

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

6 22 June 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Union Oil Company of CASE
10 California d/b/a Unocal for special 9416
11 pool rules and an unorthodox gas well
12 location, Lea County, New Mexico.

13 BEFORE: Michael E. Stogner, Examiner
14
15

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

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

21 For the Applicant: William F. Carr
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1 MR. STOGNER: Call next Case
2 Number 9416, which is the application of Union Oil of
3 California, doing business as Unocal, for special pool
4 rules and an unorthodox gas well location, Lea County, New
5 Mexico.

6 We will call for appearances.

7 MR. CARR: May it please the
8 Examiner, my name is William F. Carr, with the law firm
9 Campbell & Black, P. A., of Santa Fe. We represent Union
10 Oil Company of California, and I have two witnesses.

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

13 Will the witnesses please
14 stand?

15
16 (Witnesses sworn.)

17
18 Mr. Carr?

19 MR. CARR: At this time we'd
20 call Larry Murphy.

21
22 LARRY MURPHY,
23 being called as a witness and being duly sworn upon his
24 oath, testified as follows, to-wit:
25

1 DIRECT EXAMINATION

2 BY MR. CARR:

3 Q Will you state your full name and place
4 of residence?

5 A John Larry Murphy. Midland, Texas.

6 Q Mr. Murphy, by whom are you employed and
7 in what capacity?8 A Union Oil Company of California as a
9 landman.10 Q Have you previously testified before
11 this Division and had your credentials as a landman accep-
12 ted and made a matter of record?

13 A No, I have not.

14 Q Would you review for Mr. Stogner briefly
15 your educational background and your work experience?16 A I graduated from Texas Tech University
17 in 1981 with a BBA in finance.18 Upon completion and graduation I went to
19 work with Union Oil Company, spent two years as lease
20 analyst and the remaining four and a half years as a
21 landman.22 Q Are you familiar with what Unocal seeks
23 with this application?

24 A Yes, I am.

25 Q Are you familiar with the House Yates-

1 Seven Rivers Gas Pool and the surrounding area?

2 A Yes, I am.

3 MR. CARR: We tender Mr. Murphy
4 as an expert witness in petroleum land matters.

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

7 Q Would you briefly state what Unocal
8 seeks with this application?

9 A Unocal seeks special pool rules for the
10 House Yates-Seven Rivers Gas Pool, including 80-acre
11 spacing, approval of an unorthodox gas well location for
12 its Fletcher Well No. 1, to be re-entered 1980 feet from
13 the north line and 330 feet from the west line of Section
14 5, Township 20 South, Range 39 East, Lea County, New
15 Mexico.

16 Q Mr. Murphy, would you refer to what has
17 been marked for identification as Unocal Exhibit No. 1,
18 identify this and review the information contained on this
19 exhibit?

20 A The blue line illustrates the House
21 Yates-Seven Rivers Gas Pool and the red outline illustrates
22 the one mile boundary within which we notified everybody.
23 The hatched line running north and south illustrates the
24 Lea County, New Mexico -- well, New Mexico and Texas state
25 line.

1 Q So the two eastern -- or the easternmost
2 row of sections on this plat actually are located within
3 the State of Texas.

4 A Yes, sir, they are.

5 Q Would you identify for Mr. Stogner the
6 location of the Fletcher No. 1 Well?

7 A It's located in the southwest quarter
8 northwest quarter of Section 5 of 20, 39.

9 Q And the -- there is an, what, an 80-acre
10 laydown unit dedicated to that well, or is that what you're
11 proposing?

12 A That's what we're proposing.

13 Q Now, you haven't indicated on this plat
14 Unocal's ownership in the area. Could you review that for
15 the Examiner, please?

16 A Presently Unocal has leasehold interest
17 in Sections 5 and 8.

18 Q And are you currently pursuing interests
19 in Section 6?

20 A Yes, we are. We're in the process of
21 leasing open acreage in Section 6.

22 Q Mr. Murphy, are you the individual who
23 was responsible for locating and giving notice of this ap-
24 plication to all interest owners within this pool and also
25 all of those within a mile of the pool?

