

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

28 September 1988

EXAMINER HEARING

IN THE MATTER OF:

Application of Foran Oil Company for CASE
simultaneous dedication, Chaves County, 9491
New Mexico.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

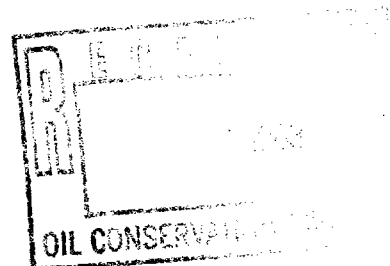
A P P E A R A N C E S

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I N D E X

JOE COMPTON

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Stogner 14

JOE YOUNG

Direct Examination by Mr. Kellahin 17

Cross Examination by Mr. Stogner 25

Redirect Examination by Mr. Kellahin 27

E X H I B I T S

Foran Exhibit One, Structure Map 5

Foran Exhibit Two, Isopach 6

Foran Exhibit Three, Cross Section A-A' 8

Foran Exhibit Four, Recovery Map 13

Foran Exhibit Five, Production Map 21

Foran Exhibit Six, Certificate of Mailing 24

1 MR. STOGNER: Call next Case
2 Number 9491. Application of Foran Oil Company for simul-
3 taneous dedication, Chaves County, New Mexico.

4 Call for appearances.

5 MR. KELLAHIN: Mr. Stogner,
6 I'm Tom Kellahin of the Santa Fe law firm of Kellahin,
7 Kellahin & Aubrey. I'm appearing on behalf of Foran Oil
8 Company and I have two witnesses to be sworn.

9 MR. STOGNER: Are there any
10 other appearances?

11 There being none, will the
12 witnesses please stand and be sworn?

13
14 (Witnesses sworn.)

15
16 Mr. Kellahin?

17 MR. KELLAHIN: Thank you, Mr.
18 Examiner.

19
20 JOE COMPTON,
21 being called as a witness and being duly sworn upon his
22 oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. KELLAHIN:

1 Q Mr. Compton, for the record would you
2 please state your name and occupation?

3 A My name is Joe Compton and my occupation
4 is geologist.

5 Q Mr. Compton, as a geologist have you
6 previously testified before the Oil Conservation Division?

7 A No, I haven't.

8 Q Would you take a few moments, sir, and
9 first of all describe when and where you obtained your
10 geologic degree?

11 A I graduated from Texas Tech University
12 in 1975 with a Masters degree.

13 I also -- my Bachelor of Science degree
14 is from Texas Tech, also.

15 Q Subsequent to graduation, would you sum-
16 marize your work experience as a petroleum geologist?

17 A Upon graduation in 1975 I went to work
18 for ARCO Oil and Gas Company. I worked for them until 1981
19 when I went to work for Mesa Petroleum Company. I worked
20 for them until late '85, early '86, I don't remember, and
21 I've been an independent since that time and I have my own
22 company now and I'm on a retainer for Foran, representing
23 them.

24 Q Where do you currently reside?

25 A In Midland, Texas.

1 Q Pursuant to your employment as a con-
2 sultant for Foran Oil Company, have you made a geologic
3 study of this particular area and of the application today?

4 A Yes, I have. In fact, I was involved in
5 the development of this area with Mesa Petroleum.

6 Q Let me have you take Exhibit Number One
7 and first of all identify that exhibit.

8 A Okay. Exhibit Number One is a structure
9 map on the top of the Morrow prepared by myself, and it en-
10 compasses the area in question. The Section 36 is in the
11 center of the exhibit, in 15, Township 15 South, 27 east.

12 Q Let's find some of the key wells that
13 you've used for control in developing the structure map.
14 First of all, in Section 36 you have in the northwest quar-
15 ter an existing well. How do we identify that well?

16 A Okay. The well that's located in the
17 northwest quarter of Section 36 is the Foran ET State No.
18 1.

19 Q This is the current well that's
20 dedicated to the west half of Section 36?

21 A That's correct.

22 Q And it currently is producing out of the
23 Morrow formation?

24 A That's correct.

25 Q And it's this well that Mr. Foran

1 desires to recomplete in the Atoka portion of this pool?

2 A Yes.

3 Q And then drill a replacement well in the
4 southwest quarter?

5 A Correct.

6 Q Have you made a geologic study to deter-
7 mine whether or not in your opinion there ought to be a
8 well drilled in the southwest quarter?

9 A Yes. I've done a fairly extensive
10 amount of work in the area and the work that culminates in
11 these exhibits here involves correlating all of the wells
12 in the area and then going through and if you can go on to
13 Exhibit Two --

14 Q When we look -- before we leave Exhibit
15 Number One, Mr. Compton, is what you've shown on that dis-
16 play only the wells in the Diamond Mound Field?

