

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

EXAMINER HEARING

IN THE MATTER OF: Case 8874

In the matter of Case 8874 being
Reopened pursuant to the provisions
Of Division Order Nos. R-639-C-1,
Which Order reclassified the
Crosby-Devonian Gas Pool in Lea County,
New Mexico.

TRANSCRIPT OF PROCEEDINGS

BEFORE DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 10, 1990

ORIGINAL

A P P E A R A N C E S

FOR THE OIL CONSERVATION DIVISION:

ROBERT G. STOVALL, ESQ.
State Land Office Building
Santa Fe, New Mexico 87501

FOR AMERICAN EXPLORATION:

CAMPBELL & BLACK, P.A.
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87504
BY: WILLIAM F. CARR, ESQ.

I N D E X

	Page Number
Appearances	2
Certificate of Reporter	6

1 MR. CATANACH: At this time we'll call Case
2 8874.

3 MR. STOVALL: In the matter of Case 8874
4 being reopened pursuant to the provisions of Division
5 Order Nos. R-639-C-1, which order reclassified the
6 Crosby-Devonian Gas Pool in Lea County, New Mexico.

7 MR. CATANACH: Are there any appearances in
8 this case?

9 MR. CARR: May it please the Examiner, my
10 name is William F. Carr. I'm appearing in this case on
11 behalf of American Exploration.

12 This case was originally brought on an
13 application of Union Texas Petroleum Corporation.
14 Since that time the Union Texas has conveyed its
15 interests to American Exploration.

16 My purpose here today is to advise you that
17 American does not intend to appear and present
18 testimony in support of continuing the associated
19 status for the Devonian pool.

20 And, therefore, unless there are other
21 operators who appear, the rules may be terminated and
22 it can be -- the status of the pools can revert to a
23 gas pool.

24 MR. CATANACH: Mr. Carr, do you know if there
25 are any other operators in the pool?

1 MR. CARR: Not that I'm aware of. There were
2 none in the original hearings.

3 MR. CATANACH: That being the case, Case 8874
4 will be taken under advisement.

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CERTIFICATE OF REPORTER

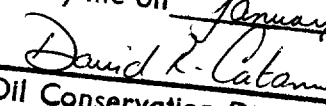
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Debbie Vestal, Certified Shorthand Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Examiner of the Oil Conservation Division was reported by me; that I caused my notes to be transcribed under my personal supervision; and that the foregoing is a true and accurate record of the proceedings.

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

WITNESS MY HAND AND SEAL February 10, 1990.


Debbie Vestal
CSR No. 400

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiners hearing of Case No. 8874 heard by me on January 10 1990.

Oil Conservation Division, Examiner

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

6 January 1988

EXAMINER HEARING

IN THE MATTER OF:

Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C. CASE 8874

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

For the Applicant:

Scott Hall
Attorney at Law
CAMPBELL & BLACK P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

I N D E X

BILLY M. PRIEBE

Direct Examination by Mr. Hall 4

Cross Examination by Mr. Stogner 10

E X H I B I T S

American Exhibit One, Plat 5

American Exhibit Two, Production Plots 6

American Exhibit Three, Run Ticket 7

American Exhibit Four, Notification 8

1
2 MR. STOGNER: We'll call next
3 Case Number 8874, which is in the matter of Case Number 8874
4 being reopened pursuant to provisions of Division Order No.
5 R-639-C, which order reclassified the Crosby-Devonian Gas
6 Pool in Lea County, New Mexico, as an associated pool.

7 At this time we're calling for
8 appearances.

9 MR. HALL: Mr. Examiner, Scott
10 Hall from the Campbell & Black law firm for American Explor-
11 ation Company.

12 I have one witness this mor-
13 ning.

14 MR. STOGNER: American Explora-
15 tion Company?

16 MR. PRIEBE: Yes.

17 MR. STOGNER: Was American Ex-
18 ploration Company the original applicant in this case, Mr.
19 Hall?

20 MR. HALL: No, sir.

21 MR. STOGNER: Are there any
22 other appearances in this matter?

23 There being none, how many wit-
24 nesses do you have?

25 MR. HALL: One.

1 MR. STOGNER: Will the witness
2 please stand at this time?

3
4 (Witness sworn.)