1 A Yes, I am.

2 Q Would you briefly review how you went
3 about this task?

4 A We did a detailed check of the records
5 in Lea County, New Mexico, and Gaines County, Texas, in the
6 courthouses, to establish open acreage and leased acreage,
7 and based upon that, that's how we established the contact,
8 contacted people.

9 Q And approximately how many people were
10 provided with notice of this application?

11 A Approximately 350.

12 Q Would you identify what has been marked
13 as Unocal Exhibit Number Two?

14 A That's an affidavit prepared by our
15 attorneys confirming that notice has been given as required
16 by the OCD rules.

17 Q In your opinion has a good faith effort
18 been made to locate all individuals that are entitled to
19 know this under Oil Conservation Division rules and regu-
20 lations?

21 A Yes.

22 Q And in your opinion has notice of
23 today's hearing been given to all of those?

24 A Yes.

25 Q Were Exhibits One and Two either pre-

1 paired by you or compiled under your direction and
2 supervision?

3 A Yes, they were.

4 MR. CARR: At this time, Mr.
5 Stogner, we would offer Unocal Exhibits One and Two.

6 MR. STOGNER: Exhibits One and
7 Two will be admitted into evidence at this time.

8 Q And, Mr. Murphy, does Unocal intend to
9 call a reservoir engineer who can review the details of the
10 proposed pool rule change?

11 A Yes, we do.

12 MR. CARR: I have nothing
13 further of Mr. Murphy on direct.

14

15 CROSS EXAMINATION

16 BY MR. STOGNER:

17 Q Mr. Murphy, is this list of addresses
18 and names on Exhibit Number Two, is there any order that
19 those are in?

20 A No, there's not.

21 Q Okay. When I refer to your Exhibit
22 Number One, help me with some of the basics here.

23 A All right.

24 Q How many wells are presently producing,
25 do you know?

1 A I'd rather leave that up to our reser-
2 voir engineer.

3 Q Okay. I was just going to ask about
4 who's the operators, who's actually going to have
5 operations and are some of the people that you notified
6 that are within the blue area.

7 A Well, one of them is MGS. He's there
8 to the north.

9 Q How about this: How many wells does
10 Unocal operate?

11 A I'd rather leave that up to the --

12 Q Okay, all right.
13 When did you make the actual mailing of
14 these documents?

15 Or when did you actually notify these
16 people?

17 A The exact date --

18 MR. CARR: I can provide you,
19 Mr. Stogner, with the exact date later. It was 21 days
20 prior to this hearing because we were late trying to get
21 350 letters out and that is the reason there is no order or
22 we didn't put those to whom we sent notice in alphabetical
23 order. We were receiving part of the information from Texas
24 and we were trying simply to stay ahead of it as they came
25 in that way. I can give you the exact day. It was the

1 I can give you the exact date. It was
2 -- it was -- we were the last day but we were in time. I
3 can provide you with a copy of the notice letter, as well,
4 after the hearing.

5 MR. STOGNER: If you would
6 provide me a copy subsequent to this --

7 MR. CARR: Okay.

8 MR. STOGNER: -- hearing today
9 with a copy of your notice letter, that will be fine for
10 the record.

11 MR. CARR: I'll do that.

12 Q What kind of -- have you gotten any kind
13 of response from any of these people?

14 A The responses we have had are favorable.

15 Q Any negative ones?

16 A Not that I've received.

17 Q Okay.

18 MR. STOGNER: I have no
19 further questions of Mr. Murphy.

20 Are there any other questions
21 of this witness?

22 He may --

23 MR. CARR; I can -- I can
24 advise you that the letters were mailed on the 31st and I
25 can give you a copy of the letter. We received several of

1 them back, and I'll be glad to provide you with a copy of
2 the notice letter at this time.

