupon, a discussion was held
22 off the record.)

23 HEARING EXAMINER: Let's go back on the
24 record. Mr. Cooter?

25 MIKE TURNBAUGH,

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

3 DIRECT EXAMINATION

4 BY MR. COOTER:

5 Q. Would you state your name for the record,
6 sir.

7 A. My name is Mike J. Turnbaugh.

8 Q. By whom are you employed, Mr. Turnbaugh?

9 A. Northwest Pipeline Corporation.

10 Q. In what capacity?

11 A. My title is production drilling
12 superintendent.

13 Q. Where are you located?

14 A. Farmington, New Mexico.

15 Q. Would you please briefly relate your
16 education and your professional experience.

17 A. I obtained by bachelor's of science in
18 engineering from the University of Wyoming in 1977. I
19 worked for several years for Schlumberger Well
20 Service. I joined Northwest Pipeline in 1979 as an
21 engineer. I've been working for them ever since in
22 the production and drilling phases.

23 Q. Are you the same Mike Turnbaugh who signed
24 the original Commission Form C-102 for both of the
25 wells in question?

1 A. Yes, sir.

2 MR. COOTER: Mr. Examiner, we have provided
3 Mr. Turnbaugh, asked him to be here, and provided him
4 as a witness for the convenience of Meridian and you,
5 and so at this time we would make him available for
6 such examination as may be desired.

7 HEARING EXAMINER: Thank you, Mr. Cooter.

8 CROSS-EXAMINATION

9 BY MR. STOVALL:

10 Q. Mr. Turnbaugh, would you please just
11 describe for me in general the procedures Northwest
12 Pipeline uses when it stakes a well? What's the
13 process? What happens when you decide to drill a
14 well?

15 A. Typically, I contact the surveyor, supply
16 him with the quarter section location, northeast
17 quarter of said section, southeast, whatever it may
18 be, ask him to place a temporary stake. Once that
19 stake is placed, I personally go out and look at the
20 stake to see if it's orthodox, it minimizes impacts,
21 that type of thing. If it's okay, I approve it, and
22 it is orthodox, I schedule an on-site with the BLM or
23 with the Bureau of Reclamation.

24 We then go out and inspect the location,
25 either move it as per their request or leave it as is.

1 Q. How do you determine if it's orthodox when
2 you go out and make that initial on-site?

3 A. The stakes are numbered with the
4 coordinates, and I verify them against the footage in
5 the windows that are required.

6 Q. When you say you determine whether or not
7 it's orthodox, what you're really doing is determining
8 whether or not the survey point as indicated by the
9 surveyor shows that it's orthodox? You don't make an
10 independent assessment of it is what I'm saying as to
11 the location?

12 A. I simply read the numbers off the stake and
13 make sure they are in the window.

14 Q. Do you ever go out and look at a site
15 before you send a surveyor out?

16 A. No, sir.

17 Q. Is that efficient, do you think, to send
18 the surveyor out first?

19 A. I believe it is. Sometimes it takes
20 several hours or at least sometimes days to find the
21 corners and get a control point located.

22 Q. In the case of these wells, did you follow
23 that procedure, the wells in question?

24 A. Yes, sir.

25 Q. So you retained Mr. Risenhoover and said,

1 "We want to drill a well in" -- I guess these are both
2 in the northeast quarter of the respective sections;
3 is that correct?

4 A. Yes, sir.

5 Q. And you just said, "Would you please go
6 find us an orthodox location in the northeast quarter
7 of 15 and 22 and stake it for us"?

8 A. Yes, sir.

9 Q. He went out -- I believe he said -- let's
10 look at the 201 first since that's the page I have in
11 front of me. He went out and staked the location that
12 he has described as somewhere south of Temporary
13 201-A; is that correct?