17 A No. If you'll look on there you have
18 some pool boundaries that are indicated by different hach-
19 ures on the shading of the lines there, and if you'll look
20 to the top of the exhibit map, in Sections 26 and 25 the
21 wells in those sections are in the Buffalo Valley Penn Gas
22 Pool.

23 Q Do the vertical limits for the Buffalo
24 Valley Penn Gas Pool also include the Atoka?

25 A No, not as far as I know.

1 Q So the only time we have the Atoka in-
2 cluded in the -- with the Morrow in these pools is when we
3 get down into the Diamond Mound Atoka Morrow?

4 A That's correct.

5 Q And how have you identified the bound-
6 aries of that pool?

7 A With the -- it's got the shade hachur-
8 ing, looks like about half tone line hachure.

9 Q And the code for that identification is
10 in the lower left portion of the display?

11 A That's right. It's indicated there.

12 Q All right, let's compare that now to
13 what you have presented on Exhibit Number Two.

14 A Okay. On -- getting back to the way the
15 area is evaluated, I went through and correlated all the
16 logs with the formation tops and then went through and
17 picked the -- the individual pay units or reservoir units.
18 I used a cutoff in here of 8 percent porosity. If it had
19 less, less than that, it was not included as pay, and also
20 calculated all of the logs in there and used bulk volume
21 water cutoff of .050 as a -- as a maximum on bulk volume
22 water.

23 And thereby that gives you the configur-
24 ation that you see on the isopach of net effective pay.

25 Q Have you reached a geologic opinion with

1 regards to the development of the spacing unit by a well in
2 the southwest quarter?

3 A Yes. If you'll look at the net effec-
4 tive pay map here, you'll see that you essentially, that
5 you have two production fairways, one trending from the
6 northwest to the southeast, from Sections 26 down toward
7 Sections 5 and 4, in Township 16, 28, and there's also a
8 trend that runs along the northern border of Township 16,
9 28, through Sections 6, 5 and 4.

10 The -- what appears to be is that --
11 what appears is that you've got a location in the southwest
12 quarter there that is not being drained effectively by that
13 well that's in the proration unit presently, which is the
14 State ET No. 1 here.

15 Q Let's turn now, sir, to Exhibit Number
16 Three which is your A-A' cross section.

17 A Okay.

18 Q Let's start in the upper righthand cor-
19 ner of the display and have you orient us as to what wells
20 you've included in the cross section.

21 A Okay, if you'll look at the locator map
22 that's located in the upper right corner -- righthand
23 corner of the exhibit, Section A-A' begins with the Read &
24 Stevens, Incorporated, Harris Fed No. 8, which is in the
25 Buffalo Valley Penn Gas Pool.

It moves southward to the Mesa Petroleum Company State No. 2; then across to Section 36 to the Foran State ET No. 1; then back to the White State No. 1, Mesa Petroleum White State No. 1; through the proposed location in the southwest corner of Section 36, to the Foran Oil Company ET Gas Com No. 1, located in Section 36; and then southward to the Mesa Petroleum Company Derek Fed No. 2.

Q When we look at the third log starting from the left, the third one over, that's the ET State No. 1 Well?

A That's correct.

Q Find for us that portion of the log that indicates to you a potential for recompletion in the Atoka.

A Okay. If you'll look at that log and you've got two sands that occur below the top of the Atoka there, at a depth -- you've got a thin sand at a depth of about 8690 and you've also got a sand that occurs --

Q I think we've got some confusion on the display. The A and the A' I think are reversed, aren't they?

A No.

MR. STOGNER: Well, what well are we looking at, the State ET No. 1 or the -- oh, I'm sorry, we're looking at the ET Gas Com Well.

MR. YOUNG: You said from the

1 left

2 Q This one here.

3 A Yeah, that's the one that I'm looking
4 at.

5 MR. STOGNER: Which one?

6 Q This one here.

7 MR. STOGNER: Oh, okay.

8 Q Now we're all looking at the same one.

9 A Okay.

10 Q The ET -- we've got some very similar
11 well names.

12 We've got the Foran ET State
13 Com No. 1, which is located in Section 36, but it's the
14 well in the east half of the section.

15 A That's correct, and it's in a different
16 proration unit.

17 Q The well we're concerned about is in the
18 west half of the section and it is the -- not the Com Well,
19 it's the State ET No. 1.

20 A Yeah, it is the State ET No. 1.

21 Q It is the ET No. 1 Well that I'm refer-
22 ring to from the west end.

23 A Correct.

24 Q Now, with regards to that well, show us
25 where you find the potential on the log for Atoka produc-

1 tion.

2 A Okay, if you'll look at the -- there are
3 some sands that are located at 8690 and about 8715, and
4 also right below there at 87- about 25. You've got --
5 you've got a total net pay in there of approximately 10
6 foot and it calculates productive in there, and what we
7 propose is a recompletion to that Atoka zone.

8 Q Look down in the portion of the log
9 below the datum point on the Morrow marker and show us
10 where the perforations are currently for that well.

