

## NEW MEXICO OIL CONSERVATION COMMISSION

OIL CONSERVATION DIVISIONSANTA FE, NEW MEXICOHearing Date MARCH 13, 1985 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Bob Hiller	Bryam	Santa Fe
Les Clemente	O.C.D.	Artesia, NM,
Jim Bruce	Hinkle Law Firm	Santa Fe
Mr. J. Kellablin	Kellablin + Kellablin	Santa Fe
William L. Fair	Tampbell and Black	Santa Fe
Bill Clark	Blackwood & Nichols	Dozango Co.
H. L. Bobi Kerschich	El Paso Natural Gas	El Paso
E. R. Manning	El Paso Natural Gas	El Paso
Walter Komor	UNION TEXAS PETROLEUM	MIDLAND
P. W. Gallini	James Chamber	Lovington
Jack J. Zander	ARCO Oil and Gas	Midland, TX
John Upchurch	Phillips Petroleum Co.	Odessa TX
Michael E. Stogner	OCC	Santa Fe, NM
Bobby Smith	Coastal Oil & Gas Corp	Midland, TX
Hugh Ingram	Conoco	Hobbs



STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

13 March 1985

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Co.  
for amendment of Division Order No.  
R-638-B, Lea County, New Mexico.

CASES  
8520

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Jeff Taylor  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr  
Attorney at Law  
CAMPBELL & BLACK P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

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I N D E X

JACK LOWDER

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3 MR. QUINTANA: We'll start with  
4 Case 8520.

5 MR. TAYLOR: The application of  
6 ARCO Oil and Gas Company for amendment of Division Order No.  
7 R-638-B, Lea County, New Mexico.

8 MR. QUINTANA: You may proceed.

9 MR. CARR: May it please the  
10 Examiner, my name is William F. Carr, with the law firm  
11 Campbell and Black, P. A., of Santa Fe, appearing on behalf  
12 of ARCO Oil and Gas Company.

13 I have one witness who needs to  
14 be sworn.

15 MR. QUINTANA: Are there other  
16 appearances in this case?

17 If not, sir, would you please  
18 stand and be sworn at this time?

19 (Witness sworn.)

20 JACK LOWDER,  
21 being called as a witness and being duly sworn upon his  
22 oath, testified as follows, to-wit:

23 DIRECT EXAMINATION

24 BY MR. CARR:

25 Q Will you state your full name and place

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of residenc?

A My name is Jack Lowder and I reside in Midland, Texas.

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

A I'm employed by ARCO Oil and Gas Company as a petroleum engineer.

Q Have you previously testified before this Division and had your credentials as a petroleum engineer accepted and made a matter of record?

A Yes, I have.

Q Are you familiar with the application filed in this case on behalf of ARCO Oil and Gas Company?

A Yes, sir.

Q Are you familiar with the South Knowles Devonian Field?

A Yes, I am.

MR. CARR: Are the witness' qualifications acceptable?

MR. QUINTANA: Yes, the witness' qualifications are accepted.

Q Mr. Lowder, will you briefly state what ARCO Oil and Gas Company seeks with this application?

A ARCO seeks to amend Order R-638-B, to provide for optional stand-up or laydown 80-acre proration units in the South Knowles Devonian Pool by deleting the wording concening stand-up proration units.

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Q Have you prepared certain exhibits for introduction in this case?

A Yes, I have.

Q Would you please refer to what has been marked for identification as ARCO Exhibit Number One and identify that, please?

A Exhibit Number One is a plat showing the current wells and current leases in the South Knowles Devonian Field.

Q And this shows current -- current ownership in that area.

A Yes, sir.

Q Will you now go to Exhibit Number Two and review that for Mr. Quintana?

A Exhibit Number Two is a table showing the production from the South Knowles Devonian Pool.

From left to right it shows the current operators, the well name and number, the location of the wells, the completion dates, the cumulative oil production as of 11-1-84, and the October, 1984 production on a daily average.

Q Will you now go to Exhibit Number Three, identify this, and review the information contained on this exhibit for the Examiner?

A Exhibit Number Three is a structure map showing the development of the southwest portion of the field, using stand-up 80-acre proration units.





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A            There should be no impairment of correlative rights and we should be able to develop the oil reserves with two less wells.

Q            What impact would granting this application have on waste in the area?

A            Okay, it will prevent waste because the drilling of two less wells will result in significant savings.