3 They were dated mailed May 31
4 and if you'd like, I'll be glad to even mark this as an
5 exhibit.

6 MR. STOGNER: I think we can
7 make that part of Exhibit Number Two.

8 MR. CARR: All right, let me
9 just give it to you and here's a copy of a notice letter
10 that was provided.

11 MR. STOGNER: So Exhibit
12 Number Two is your affidavit, a list of all the addresses,
13 and a copy of the notification rule --

14 MR. CARR: Yes, sir.

15 MR. STOGNER: -- I'm sorry,
16 letter, I should say.

17 MR. CARR: That's correct.

18 MR. STOGNER: If there is no
19 further question of Mr. Murphy, he may be excused.

20 Mr. Carr?

21 MR. CARR: At this time we
22 would call John Gray, G-R-A-Y.

23 MR. STOGNER: John, J-O-H-N?

24 MR. GRAY: Yes, sir.

25

1 JOHN T. GRAY,
2 being called as a witness and being duly sworn upon his
3 oath, testified as follows, to-wit:

4
5 DIRECT EXAMINATION

6 BY MR. CARR:

7 Q Will you state your full name and place
8 of residence?

9 A My name is John T. Gray. I reside in
10 Midland Texas.

11 Q Mr. Gray, by whom are you employed and
12 in what capacity?

13 A I'm employed by Union Oil Company of
14 California as a reservoir engineer.

15 Q Have you previously testified before
16 this Division?

17 A No, I have not.

18 Q Would you briefly review your education-
19 al background and your work experience?

20 A I earned a BS degree in chemical engin-
21 eering from Texas Tech University in 1981. Since I have
22 worked for Union Oil Company of California strictly in the
23 Permian Basin as a production and reservoir engineer.

24 Q Are you familiar with what Unocal seeks
25 with this application?

1 A Yes, I am.

2 Q Are you familiar with the House Yates-
3 Seven Rivers Gas Pool?

4 A Yes, I am.

5 Q And is this pool a pool which is part of
6 your responsibility with Unocal?

7 A Yes, it is.

8 MR. CARR: Mr. Stogner, we
9 tender Mr. Gray as an expert witness in reservoir engineer-
10 ing.

11 MR. STOGNER: Mr. Gray is so
12 qualified.

13 Q Initially, Mr. Gray, it would, I think,
14 be useful if would provide the Examiner with just a brief
15 geological summary of this particular reservoir.

16 A All right. The trapping mechanism for
17 the House Seven Rivers Field is a combination of structure
18 and stratigraphy. Structurally the field is an east to west
19 trending anticline. The stratigraphic nature of the trap
20 results from porous, sandstone stringers which thicken to
21 the northeast and are draped across the structure.

22 Production in the Seven Rivers Reservoir
23 is from the sandstone stringers which were laid down in an
24 inter-tidal to super-tidal depositional setting. Periods
25 of transgression and regression resulted in the deposition

1 of interbedded, tight dolomites, evaporites, and pay sands.

2 The sand porosity stringers were nor-
3 mally 4 to 6 feet thick but produced significant quanti-
4 ties of gas. Porosity in the pay zone ranges from 12 to 28
5 percent.

6 Q Now, Mr. Gray, what are the current
7 spacing rules for the House Yates-Seven Rivers Pool?

8 A Currently they're on statewide rules of
9 160-acre spacing, 660 feet setbacks, 330 feet from quarter
10 quarter section lines, 1320 feet between wells.

11 Q I'd like you now to refer to what has
12 been marked as Unocal Exhibit Number Three, and if you
13 would first identify what this exhibit is and then review
14 the information on it for Mr. Stogner.

15 A This is a structure map of the Seven
16 Rivers formation as it occurs within the boundary of the
17 House Pool.

18 On it are marked the 5 wells that have
19 been drilled to the House Pool, three of which are produc-
20 ing and two of which are inactive.

21 Q Okay, would you identify the three,
22 first of all, that are producing?

23 A The three that are producing are by MGF
24 in the northeast part of the field. They are lumped rela-
25 tively close together.

1 Q Okay, and then those that are no longer
2 producing or have not produced from this field?

3 A There are in the western part of the
4 field the Jones No. 1; in the southern part of the field
5 the Hurd No. 1.

6 Q Are the wells that are not now produc-
7 ing produced for a period of time or were they dry at the
8 time they were drilled?

9 A The Jones No. 1 was produced by Zia
10 Energy, Inc., but they averaged about 50 MCF per month.
11 They are no longer producing to my knowledge. And the Hurd
12 No. 1 has never produced, to my knowledge.