5
6 MR. STOGNER: Mr. Hall.

7
8 BILLY M. PRIEBE,
9 being called as a witness and being duly sworn upon his oath
10 testified as follows, to-wit:

11
12 DIRECT EXAMINATION

13 BY MR. HALL:

14 Q For the record please state your name.

15 A Billy M. Priebe.

16 Q Mr. Priebe, where do you live and by whom
17 are you employed?

18 A Midland, Texas. I'm employed by American
19 Exploration Company.

20 Q What do you do for American Exploration?

21 A I'm the Production Superintendent.

22 Q Mr. Priebe, are you familiar with the or-
23 iginal application filed in this case by Union Texas Petro-
24 leum and Order R-639-C, which established temporary pool
25 rules for the Crosby Devonian Pool?

1 A Yes, I am.

2 Q And is American Exploration an operator
3 in that pool now?

4 A Yes, it is.

5 Q Mr. Priebe, have you previously testified
6 before the Division or the Commission and had your creden-
7 tials accepted?

8 A Yes, I have.

9 Q All right. Would you please briefly
10 state what it is that American seeks by this hearing?

11 A American Exploration applies for a 2-
12 year extension to Order R-639-C, establishing the Crosby
13 Devonian Field as an associated pool and setting pool rules
14 up for that.

15 Q Okay. When did American pick up its
16 interest in the Crosby Devonian?

17 A Again, operating as the Gregory El Paso
18 Federal No. 1 in February of '87.

19 Q From whom did American acquire its
20 interest in the Crosby Devonian?

21 A Union Texas Petroleum.

22 Q All right, let's look at what's been
23 marked as Exhibit One. Would you please explain to the
24 Hearing Examiner what that's intended to reflect?

25 A The -- it shows the well that had been

1 completed in the Crosby Devonian Field. The area covered by
2 the pool rules is outlined in red. As you can see on the
3 map, there are two wells still active, both in Section 33,
4 the Gregory El Paso Federal No. 1, which American Explora-
5 tion Operates, and the G. W. Shahan No. 2, operated by Chev-
6 ron.

7 There have been two oil wells in the
8 pool, one of which is the Gregory El Paso Federal. The re-
9 mainder of the wells have been gas wells.

10 Q Okay. Let's look at Exhibit Two. Would
11 you identify that, please?

12 A This is our three production plots, the
13 first one of which is of the Gregory El Paso Federal No. 1,
14 which we operate, American Exploration. It is an oil well
15 currently producing at a GOR of about 9000, producing ap-
16 proximately 25 barrels of oil a day and 300 MCF a day and
17 300 barrels of water a day.

18 Q Okay. And the next page of Exhibit Two?

19 A That is a production plot of the Chevron
20 Shahan No. 2, the only other active well in the field at the
21 present. It is a gas well producing between 300 and 350 MCF
22 a day and no liquids.

23 Q Okay, and let's look at the final page.
24 What does that show?

25 A It is a production plot of the Eva Owens

1 "D" No. 1, Section 21. It is the only other well in the
2 field that has been -- that was an oil well. It is cur-
3 rently plugged.

4 Q All right. Let's turn to Exhibit Number
5 Three. What is that, please?

6 A This is a recent run ticket. It's dated
7 December 10th, '87, indicating that the gravity of the oil
8 produced from this well was some 32.8.

9 Q All right, now is it your understanding
10 that the present rules designate this pool as an associated
11 pool?

12 A That's correct.

13 Q And what is the spacing --

14 A It's --

15 Q -- in the Crosby Devonian right now?

16 A -- 160 for a gas well and 40 for an oil
17 well.

18 Q Now for all the wells that are presently
19 producing in the Crosby Devonian Pool under the temporary
20 rules, are any of them at an unorthodox location?