             It would also not result in any sort of physical waste because I believe that the eight wells will be able to adequately drain the existing oil reserves.

Q            So you'll be preventing both economic and physical waste?

A            Yes, sir, I believe so.

Q            In what order does ARCO propose to develop this portion of the South Knowles Devonian Field?

A            Okay. Referring to Exhibit Number Four, the well in the northwest quarter of the southwest quarter of Section 24 has already been drilled.

             We plan to drill a west offset to that next and then we plan to drill a well to the southwest quarter of the southwest quarter of Section 24.

             Following that we would -- we plan to drill a well in the southeast quarter of the northwest quarter of Section 24.

             Following that, depending upon the control data we gain from drilling these wells, we will -- we

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will follow up with the remaining wells shown on the plat.

I'd also like to point out that laydown eighties will allow us to drill a well in the southwest quarter of the southwest quarter of Section 24, which will allow ARCO a quicker evaluation of the southern -- of a southern extension of the field that stand-up eighties do not allow us.

Q From a geological point of view, what effect will changing the pool rules have on ARCO's ability to located these wells?

Will it affect your ability in terms of the well's structural position?

A It will -- it will allow us to determine, better determine the structural -- the structure of the pool itself.

Q What is the reservoir drive mechanism in this pool?

A It's primarily a water drive.

Q If you -- if this request is granted will it enable you -- will you be able to develop this acreage with wells at higher structural positions?

A Yes, sir, we sure will.

Q And would that enable you to hopefully stay away from the oil/water -- or the gas/water contact?

A For oil/water contact.

Q Oil/water contact.

A Yes.

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Q Have you given notice of this hearing to the other interest owners in the pool?

A Yes, we've given notice to the offset operators and all the field operators by letter offered as Exhibit Number Five.

Q And attached to this letter is a list of each of the individuals notified?

A That's correct.

Q Would you now identify Exhibit Number Six for Mr. Quintana?

A Exhibit Number Six are the field rules for the South Knowles Devonian Pool.

ARCO recommends that the language dealing with stand-up eighties be deleted in order to provide for optional stand-up or laydown 80-acre proration units.

Q All right, so you're recommending that the highlighted portion of Finding Number Two in Order paragraph number one be deleted.

A Yes, sir, that's correct.

Q If this language is deleted will it affect the existing proration units for any other operator in the pool?

A No, sir, it will give them an option of using either stand-up or laydown 80-acre proration units.

Q Would you now identify what's been marked as ARCO Exhibit Number Seven?

A ARCO Exhibit Number Seven is a letter

1 from myself to the Examiner, which reviews ARCO's proposal.

2 Q Mr. Lowder, were Exhibits One through  
3 Seven prepared by you or under your direction?

4 A Yes, they were.

5 Q Can you testify as to their accuracy?

6 A Yes, I can.

7 MR. CARR: Mr. Examiner, at  
8 this time we would offer into evidence ARCO's Exhibits One  
9 through Seven.

10 MR. QUINTANA: Exhibits One  
11 through Seven will be entered as evidence.

12 MR. CARR: And that concludes  
13 my direct examination of Mr. Lowder.

14 CROSS EXAMINATION

15 BY MR. QUINTANA:

16 Q Mr. Lowder, I have a couple of questions  
17 for you.

18 Is it your testimony that by deleting  
19 from this order the portion allowing for east half/west half  
20 designations to north half/south half, is it your testimony  
21 that you will not affect any offset operators who currently  
operate in this -- in the current manner?

22 A That's correct.

23 Q And you've notified all offset operators.

24 A Yes, sir, and I have a list of the certi-  
25 fied receipts and is that included with the --

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2 MR. CARR: If you would like  
3 those we can --

4 MR. QUINTANA: I would like to  
5 have them.

6 MR. CARR: -- provide you with  
7 them.

8 Mr. Quintana, we have not re-  
9 ceived the receipts back from every interest owner in the  
10 pool. We have received a majority of them. We can supply  
11 what we have now or if you'd like, we can provide the copies  
12 of all of them when they're back.

13 MR. QUINTANA: Provide copies  
14 of all of them when they have all been received.

15 Are there further questions of  
16 the witness?

17 If not, Mr. Lowder, you may be  
18 excused.

19 Case 8520 will be taken under  
20 advisement.

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22 (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 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. 8529  
heard by me on MARCH 13 1985.

Gilbert P. Quintana Examiner  
Oil Conservation Division