13 Q What acreage is dedicated to the three
14 MGF wells?

15 A The MGF Wright No. 1 has an 80-acre
16 tract in Section 5.

17 The MGF Sun No. 1 has 160-acre section
18 in Section 32.

19 And the Speight No. 1 has 160 acres in
20 Section 31.

21 Q Now the three MGF wells, as they're
22 currently located, would that be -- would the location of
23 these wells be consistent with an 80-acre spacing pattern
24 for this pool?

25 Q Yes, they're very tightly spaced

1 together.

2 Q Okay, would you explain using this
3 exhibit, what conclusions you can draw from the structural
4 depiction?

5 A From this map it shows that the MGF
6 Wright is the structurally high well in the field. All of
7 the other producing wells are structurally low to that one
8 well.

9 Q And is the Wright No. 1 the best well in
10 the pool?

11 A Yes, it is.

12 Q And structure, I believe, from your
13 geological review is one of the two trapping mechanisms
14 that you look for in completing a well in this area?

15 A That's correct.

16 Q All right. Will you now go to Unocal
17 Exhibit Number Four and identify that, please?

18 A This is a porosity map of the Seven
19 Rivers formation.

20 What this map shows is the net pay that
21 is 10 percent and greater in each of the producing wells
22 and two wells -- excuse me, four wells that were drilled to
23 deeper zones.

24 Q Now, Mr. Gray, if you compare the infor-
25 mation on this exhibit with the structure map you've pre-

1 viously discussed, when you read these two together, does
2 that show you that a well location where the Fletcher A No.
3 1 Well is located is in fact an optimum location for at-
4 tempting to complete a well in this pool?

5 A Yes, sir, it does.

6 Q Would you now go to Unocal Exhibit Num-
7 ber Five, identify and review that, please?

8 A Exhibit Five is a structural cross sec-
9 tion of three wells that go completely east to west across
10 the pool.

11 It shows that the gas stringers do
12 continue continuously across the field and it also shows
13 that the MGF Wright No. 1 is the highest structural well.

14 Q And there's a trace on Exhibit Number
15 Four for this cross section?

16 A That's correct.

17 Q Mr. Gray, why is Unocal seeking a change
18 in pool rules instead of just seeking approval of a non-
19 standard spacing unit and an unorthodox well location?

20 A We have plans to continue development in
21 this pool and we hope to reduce the amount of time that we
22 have to come in and have hearings.

23 Also, we believe that our evidence shows
24 that these wells are not draining 160 acres and are more
25 likely to be draining 80 acres.

1 Q More specifically, what are Unocal's
2 plans for future development in the area?

3 A We wish to recomplete the A No. 1 in the
4 Seven Rivers Field. We have acreage immediately south of
5 there outside the pool area that we would also like to
6 develop.

7 There is an OBO proposal in my office
8 now for development in Section 5 to the northwest of the
9 Fletcher A No. 1.

10 Q And are you also developing a prospect
11 in Section 6?

12 A We are looking at leasing unleased
13 minerals there, that's correct.

14 Q Would you now go to Unocal Exhibit
15 Number Six, which is your volumetric calculation and I'd
16 ask you to just work through that exhibit and explain to
17 the Examiner what it shows.

18 A All right. The first page of that
19 exhibit is my volumetric recoverable reserves. The exhibit
20 starts out with the equation that I used and then listed
21 below that are all of the parameters defined and the cal-
22 culations derived for that equation.

23 On the second page are the 160-acre and
24 80-acre results of that equation. At 160 acres it's
25 reasonable to assume that the wells would recover more than

1 1,870,000 MCF of gas.

2 At 80 acres it's reasonable to assume
3 that you would recover more than 935,000 MCF of gas.

4 Q Now have you compared what the wells in
5 this pool will actually do and compared it to these
6 figures?

7 A That's correct.

8 Q And is that what is contained on the
9 subsequent pages in Exhibit Number Six?

10 A That's correct.

11 Q Okay, would you review those now?

12 A The next page is a summary of the P/z
13 analysis and this P/z analysis shows that the reasonable
14 recovery would be in the order of 500,000 MCF.

15 Q So when you take this figure and com-
16 pare that back to your prior calculation, what does this
17 tell you about the area that a well in this pool actually
18 can be expected to drain?

19 A It is more likely to drain the 80-acre
20 spacing than the 160-acre spacing.

21 Q In fact these figures show that it's
22 draining probably somewhat less than that 80 acres, is that
23 right?

24 A That's correct.

25 Q Now, in running these calculations what

1 well did you use?