21 A No, they are not.

22 Q Okay. Are there any other operators in
23 the pool?

24 A One other. Chevron operates the G. W.
25 Shahan "D" No. 2.

1 Q All right, and has Chevron been notified
2 of this hearing?

3 A They were notified late, I think. Since
4 this was a Division-called hearing, we were -- there was
5 some confusion on our part whether we would need to notify
6 them or not. We have notified them at this time.

7 Q All right, and is Exhibit Four a copy of
8 the notification to them?

9 A Yes, it is.

10 MR. HALL: For the record, Mr.
11 Examiner, we were advised after the 20-day notification per-
12 iod had run by the other hearing examiner that it would be
13 prudent to notify Chevron, which we have done as shown by
14 the exhibit.

15 I'd also point out that in the
16 original application establishing the pool rules for the
17 Crosby Devonian, brought by Union Texas in 1986, Chevron had
18 signed a waiver of objection to the application and that
19 waiver is on file in the original application file.

20 MR. STOGNER: Thank you, Mr.
21 Hall, I'll take administrative notice of that and also ad-
22 ministrative notice of Case Number 8874.

23 MR. HALL: All right.

24 Q Mr. Priebe, in your opinion will the 2-
25 year extension of Order R-639-C be in the best interest of

1 conservation, the prevention of waste, and the protection of
2 correlative rights?

3 A Yes, it will. The order allows us to
4 classify our well as an oil well, which we think it is, and
5 as such it is not as subject to market curtailments. As I
6 stated previously, it is a flowing well, producing about 300
7 barrels of water a day and it's quite difficult to return it
8 to production after a shut-in period and frequent shut-ins
9 could likely lead to earlier abandonment of this well than
10 otherwise might be the case.

11 Q Okay. In your opinion has American Ex-
12 ploration had sufficient time to evaluate the prospects for
13 further development in the pool in view of your recent ac-
14 quisition of the interests?

15 A No, we haven't really looked at the area
16 in that respect, no.

17 Q Okay.

18 MR. HALL: That's all we have,
19 Mr. Examiner.

20 We'd move the admission of the
21 exhibits.

22 MR. STOGNER: Exhibits One
23 through Four will be taken under advisement -- I'm sorry,
24 will be accepted at this time.

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CROSS EXAMINATION

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BY MR. STOGNER:

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Q Mr. Priebe, when I look at Exhibit Number One, there's quite a few abandoned gas wells. In fact, there's one abandoned oil well. Were these wells abandoned prior to the formation of the associated pool or do you know?

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A Yes, sir. Yes, some -- some -- quite some time prior. I'm not sure when, but, you know, several years prior.

12

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Q Okay. Now, as far as the G. W. Shahan No. 2 and the Gregory El Paso Federal No. 1, were those wells the only two wells in existence whenever the pool made the reclassification?

16

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A That's correct.

Q Is there any plans on any future development in the near future?

19

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A None at present, no.

Q Has there been any workovers done on that Gregory El Paso Federal No. 1 that you know of since the reclassification took place?

23

24

25

A No, sir.

MR. STOGNER: Are there any other questions of Mr. Priebe?

1 MR. HALL: We have nothing fur-
2 ther.

3 MR. STOGNER: If not, he may be
4 excused.

5 Mr. Hall, do you have anything
6 further in this case?

7 MR. HALL: No, sir.

8 MR. STOGNER: Does anybody else
9 have anything further in Case Number 8874?

10 There being none, this case
11 will be taken under advisement.

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13 (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. 8374 (REOPENED)
heard by me on 6 January 1988.
M. L. Stagner, Examiner
Oil Conservation Division

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

6 18 November 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Case 8874 being reopened pursuant to CASE
10 the provisions of Division Order No. 8874
11 R-639-C, in Lea County, New Mexico.

12 BEFORE: David R. Catanach, Examiner

13
14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

18 For the Division:

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

24 For the Applicant:
25

MR. CATANACH: Call next Case
8874.

MR. TAYLOR: In the matter of
Case 8874 being reopened pursuant to the revisions of
Division Order No. R-639-C, Lea County, New Mexico.

The applicant has requested
that this case be continued.