14 A. Yes, sir.

15 Q. And then you went out and did your own
16 visual on-site to determine whether that was a
17 satisfactory location?

18 A. Yes, sir.

19 Q. What happened next?

20 A. I contacted the BLM. It's on BLM surface.
21 Took them out there. They looked at it. They wanted
22 to move the location approximately 300 foot south to
23 avoid the impact on the side of the hill.

24 Q. So at the time you were out there with the
25 BLM, you actually basically had picked another site

1 that was acceptable; is that correct?

2 A. Yes. We looked at the site that was
3 staked, and it was not approved by the BLM. So we
4 simply walked across the road, approximately 200 foot,
5 put another temporary stake or another flag in the
6 ground. At that time I contacted Risenhoover and
7 said, "The BLM has moved its location. You need to
8 resurvey into the flag that I put out there for you."

9 Q. What's your understanding as to what
10 happened after that?

11 A. From what I've heard here today, he
12 apparently took the wrong control point to locate the
13 pad.

14 Q. Did you go back out there at any time?

15 A. I have been back out there but not before I
16 received the C-102 with the corrected footages.

17 Q. So, in other words, when he went out there
18 and staked the well south of the Temporary 201-A, the
19 original 201 location, and there was actually a
20 physical stake in the ground with some distances on
21 it, and you checked those distances to make sure they
22 were orthodox, and in your opinion at that time that
23 location was an acceptable site for drilling; is that
24 correct?

25 A. Yes, sir.

1 Q. You then went back out to that very same
2 stake in the ground with a BLM representative and
3 looked around the site, and the BLM said, "No, this is
4 not acceptable. There's too much slope, or for
5 topographic reasons, we want you to move it"?

6 A. That's correct.

7 Q. So you walked around, found a site which
8 was acceptable to both of you?

9 A. That's correct.

10 Q. You then put another piece of wood in the
11 ground and some sort of indication saying, "This is
12 where the well is going to be"; correct?

13 A. Correct.

14 Q. Did you do anything with the original
15 stake?

16 A. I left that intact.

17 Q. Did you tell -- what did you tell -- did
18 you communicate that to Mr. Risenhoover personally?

19 A. Yes. I contacted him and said the on-site
20 -- "They want to move the Rosa 201. They want to move
21 it across the road. I put a flag out there for you to
22 go check. Would you please go out and resurvey that
23 flag and make sure it's orthodox or whatever?"

24 Q. So he did that. You did not go back out
25 again to look at that?

1 A. No. Once I received the new footages and
2 the C-102, they were indeed in the window; so I did
3 not go back out at that time.

4 Q. Had you gone out there, could you have
5 recognized the fact that it was not in the location
6 which you and the BLM had agreed upon?

7 A. It is physically -- the well is now
8 physically drilled where we left the stake, me and the
9 BLM; so the well is correct on the surface.

10 Q. Let me back up and see if I understand this
11 again. The actual well, the 201 well, is that where
12 you and the BLM had moved that stake to?

13 A. That's correct.

14 Q. I think I'm a little confused at this
15 point. If I understood -- do you have a copy of the
16 exhibit?

17 A. Yes. The procedure is, Mr. Risenhoover, he
18 would place the stake with the correct footages on it
19 in the field. I would go out and inspect that stake
20 to make sure it was correct. If I was satisfied with
21 that location, I would then contact the BLM or the
22 Bureau of Reclamation and take them on an on-site
23 inspection.

24 Q. I think I understand the procedure. Let's
25 get to the specifics of this well.

1 A. On this particular well, the BLM says, "We
2 don't want to disturb the side of the hill here. How
3 about we move it out there on that flat spot," which
4 is approximately 300 foot away. I said, "That's fine
5 with me. We'll go flag it and let the surveyors come
6 back to be sure it's still in the window."

7 At that point, Mr. Risenhoover went back,
8 resurveyed to my flagging, submitted a correct C-102,
9 what I believe was a correct C-102 to me. Several
10 months later, I physically went out and visited the
11 location, and the stake, the temporary stake that we
12 put in, was still there.