2 A I used the Wright No. 1, the best well
3 in the field.

4 Q And so is it fair to say that these
5 figures may also be optimistic

6 A That's true.

7 Q In your -- have you reached a conclusion
8 as to what is the appropriate spacing for the pool based on
9 this study?

10 A Yes, we have. We believe that the op-
11 timum spacing is 80 acres, and normal spacing in that 80-
12 acre proration unit.

13 Q Okay, and what would be the well loca-
14 tion requirement?

15 A It would be 150 feet from the center of
16 the quarter quarter section.

17 Q Now I'd like to direct your attention
18 just for a minute to the Fletcher No. 1. You've previous-
19 ly indicated that when you compare the two trapping mechan-
20 isms in the reservoir, this is an optimum location.

21 When the Fletcher No. 1 was drilled, was
22 it at a standard location?

23 A Yes, it was. It was a standard location
24 for a San Andres oil producer at 4500 feet, approximate.

25 Q And you're planning to come back up the

1 hole and try and complete in the Seven Rivers.

2 A That's correct.

3 Q In your opinion is this the most effi-
4 cient way to test this reservoir?

5 A That's correct. The well is currently
6 inactive and will no longer produce in the oil zone.

7 Q In response to the notice letters that
8 were sent out, have you personally been involved in res-
9 ponding to questions that have come as a result of that
10 notice?

11 A Yes, I have.

12 Q Would you just describe the nature of
13 that response?

14 A I received several calls from lease
15 owners in the area that were -- had unleased minerals.
16 They were very interested that we were going to be active
17 in the area. Nobody was opposed to any of the work that we
18 wanted to do.

19 Q How soon is Unocal prepared to re-enter
20 the Fletcher No. 1?

21 A We can go now, immediately after we
22 receive the approval.

23 Q And is Unocal therefore requesting that
24 the order in this case be expedited?

25 A Yes, we are.

1 Q In your opinion will granting this
2 application be in the best interest of conservation, the
3 prevention of waste, and the protection of correlative
4 rights?

5 A Yes, I do.

6 Q Were Exhibits Three through Six pre-
7 pared by you or compiled under your direction?

8 A Yes, they were.

9 MR. CARR: At this time, Mr.
10 Stogner, we would offer Unocal Exhibits One through Six.

11 MR. STOGNER: Exhibits One
12 through Six will be admitted into evidence at this time.

13 MR. CARR: That concludes my
14 direct examination of Mr. Gray.

15

16 CROSS EXAMINATION

17 BY MR. STOGNER:

18 Q Mr. Gray, have you talked to anybody or
19 any representatives with MGF?

20 A I talked with them very early on in my
21 discussions, yes, in my investigations here.

22 Q And the reason I'm concerned about this
23 they're standing to lose 160 acres total of their two wells
24 up in the north.

25 A Were they made aware of this?

1 A That's right, they were.

2 Q And in your conversations with them did
3 they say anything about it?

4 A No, sir, they were not opposed.

5 Q Who did you talk to?

6 A I'll have to provide that. I don't know
7 right off.

8 MR. CARR: We'll give you the
9 name of the individual and the date of the conversation.

10 MR. STOGNER: I would appreciate
11 iate that, just for the record.

12 MR. CARR: Sure.

13 Q When I look at your Exhibit Number Five,
14 that is your cross section. The MGF Speight Well No. 1 is
15 not covered on this. Does it have the same perforated interval
16 as the wells that you show on this particular cross
17 section?

18 A Yes, it does.

19 Q So there is really no production from
20 the Yates, is that correct?

21 A That's correct. It is all Seven Rivers
22 production.

23 Q Which well was the discovery well?

24 A The MGF Wright No. 1.

25 Q And when was that, 1982, is that

1 correct?

2 A Yes, sir.

3 Q Do you know why the Yates was included?

4 A No, sir, I don't, except that on some of
5 the old wells that were drilled through there they did get
6 a gas kick strictly in the Yates.