MR. CATANACH: Case 8874 is
hereby continued to the January 6th, 1988, hearing.

(Hearing concluded.)

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 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 and correct transcript of the proceedings in
the Examiner's hearing of Case No. 8874,
heard by me on November 18 1987.
David R. Catanzaro, Examiner
Oil Conservation Division

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

6 4 November 1987

7 IN THE MATTER OF:

8 Case 8874 being reopened pursuant to CASE
9 the provisions of Division Order No. 8874
10 R-639-C, in Lea County, New Mexico.

11 BEFORE: Michael E. Stogner, Examiner
12
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14

15 TRANSCRIPT OF HEARING

16 A P P E A R A N C E S
17

18 For the Division:

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

24 For the Applicant:
25

MR. STOGNER: Call next Case Number 8874, which is in the matter of Case 8874 being reopened pursuant to the provisions of Division Order No. R-639-C, which reclassified the Crosby-Devonian Gas Pool in Lea County, as an associated pool.

The interest -- the operators in this particular pool have requested that this case be continued to the Examiner Hearing scheduled for November 18th, 1987.

(Hearing concluded.)

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 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. 8874,
heard by me on 4 November 1987.

Michael E. Stagner, Examiner
Oil Conservation Division

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

6 7 October 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 In the matter of Case 8874 being CASE
10 reopened pursuant to the provisions 8874
11 of Division Order No. R-639-C, Lea
12 County, New Mexico.

13 BEFORE: Michael E. Stogner, Examiner

14 TRANSCRIPT OF HEARING

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

16 For the Division: Jeff Taylor
17 Attorney at Law
18 Legal Counsel to the Division
19 State Land Office Bldg.
20 Santa Fe, New Mexico 87501

21 For the Applicant:

MR. STOGNER: Call next Case
Number 8874.

MR. TAYLOR: In the matter of
Case 8874 being reopened pursuant to the provisions of
Division Order No. R-639-C, which order reclassified the
Crosby-Devonian Gas Pool in Lea County as an associated
pool.

The applicant has requested
that this case be continued.

MR. STOGNER: Case Number 8874
will be continued to the Examiner's hearing scheduled for
November 4th, 1987.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY 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. 8874,
heard by me on 7 October 1982.

Michael E. Stogner Examiner
Oil Conservation Division

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

23 July 1986

EXAMINER HEARING

IN THE MATTER OF:

Application of Union Texas Petro-
leum Corporation for pool reclass-
ification, Lea County, New Mexico.

CASE
8874

BEFORE: Michael E. Stogner, 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:

Scott Hall
Attorney at Law
CAMPBELL & BLACK P.A.
P. O. Box 2208
Santa Fe, New Mexico 87501

I N D E X

RICHARD J. LOUDEN

Direct Examination by Mr. Hall 3

Cross Examination by Mr. Stogner 10

STATEMENT BY MR. HALL 13

E X H I B I T S

UT Exhibit One, Plat 5

UT Exhibit Two, Curves 6

UT Exhibit Three, Run Ticket 7

UT Exhibit Four, Production Curve 7

UT Exhibit Five, Structure map 8

UT Exhibit Six, Letter 10

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MR. STOGNER: Call next Case
Number 8874, which is the application of Union Texas
Petroleum Corporation for pool reclassification, Lea County,
New Mexico.

We'll now call for appearances.

MR. HALL: Mr. Examiner, my
name is Scott Hall from the law firm of Campbell & Black in
Santa Fe, on behalf of the appliant, Union Texas.

We have one witness we need
sworn this morning.

MR. STOGNER: Are there any
other appearances in this matter?

Will the witness please stand
and be sworn?

(Witness sworn.)

RICHARD J. LOUDEN,
being called as a witness and being duly sworn upon his
oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. HALL:

Q Would you please state your name and

1 place of residence and why don't you spell your name for the
2 court reporter here today?