13 Q. It sounds to me -- either I misunderstood
14 Mr. Risenhoover or something -- I thought I heard him
15 say -- and you were here during his testimony, weren't
16 you?

17 A. Yes.

18 Q. -- that the original well location they
19 staked which was not approved by the BLM was to the
20 south and east of Temporary 201-A. Would you disagree
21 with that statement?

22 A. I don't know where the 201-A point is. I
23 can't tell you.

24 Q. So you can't look at this exhibit -- it's
25 headed by "Rosa Unit No. 201" -- you're not able to

1 look at that and tell where you were on the ground; is
2 that correct?

3 A. No, sir. All I can do is go to the
4 existing wellhead with the footages on it -- well
5 stake.

6 Q. Have you got a copy of Meridian's exhibit
7 there in case 10,040, Exhibit 2, the topographic map?
8 If you look at that map, are you better able to tell
9 where you actually were on the ground when you were
10 out looking for a location?

11 A. Yes, sir.

12 Q. You see what they've marked as the platted
13 location?

14 A. Yes, sir.

15 Q. And then they've got what's identified as
16 the found location. When you looked at the original
17 location picked by Mr. Risenhoover, which one were you
18 closer to?

19 A. We were closer to the found location. We
20 were just south of that road that you see going in.

21 Q. You were just south of that road?

22 A. Yes. If you go directly south, couple
23 hundred feet from the found location, that's where the
24 stake was originally.

25 Q. And then you moved north across the road to

1 get to the --

2 A. Flatter spot.

3 Q. So it appears actually, again, either I
4 misunderstood Mr. Risenhoover or we got some facts
5 confused here, that the mistake was actually made the
6 first time they staked the location before you went
7 out rather than after you went out?

8 A. It would appear so to me.

9 Q. That would be your opinion?

10 A. That would be my opinion.

11 Q. The original well location he picked was
12 not where he thought it was; in other words?

13 A. Apparently not.

14 Q. In your opinion; that's your belief?

15 A. In my opinion.

16 Q. When you're working on these locations, do
17 you ever make any sort of visual observations yourself
18 to kind of eyeball in and make sure you are where you
19 think you are?

20 A. Yes, sir, I do, and I can't explain why I
21 missed this one.

22 Q. That road -- there appears to be a road
23 there, the double dashed line, and it goes to a
24 circle. Do you know what that circle is on the topo
25 map?

1 A. There's an existing well there.

2 Q. Who operates that well?

3 A. It's a Northwest Pipeline-operated well.

4 Q. Northwest operates the well? Do you know
5 which well it is?

6 A. No, sir, not without doing some research.

7 Q. Do you know if you can see that well from
8 the 201?

9 A. Yes, sir, you can.

10 Q. I'm a little bit concerned. It looks to me
11 if you're looking from the actual 201, the found 201,
12 you look kind of to the northwest up the road to see
13 that well; yet if you were at the location as
14 identified by Mr. Risenhoover, you kind of look to the
15 southeast to see that same well; is that correct?

16 A. Yes. That's simply an oversight. It
17 wasn't obvious to me where we were.

18 MR. STOVALL: I have no further questions.

19 HEARING EXAMINER: Are there any further
20 questions of this witness?

21 MR. COOTER: Yes.

22 HEARING EXAMINER: Mr. Cooter?

23 REDIRECT EXAMINATION

24 BY MR. COOTER:

25 Q. Go back to what Mr. Risenhoover used as

1 exhibits. What is marked here as the Temporary 201-A
2 is not in fact where that first stake was placed?

3 A. That's correct.

4 Q. That's just Mr. Risenhoover's understanding
5 of where they started from for the survey?

6 A. That's to my understanding, yes.

7 Q. And then they got to the actual spot on the
8 ground where you and the BLM had moved the site, and
9 that's the 201 well as staked on the ground?