7 Q Now you say the old wells, what are you
8 referring to?

9 A Like the Waldrip No. 1 and the Stanoline
10 Bilberry No. 2.

11 Q Okay.

12 A Well, not the Waldrip, that's a recent
13 one, but the Bilberry No. 2 was drilled back in 1951; it
14 had a kick.

15 The Waldrip was a dry hole.

16 Q Do you know if that Waldrip well tested
17 the Yates or Seven Rivers?

18 A Yes, it did.

19 Q And it was dry, I assume?

20 A Yes, sir. Q What are the present status
21 of that Jones Well No. 1 and the Hurd Well No. 1?

22 A They are both inactive, I believe, at
23 this time.

24 Q So they're temporarily abandoned, inac-
25 tive. They're not plugged and abandoned, is that correct?

1 A That's correct.

2 Q Okay, when I look at your Exhibit Number
3 Six, let's refer now to the P/z curve and those calcula-
4 tions that are shown in the upper portion of that particu-
5 lar graph.

6 A Yes, sir.

7 Q And you alluded that this shows that
8 these wells will not drain 160 acres, is that correct?

9 A That's correct. The ultimate recover-
10 ies, if you follow the initial z and the final recorded z
11 here and the straight line between those two points, so
12 that an ultimate recovery at 100 percent would be only 555
13 BCF, .555 BCF, excuse me.

14 Q I guess I'm curious, what -- what kind
15 of drainage is this well actually getting? Do you have any
16 figures showing me that?

17 A No, sir. Without doing tests on the
18 well itself I couldn't give you the actual figures.

19 Q Did you look at the production on the
20 other two wells?

21 A Yes, sir, I did, it's very similar.

22 Q And it is very similar? Did you use the
23 same kind of --

24 A Of analysis? Yes, sir.

25 Q Was there any test on those wells that

1 would show what that radius of drainage was?

2 A No, sir.

3 Q What kind of stimulation is used on
4 those three MGF wells?

5 A About 3000 gallons of 15 percent HCL.

6 Q And is this normal?

7 A Yes, sir, this is a light acid job.

8 Q What additional information would be
9 needed to do that kind of analysis, a radius of production?

10 A We would have to require that MGF do
11 some bottom hole testing and some drawdown testing.

12 Q Do you plan to do this on your Fletcher
13 Well No. 1, this kind of information?

14 A Yes, sir, we would need to.

15 (Thereupon a discussion was had
16 off the record.)

17 MR. STOGNER: I want to throw
18 this question out to either one of your witnesses.

19 Let's take this scenario.

20 We come in and give you 80
21 acres, you test that Fletcher Well No. 1, come up with an
22 area of drainage and you finally exceed the 80, what kind
23 of a situation would we have if we had to open 80 back to
24 160 as far as the interest owners and the royalty owners of
25 those upper tiers, the upper north halves of those two MGF

1 wells in Section 32 and Section 33?

2 A There would be some current concern, I'm
3 certain. One concern that we have is that the mineral in-
4 terest owners in the Fletcher well may have cause for con-
5 cern right now because the MPF Wright No. 1 is only on an
6 80-acre proration unit.

7 Q Do you know the NSP number or the order
8 that approved that nonstandard proration unit (unclear)?

9 A No, sir, I do not.

10 MR. STOGNER: I will take
11 administrative notice of that. I'll have to look that up,
12 Mr. Carr.

13 MR. CARR: Or I can do that
14 for you, Mr. Stogner.

15 Q What kind of water production do you see
16 on those MGF wells?

17 A None, sir.

18 Q So this is all -- or any kind of conden-
19 sate?

20 A Very little.

21 Q Very little.

22 MR. STOGNER: Mr. Carr, if an
23 order, as such, is issued, I would see no choice but to put
24 a provision in there that Fletcher Well No. 1 would be
25 tested to give us that kind of information. I'm trying to

1 visualize something as a temporary kind of an order that
2 would also allow possible testing of other subsequent wells
3 drilled and then coming back, like our normal procedure, in
4 a year or two, and presenting evidence.

5 MR. CARR: And, Mr. Stogner,
6 if your concern is what might happen in that year or two
7 period of time, I think you could require the testing and
8 then the Division, in its own discretion, could call the
9 matter back at any time if, in fact, the results of that
10 test would warrant that kind of action.