3 A My name is Richard J. Loudon, L-O-U-D-E-
4 N.

5 And I live in Houston, Texas.

6 Q By whom are you employed and in what cap-
7 acity?

8 A I'm employed by Union Texas Petroleum as
9 a resevoir engineering supervisor.

10 Q Have you previously testified before the
11 Division?

12 A No.

13 Q All right, why don't you give the hearing
14 examiner brief summary of your educational background and
15 work experience?

16 A Okay. I graduated with a Bachelor's de-
17 gree from Louisiana Tech in mechanical engineering in 1978
18 and I've worked as a petroleum engineer since that time, for
19 eight years. Six of those years were with Amoco Production
20 Company, two years as a production engineer; four years as a
21 reservoir engineer, part of that as a reservoir engineering
22 supervisor, and then the last two years with Union Texas
23 Petroleum, a year as a production engineering supervisor and
24 a year as a reservoir engineering supervisor.

25 Q All right, are you familiar with the ap-

1 plication filed in this case and the subject lands?

2 A Yes.

3 MR. HALL: At this time, Mr.
4 Examiner, we'd tender Mr. Louden as a qualified expert.

5 MR. STOGNER: Mr. Louden is so
6 qualified.

7 Q Mr. Louden, if you would, please briefly
8 state what Union Texas seeks by this application.

9 A An order declaring the Crosby Devonian
10 Pool to be an associated pool and the promulgation of
11 special pool rules therefore.

12 Q All right, I'd like for you to refer to
13 what's been marked as Exhibit Number One and identify that
14 and explain what it's intended to reflect.

15 A Exhibit Number One is a land plat which
16 shows all of the wells that are in the Crosby Devonian Gas
17 Pool and it shows the current status of those wells as
18 either abandoned gas wells, producing gas wells, or aban-
19 doned oil wells.

20 Q Does the exhibit also reflect the bound-
21 aries of the pool?

22 A The exhibit covers the boundaries of the
23 pool and I can go through and state those boundaries.

24 Q Why don't you do that?

25 A Okay. In Range 37 East, 25 South, it's

1 the southeast quarter of 20, the southwest quarter of 21,
2 all of 28, the east half of 29, the northeast quarter of 32,
3 all of 33.

4 And in 26 South, 37 East, it's the north-
5 west quarter of 3 and the north half of 4.

6 Q Now, are the wells in this pool
7 classified as oil wells or gas wells?

8 A The remaining producing wells in the pool
9 are both classified as gas wells and those wells are Union
10 Texas Gregory El Paso Federal No. 1 and Chevron's Shannon
11 No. 2.

12 Q Is the Chevron well presently producing?

13 A Yes, it is.

14 Q All right. Why don't you please refer to
15 your Exhibit Number Two, identify that for the examiner, and
16 explain what it's intended to reflect?

17 A Exhibit Number Two is a production curve
18 of Union Texas' Gregory El Paso Federal No. 1 Well and what
19 it shows is that over the life of this well the gas/oil
20 ratio for the well has ranged between 10,000 and 30,000
21 cubic feet per barrel and the GOR currently is around 9,000
22 cubic feet per barrel.

23 Q All right, why don't you refer to Exhibit
24 Number Four and explain what that exhibit is intended to
25 reflect?

1 A Okay. Exhibit -- exhibit --

2 Q I'm sorry, Exhibit Number Three.

3 A Exhibit Number Three is a run ticket
4 where we sold the oil from this Gregory El Paso Federal Well
5 and it indicates on there we sold it to ARCO and the gravity
6 is 32 degrees for the oil.

7 So this, this exhibit, showing that 32
8 degree gravity oil, and the previous exhibit, showing a GOR
9 of around 10,000, are both to show that the well is
10 producing oil and is an oil well.

11 Q All right. Why don't you refer now to
12 Exhibit Four and explain what it's intended to reflect?

13 A Exhibit Four is the last couple years of
14 production of the Eva Owens No. 1 Well, which is the most
15 down dip well in the Crosby Devonian Pool, and what it shows
16 is that for the production date which we had in the last
17 couple years, the well was producing oil. The GOR ranged
18 from about 1000 to 8000 cubic feet per barrels, which is
19 proof that it was an oil well.