10 A. Yes, sir.

11 Q. The original site as staked by Mr.
12 Risenhoover was some 200 feet to the south?

13 A. That's correct.

14 Q. And is it shown on that first page of
15 Exhibit 6?

16 A. No, sir.

17 Q. Was there ever a stake on the ground, to
18 your knowledge, of what has been marked as Temporary
19 201-A or the Rosa Unit No. 201 with erroneous
20 coordinates, being the ones those to the left, that
21 you're aware of?

22 A. There was a location stake that was a 201,
23 but I do not remember the coordinates on that stake.

24 Q. Was that the original one to the south?

25 A. Yes, sir. That was physically out there,

1 but I do not remember the coordinates specifically.

2 Q. Was what is marked on this where that was?

3 A. I don't know where the Temporary 201-A or
4 the Temporary 201-B are; so I can't put this in
5 reference to those two points.

6 Q. But the location has moved -- from the
7 first location to the second, that was moved to the
8 north?

9 A. Yes, sir, that's correct.

10 Q. Not to the east?

11 A. That's correct.

12 MR. COOTER: Thank you.

13 RE-CROSS-EXAMINATION

14 BY MR. STOVALL:

15 Q. If I were to ask you a similar series of
16 questions on the Rosa Unit No. 222, how would your
17 answers differ in any way as far as the procedure that
18 was followed or what happened in the field?

19 A. The procedure was the same. The Bureau of
20 Reclamation was the controlling party to move that
21 particular well rather than the BLM.

22 Q. In relation, looking at, I guess it's
23 Exhibit 6, the 222, assuming that the actual location
24 is where the well is right now, I'm assuming we're now
25 at an accurate survey on this piece of paper, where

1 was the original well that Mr. Risenhoover staked
2 before the Bureau of Rec moved it?

3 A. It was located down near the Rosa Unit No.
4 12.

5 Q. So it would be north of where it is at the
6 top; is that correct?

7 A. Right. It is slightly north of the Rosa
8 12.

9 Q. It was north of the Rosa 12?

10 A. Yes, adjoining pads, essentially.

11 Q. Since I can't read Mr. -- well, we don't
12 have a location for the Rosa 12 -- oh, yes, we do;
13 okay. It's what, 700, 800 feet north, is that what
14 you would say, from the 12 to the actual location of
15 the 222; is that correct?

16 A. Approximately.

17 Q. So Bureau of Rec actually moved that well
18 1,000 feet, roughly?

19 A. Roughly, yes, sir.

20 MR. STOVALL: I have nothing further.

21 HEARING EXAMINER: I'm going to go back to
22 the 201. When you sign this, Mr. Turnbaugh, do you
23 look at any other maps in relationship to the existing
24 wells, in this particular case, the Rosa Unit 115 and
25 the Rosa Unit No. 18?

1 THE WITNESS: I did not on this one.

2 HEARING EXAMINER: Are there any other
3 questions of this witness? If not, he may be
4 excused.

5 Anything further, Mr. Kellahin and Mr.
6 Cooter?

7 MR. KELLAHIN: No, sir.

8 HEARING EXAMINER: Mr. Kellahin, would you
9 supply me a rough draft order?

10 MR. KELLAHIN: Yes, sir.

11 HEARING EXAMINER: There being nothing
12 further in either case, 10,039 and 10,040, both of
13 these cases will be taken under advisement.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case Nos. 10039 and 10040
heard by me on 5 Sept. 1990.