11 MR. STOGNER: Mr. Carr, what
12 kind of a situation or problem do you see arising if we had
13 to go back to 160?

14 MR. CARR; I absolutely see
15 none that we couldn't work out.

16 MR. STOGNER: That we couldn't
17 work out. I'm also a little concerned that we haven't heard
18 from MGF.

19 MR. CARR: Well, they have
20 received notice and we will provide you with a date and the
21 individual at MGF with whom Mr. Gray has talked and we
22 certainly (unclear) to make another inquiry, but they do
23 have notice of the hearing and they know we're going for-
24 ward with this. We've not only just given them the notice
25 required by the Division rules, we've personally contacted

1 them.

2 MR. STOGNER: Mr. Carr, would
3 you provide me a rough draft order subsequent to this
4 hearing?

5 MR. CARR: Yes, I'll be glad
6 to.

7 MR. STOGNER: Seven to ten
8 days? I'll just leave the case open.

9 MR. CARR: We -- we can -- we
10 will have it in by a week from Friday, if that's all right,
11 and at that time we'll provide you with the information on
12 our contacts with MGF and the NSP number for the MGF Wright
13 No. 1.

14 MR. STOGNER: Now I'm going to
15 keep -- I'm going to keep this case open until I hear back
16 from you. I'm also going to leave it open in case we need
17 to come back in and continue this case to a later date,
18 taking any additional testimony, if some unforeseen prob-
19 lems that might arise that would need to be addressed.

20 MR. CARR: Are you leaving it
21 open indefinitely?

22 MR. STOGNER: Not at this
23 time. If you get your rough draft order in --

24 MR. CARR: All right.

25 MR. STOGNER: I'll have a

1 chance to mull over the information today and possibly talk
2 with MGF and subsequently keep -- keep in contact with Mr.
3 Gray and Mr. Murphy.

4 MR. CARR: Okay.

5 MR. STOGNER: (Inaudible) any
6 additional problem or concerns I may have.

7 At this time I have no further
8 questions of either witness.

9 A All right.

10 MR. CARR: And we will have
11 this information to you between now and a week from Friday.

12 MR. STOGNER: And in your
13 rough draft order, I would like that provision put in there
14 about getting that specific information --

15 MR. CARR: Okay.

16 MR. STOGNER: -- necessary on
17 the Fletcher well and possibly other subsequent wells on a
18 temporary basis until such time as these rules are made
19 permanent.

20 MR. CARR: OKAY.

21 MR. STOGNER: Oh, one more
22 thing, Mr. Gray, you said you wanted 150 foot from the
23 center of a quarter section, that is a standard location.
24 Are you opening that up for either quarter quarter section
25 or just a particular quarter quarter section such as we saw

1 in the special pool rules on the previous case?

2 A No. Just in a quarter quarter section.

3 Q Quarter quarter section. Okay, Mr.
4 Gray, you may step down at this time.

5 A Thank you.

6 MR. STOGNER: I will leave
7 this case open subsequent to your getting me that addi-
8 tional information, Mr. Carr.

9 Anything further in this case
10 today?

11 MR. HANSEN: Mr. --

12 MR. STOGNER: Yes.

13 MR. HANSEN: I'd like to -- my
14 name is Henry Hansen with Amerada Hess Petroleum. We're an
15 affected party. We wish to make no testimony but only to
16 make an appearance of record.

17 MR. STOGNER: Okay, what was
18 your name again?

19 MR. HANSEN: Henry Hansen,
20 H-A-N-S-E-N,

21 MR. STOGNER: And what is your
22 position with Amerada Hess?

23 MR. HANSEN: Landman.

24 MR. STOGNER: Please proceed.

25 MR. HANSEN: We wish to give

1 no testimony today but we'd only like to make an appear-
2 ance of record.

3 MR. STOGNER: Okay, That's all
4 you have?

5 MR. HANSEN: Yes.

6 MR. STOGNER: Okay, neither
7 for or against or whatever the case may be.

8 Thank you, Mr. --

9 Is there any additional
10 comments at this time?

11 If not, that will take care of
12 this case for today and I'll leave the record open.

13

14 (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. 9416,
heard by me on 22 June 19 88.

Michael C. Thomas, Examiner
Oil Conservation Division

8/4/88