20 Q All right, is the Eva Owen No. 1 the only
21 other oil well in this particular pool?

22 A Yes, it is.

23 Q And it's no longer producing, is that
24 correct?

25 A That's right.

1 Q All right, why don't you refer to Exhibit
2 Number Five, please, and explain that to the examiner?

3 A Exhibit Number Five is a structure map of
4 the Crosby Devonian Pool and in the very north part of the
5 structure map you can see the Eva Owens No. 1, which I just
6 described has had produced oil, and as you can see, down dip
7 of that I'm showing an oil leg and slightly up dip of that
8 I'm showing an original gas/oil contact for the reservoir at
9 approximately 5800 feet.

10 So this, this structure map is designed
11 to show where the gas and oil were originally in the reser-
12 voir, and to show that it is an associated pool.

13 Q Does the exhibit also establish the
14 gas/oil contact line in that pool?

15 A Yes, it does.

16 Q Okay. How was that determined?

17 A That was approximated by the fact -- by
18 using the fact that the Eva Owens was an oil well and the
19 remainder of the wells in the pool, which are all up dip to
20 the Eva Owens, were gas wells.

21 Q All right, Mr. Louden, is the information
22 you adduced in conjunction with your creation of Exhibit
23 Five sufficient to establish the existence of the gas/oil
24 contact line and the overlying gas cap?

25 A Yes.

1 Q All right. Do you recommend that this
2 pool be classified as an associated pool?

3 A Yes.

4 Q Do you also recommend that the general
5 pool rules for associated pools be adopted for this
6 particular pool?

7 A Yes.

8 Q Are there wells presently producing in
9 the pool that will be at an unorthodox location as a result
10 of the adoption of the proposed special pool rules?

11 I understand that the Gregory Federal
12 No. 1 is the only producing well, is that correct?

13 A It's the only producing oil well.

14 Q Okay. Are there any other operators of
15 oil wells in the pool?

16 A No.

17 Q All right. I understand that Chevron
18 operates the Shannon No. 2 Well?

19 A Yes.

20 Q Were they apprised of this application?

21 A Yes.

22 Q And have they indicated their approval of
23 this application?

24 A Yes.

25 Q Is that approval evidenced by Exhibit

1 Number Six?

2 A Yes.

3 Q Mr. Louden, in your opinion will the
4 granting of this application be in the best interests of
5 conservation, the prevention of waste, and the protection of
6 correlative rights?

7 A Yes.

8 MR. HALL: At this time we'd
9 offer -- one more question.

10 Q Were Exhibits One through Six prepared by
11 you or at your direction?

12 A Yes.

13 MR. HALL: At this time we'd
14 offer Exhibits One through Six and that concludes our direct
15 of this witness.

16 MR. STOGNER: Exhibits One
17 through Six will be admitted into evidence.

18 Mr. Hall, will you be calling
19 any other witnesses?

20 MR. HALL: No.

21

22 CROSS EXAMINATION

23 BY MR. STOGNER:

24 Q Mr. Louden, what's the number of -- oh,
25 if I haven't, Exhibits Number One through Six will be admit-

1 ted into evidence.

2 Mr. Louden, what is the number of wells
3 that have produced or are producing within this pool?

4 A All the wells that have produced or are
5 producing are on this plat and I'll count them real quick.

6 Sixteen wells.

7 Q Of those sixteen wells only two are pres-
8 ently producing. That means there's fourteen P&A'ed wells.

9 A That's correct.

10 Q And why were those plugged and abandoned?

11 A Those were plugged and abandoned either
12 as a result of pressure depletion or water influx, and they
13 could no longer produce gas in economic quantities.

14 Q Do you know what the -- what the numbers
15 that are up there by some of these plugged and abandoned
16 wells, those are the cumulative production figures?

17 A Yes, they are.

18 Q And you show the barrels of oil, do you
19 know what the gravity was of that oil?

20 A No, I don't.

21 Q Is this 320-acre or 160-acre spacing
22 presently?

23 A I believe this is 160-acre spacing.

24 Q What do you propose that the new spacing
25

1 rules would be?