Michael A. Stevens, Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Continued and Dismissed Cases

Case No. 9961,	Case No. 10029,	Case No. 10030,	Case No. 10039
Case No. 10031,	Case No. 10036,	Case No. 10037,	Case No. 10040
Case No. 10038,	Case No. 10017,	Case No. 10019,	Case No. 8350
Case No. 10020,	Case No. 10021,	Case No. 10022,	Case No. 10024
Case No. 10025,	Case No. 10008,	Case No. 10043,	Case No. 10044
Case No. 9997,	Case No. 9995	Case No. 10045,	Case No. 10046
			Case No. 10047

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

August 8, 1990

A P P E A R A N C E S

1

2

3 FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87501

6

7

8 FOR THE APPLICANT:
9 Cases 10038, 9997,
10021

W. THOMAS KELLAHIN
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

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P R O C E E D I N G S

HEARING EXAMINER: This hearing will come to order for Docket No. 2290. Today's date August 8, 1990. I am Michael E. Stogner, appointed hearing officer for today's cases. Before we get started today I'll go through the continued and dismissed cases.

Call first Case No. 9961.

MR. STOVALL: Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant requests this case be dismissed.

HEARING EXAMINER: Case No. 9961 will be dismissed.

* * * * *

HEARING EXAMINER: Call next case, No. 10029.

MR. STOVALL: Application of Giant Exploration and Production Company for compulsory pooling, San Juan County, New Mexico. Applicant requests this case be dismissed.

HEARING EXAMINER: Case No. 10029 will be dismissed.

* * * * *

HEARING EXAMINER: Call next case, No. 10030.

MR. STOVALL: Application Nearburg Producing Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant requests this case be dismissed.

HEARING EXAMINER: Call next case -- I am sorry, case No. 10030 will be dismissed.

* * * * *

1 HEARING EXAMINER: Call next case, No. 10031.

2 MR. STOVALL: Application of Nearburg Producing
3 Company for a non-standard oil proration unit, Eddy County, New
4 Mexico. Applicant requests this case be continued to August
5 22nd, 1990.

6 HEARING EXAMINER: Case No. 10031 will be continued
7 to the examiner's hearing scheduled for August 22nd, 1990.

8 * * * * *

9 HEARING EXAMINER: Next page, call next case,
10 No. 10036.

11 MR. STOVALL: Application of Texaco, Inc. for
12 amendment of Division Order No. R-8170 to establish a minimum
13 gas allowable for the Eumont Gas Pool, Lea County, New Mexico.
14 Applicant requests this case be continued to September 5th,
15 1990.

16 HEARING EXAMINER: Case No. 10036 will be continued
17 to examiner's hearing scheduled for September 5, 1990.

18 * * * * *

19 HEARING EXAMINER: Call next case, No. 10037.

20 MR. STOVALL: Application of BTA Oil Producers for
21 salt water disposal Lea County, New Mexico. Applicant requests
22 this case be dismissed.

23 HEARING EXAMINER: Case No. 10037 will be dismissed.

24 * * * * *

25 HEARING EXAMINER: Call next case, No. 10038.

1 MR. STOVALL: Application of Nassau Resources, Inc.
2 for infill drilling in the Basin-Fruitland Coal Gas Pool on its
3 Carracas Canyon Unit, Rio Arriba County, New Mexico. I believe
4 Mr. Kellahin would like to enter an appearance.

5 HEARING EXAMINER: Mr. Kellahin.

6 MR. KELLAHIN: Mr. Examiner, I represent the
7 applicant in this case. And on behalf of the applicant we'd
8 request this case be continued to the hearing on August 22nd.

9 HEARING EXAMINER: Thank you, Mr. Kellahin. Case
10 No. 10038 will be so continued to examiner's hearing scheduled
11 for August 22nd, 1990.

12 * * * * *

13 HEARING EXAMINER: Call next case, No. 10017.

14 MR. STOVALL: Application of Meridian Oil, Inc. for
15 unorthodox coal gas well location, San Juan County, New Mexico.
16 Applicant requests this case be dismissed.

17 HEARING EXAMINER: Case No. 10017 will be dismissed.

18 * * * * *

19 HEARING EXAMINER: Call next case, No. 10019.

20 MR. STOVALL: Application of Meridian Oil, Inc. for
21 an unorthodox coal gas well location, San Juan County, New
22 Mexico. Applicants request this case be dismissed.