2 A I would propose to leave them at 160-
3 acres.

4 Q How about for oil?

5 A I think the 160 acres would be fine.

6 Q Why -- I guess I'm missing something, Mr.
7 Louden.

8 Why should we change a gas pool to an as-
9 sociated pool?

10 A Well, I think we should change it because
11 as evidenced by the production data that I've shown you, the
12 well that Union Texas Petroleum operates is an oil well and
13 the reason that it's important to Union Texas that it be
14 classified as an oil well, which it is, is because it will
15 enable us to produce -- produce the well and not be shut in
16 by a gas purchaser, since it is an oil well.

17 Q Is the Crosby Devonian a prorated gas
18 pool?

19 A Let me say that I'm not familiar with
20 prorated, the terminology.

21 I don't know.

22 MR. STOGNER: I have no further
23 questions of this witness.

24 Are there any further questions
25 of Mr. Louden?

1 MR. HALL: Just a brief state-
2 ment for purposes of clarification, Mr. Stogner.

3 We are proposing that the gen-
4 eral pool rules for associated pools be adopted in this
5 case, more or less along the lines of those rules adopted in
6 Order No. R-5353.

7 It's our wish that the oil --
8 the rules insofar as they govern oil wells be applied in
9 this case as they were in that case.

10 MR. STOGNER: Okay.

11 Q Mr. Louden, a couple more questions.
12 Have you been in contact with Mr. Paul Kautz in our Hobbs
13 District Office?

14 A Yes, I have.

15 Q And what has been the general consensus
16 of correspondence with him or conversation?

17 A Well, I talked to Mr. Kautz. Since I
18 wasn't familiar with all of the New Mexico regulations on
19 what -- what the right approach would be as to getting the
20 well classified as an oil well, and in the course of our
21 discussion I think he had some evidence in New Mexico that
22 -- or in Hobbs that it was an associated pool and he indi-
23 cated to me that he thought that that would be the best way
24 to achieve what I was trying to accomplish here.

25 MR. STOGNER: I have no further

1 questions of Mr. Louden.

2 Is there anything further in
3 Case Number 8874?

4 MR. HALL: No, Mr. Examiner.

5 MR. STOGNER: If not, this case
6 will be taken under advisement.

7

8 (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. 8874,
heard by me on 23 July 19 86.

Michael T. Wagner, Examiner
Oil Conservation Division

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

25 June 1986

Case No. 8912

Case No. 8891

EXAMINER HEARING

Case No. 8891

Case No. 8928

IN THE MATTER OF:

Case No. The disposition of Cases 8912, 8891,
8892, 8928, 8874, 8929, on Docket No.
20-86.

BEFORE: Michael E. Stogner, 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

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

12 June 1986

EXAMINER HEARING

Continued

Continued

Continued

IN THE MATTER OF:

Case Number 18-86, et al.

The disposition of certain cases
called on Docket No. 18-86 for
which no testimony was presented.

CASE
8891, 8892,
8915, 8870,
8874.

*Transcript in
Case 8891*

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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For the Applicant:

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

28 May 1986

EXAMINER HEARING

IN THE MATTER OF:

The disposition of cases called on
Docket No. 17-86 for which no testi-
mony was presented.

CASES
8906. 8891,
8892, 8870,
8866, 8874
8818.

*Transcript in
Case 8906*

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

30 April 1986

EXAMINER HEARING

IN THE MATTER OF:

Disposition of cases called on this
docket for which no testimony was
presented.

CASE
8872, 8879,
8873, 8870,
8874, 8885,
8866.

*Transcript in
Case 8872*

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

16 April 1986

Case No. 8872, Continued

EXAMINER HEARING

Case No. 8873, Continued

Case No. 8874, Continued

IN THE MATTER OF:

Case No. 8848, Continued

The disposition of all cases called

Case No. on this docket for which no testimony
was presented.

Case No. 8875, Continued

Case No. 8030, Continued

CASE
8872, 8873,
8874, 8848,
8875, 8870,
8030.

*Transcript in
Case 8872*

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

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