23 HEARING EXAMINER: Case number 10019 will be
24 dismissed.

25 * * * * *

1 HEARING EXAMINER: Call next case, No. 10020.

2 MR. STOVALL: Application of Meridian Oil, Inc. for
3 unorthodox coal gas well location, San Juan County, New Mexico.
4 Applicants request this case be dismissed.

5 HEARING EXAMINER: Case No. 10020 will be dismissed.

6 * * * * *

7 HEARING EXAMINER: Call next case, No. 10021.

8 MR. STOVALL: Application of Meridian Oil, Inc. for
9 unorthodox coal gas well location, San Juan County, New Mexico.
10 This case is required to be readvertised and continued to
11 August 22nd, 1990.

12 HEARING EXAMINER: Case No. 10021 will be continued
13 and readvertised for the examiner's hearing scheduled for
14 August 22nd, 1990.

15 * * * * *

16 HEARING EXAMINER: Call next case, No. 10022.

17 MR. STOVALL: Application of Meridian Oil, Inc. for
18 an unorthodox coal gas well location, San Juan County, New
19 Mexico. Applicant requests this case be dismissed.

20 HEARING EXAMINER: Case No. 10022 will be dismissed.

21 * * * * *

22 HEARING EXAMINER: I'll call next case, No. 10039.

23 MR. STOVALL: Application of Meridian Oil, Inc. for
24 an unorthodox coal gas well location, Rio Arriba County, New
25 Mexico. Applicant requests this case be continued to September

1 5, 1990.

2 HEARING EXAMINER: Case No. 10039 will be continued
3 to the examiner's hearing scheduled for September 5th, 1990.

4 * * * * *

5 HEARING EXAMINER: Call next case, No. 10040.

6 MR. STOVALL: Application of Meridian Oil, Inc. for
7 an unorthodox coal gas well location, Rio Arriba County, New
8 Mexico. Applicants request this case be continued to September
9 5th, 1990.

10 HEARING EXAMINER: Case No. 10040 will be so
11 continued.

12 * * * * *

13 HEARING EXAMINER: Call next case, which is reopen
14 Case No. 8350.

15 MR. STOVALL: In the matter of Case 8350 being
16 reopened pursuant to the provisions of Commission Order No.
17 R-7745, which order promulgated temporary special rules and
18 regulations for the Gavilan Greenhorn-Graneros-Dakota Oil Pool
19 in Rio Arriba County, including a provision for 320-acre
20 spacing units. This case is requested to be continued to
21 August 22nd, 1990.

22 HEARING EXAMINER: Said Case No. 8350, which is
23 reopened, will be continued to examiner's hearing scheduled for
24 August 22nd, 1990.

25 * * * * *

1 HEARING EXAMINER: I'll call next cases, 10043
2 through 10047.

3 MR. STOVALL: 10043 -- each of these cases is an
4 application of D. J. Simmons Company for compulsory pooling in
5 San Juan County, New Mexico. And the applicant has requested
6 that each of these cases be continued to August 22nd, 1990.

7 HEARING EXAMINER: Each of these cases will be
8 continued to the examiner's hearing scheduled for August 22nd,
9 1990.

10 * * * * *

11 HEARING EXAMINER: On the fifth page, I'll call next
12 case, No. 10024.

13 MR. STOVALL: Application of Meridian Oil, Inc. for
14 unorthodox coal gas well location San Juan County, New Mexico.
15 Applicant requests this case be dismissed.

16 HEARING EXAMINER: Case No. 10024 will be dismissed.

17 * * * * *

18 HEARING EXAMINER: Call next case, No. 10025.

19 MR. STOVALL: Application of McKenzie Methane
20 Corporation for an unorthodox coal gas well location, San Juan
21 County, New Mexico. Applicant requests this case be dismissed.

22 HEARING EXAMINER: Case No. 10025 will be dismissed.

23 * * * * *

24 HEARING EXAMINER: Call next case, No. 10008.

25 MR. STOVALL: Application of Doyle Hartman for a

1 non-standard gas proration unit, compulsory pooling, and an
2 unorthodox gas well location, Lea County, New Mexico.
3 Applicant requests this case be continued to September 5, 1990.

4 HEARING EXAMINER: Case No. 10008 will be so
5 continued. The next thing we will --

6 MR. KELLAHIN: Mr. Examiner, I have one further case
7 to continue.

8 HEARING EXAMINER: Yes, Mr. Kellahin.

9 MR. KELLAHIN: Turn back to page number two, it's
10 the TXO case, 9997.

11 HEARING EXAMINER: Case No. 9997. Yes, sir.

12 MR. KELLAHIN: I represent the Applicant in that
13 case. And on behalf of the Applicant we request it be
14 continued to August 22nd.

15 HEARING EXAMINER: Thank you, Mr. Kellahin. Said
16 Case No. 9997 be continued to the examiner's hearing scheduled
17 for August 22nd, 1990.

18 * * * * *

19 MR. KELLAHIN: May I ask a point of clarification on
20 one of the Meridian cases, the one that had to be readvertised?

21 HEARING EXAMINER: Yes, sir. What's that case
22 number?

23 MR. KELLAHIN: Case 10021.

24 HEARING EXAMINER: 10021. Okay.

25 MR. KELLAHIN: I represent the Applicant in that

1 case. Mr. Bruce represented the opponent and has withdrawn his
2 opposition. And we were proposing to have the case dismissed
3 and returned to the examiner for administrative processing.

4 HEARING EXAMINER: Yes, Mr. Kellahin.

5 MR. KELLAHIN: Is that something we can accomplish
6 without readvertising it for a hearing?

7 HEARING EXAMINER: Mr. Kellahin, I was in receipt,
8 and you'll be getting a correspondence from me concerning that.
9 I do not have it with me. Evidently it has not been typed
10 today. I am referring back to a correspondence to you from me
11 on July 20, 1990 in response to your letter of July 19, 1990,
12 wishing it to be readvertised from the south half east half
13 dedication. That was done pursuant to our correspondence
14 yesterday. And in light of that you will be getting a
15 correspondence from me requesting some additional information
16 for the administrative application which it can still be done
17 administratively. But because the administrative application
18 was for the lay down south half south half and you wish to
19 reorient the east half there was some additional notification
20 that needed to be done for the administrative application.

21 MR. KELLAHIN: Is the intent then to readvertise it
22 on this docket to satisfy the change for the proration unit in
23 order to return it for administrative processing?

24 HEARING EXAMINER: No, sir, Mr. Kellahin. The
25 process has already been done. Advertisements have been sent

1 out for the 22nd. It's already on the docket. But it's our
2 intention to dismiss it at that time.

3 MR. KELLAHIN: Thank you.

4 HEARING EXAMINER: If there is no additional
5 problems with the admitted administrative application which I
6 requested from Meridian. You should be getting that letter
7 today. In fact after -- at some recess we'll get with my
8 secretary.

9 MR. KELLAHIN: That clarifies what was happening. I
10 appreciate it. Thank you.

11 HEARING EXAMINER: I apologize for yesterday. By
12 the time we got around to that it was a little late.

13 MR. KELLAHIN: That's all right.

14 * * * * *

15 HEARING EXAMINER: Okay. Call next case, No. 9995.

16 MR. STOVALL: Application of Sendero Petroleum, Inc.
17 for compulsory pooling, Eddy County, New Mexico.

18 HEARING EXAMINER: At the Applicant's request,
19 Mr. Stovall, this case is going to be continued to the
20 examiner's hearing scheduled for August 22nd, 1990.

21 * * * * *

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 10040
25 heard by me on 8 August 1990.

Michael E. Stopper, Examiner
Oil Conservation Division