11 A Okay, You've got perforations there that
12 begin at a depth of 8912 to 22.

13 You've also got perforations in there
14 from 31 to 44, 8931 to 44, and they also have perforations
15 in there at a depth of 8967 to 6 -- or excuse me, 65 to 68.

16 Q When we look at the southwest quarter of
17 Section 36 where we propose to drill the replacement well,
18 that southwest quarter is offset by current oil producers
19 on various sides?

20 A That's correct.

21 Q When we look to the west of the south-
22 west quarter in Section 35, that's the Mesa Petroleum White
23 State No. 2 Well?

24 A In the north half of the section that's
25 right, it's the White State No. 2.

1 Q Okay, the White State No. 1, then, is
2 the fourth well over on the cross section starting from the
3 left.

4 A That's correct.

5 Q And that is the western offset to the
6 southwest quarter.

7 A That's correct.

8 Q Okay. Where is this well completed?

9 A It's presently completed in the Morrow
10 from approximately 8910 to the lowest perforation is 8989
11 in there, for the interval.

12 Q From a geologic perspective, Mr. Comp-
13 ton, is this Mesa Petroleum White State No. 1 Well in a
14 position where it can expose the southwest quarter of Sec-
15 tion 36 to drainage?

16 A Yes.

17 Q Are there any other wells that offset
18 the southwest quarter that similarly expose the southwest
19 quarter to drainage, geologically?

20 A Potentially you have a drainage problem
21 from maybe the Depco Fed No. 2, located in Section 4, 16,
22 28, and possibly the Mesa Petroleum Derek Fed No. 2, which
23 is located in the northeast quarter of Section 5, 16, 28.

24 Q Then finally when we look at the pro-
25 posed location for the replacement well, where is that

1 going to fall in the cross section?

2 A It will be located at a standard loca-
3 tion in the southwest quarter of Section 36.

4 Q And you'll be looking for that same
5 Morrow production that is being produced out of the State 1
6 Well for Mesa, the White State No. 1 Well?

7 A Yes.

8 Q As well as the Derek Federal No. 2 Well?

9 A Yes.

10 Q Okay. Let's go on now to Exhibit Number
11 Four. Would you identify this exhibit for us?

12 A Okay. Exhibit Number Four is an esti-
13 mated ultimate recovery map. The values that you see on
14 the map, which are ultimate recoveries in BCF, were calcu-
15 lated by Mr. Joe Young, engineer with (unclear) and the
16 contouring of those values was done by me.

17 Q Describe what conclusions you reached
18 after taking Mr. Young's estimated ultimate recovery values
19 and contouring them.

20 A Okay. You really, you should look at
21 two exhibits when you look at these two maps. One is
22 Exhibit Two, which is the net effective pay map, and if
23 you'll look there you'll see that the production fairway
24 that runs from northwest to southeast is coincidental with
25 the major trend of your EUR map or your highest productive

1 capability runs along this same trend.

2 The east/west production trend that you
3 see running east/west to the south there, all it does is
4 skew the nose of that -- of that measured trend just a
5 little bit out to the east and the west.

6 And what we feel here is that since the
7 State ET No. 1 has not drained the reserves to the south,
8 that we are losing advantage to the offset operators there
9 in the southwest quarter.

10 Q Will the drilling of the replacement
11 well and the simultaneous dedication of the west half to
12 those two wells afford to Foran Oil Company the opportunity
13 not only to prevent waste but to protect their correlative
14 rights?

15 A That's correct.

16 MR. KELLAHIN: That concludes
17 my examination of Mr. Compton.

18 We'd move the introduction of
19 Exhibits One through Four.

20 MR. STOGNER: Exhibits One
21 through Four will be admitted into evidence.

22

23 CROSS EXAMINATION

24 BY MR. STOGNER:

25 Q Mr. Compton, do you know why this pool

1 was formed in both the Atoka and the Morrow formations?

2 A No. I have gone back through the re-
3 cords and my recollection is that they were combined in
4 1982 by Order 6994.

5 I've also read the case which I believe
6 was 7587, but I couldn't tell from the records why the pool
7 was combined.

8 Q Okay, and looking at your Exhibits --
9 well, let's look at Exhibit Number Two and Four, might as
10 well look at both of them at the same time, now you show on
11 the isopach net effective pay on Exhibit Number Two and
12 Exhibit Number Four the estimated ultimate recovery. Now
13 this is both the Atoka and the Morrow combined or is this
14 essentially just based on the Morrow or --

15 A Well, in the -- in the area that you see
16 here and the wells that are indicated on the map, you have
17 only Atoka -- I'm sorry, the Morrow production at this time
18 where there are no wells that are completed in the Atoka as
19 a source of supply.

20 Q So Exhibit Number Two is just based on
21 the perforations and the production intervals in the wells
22 that are already there, is that correct?

23 A That's correct.

24 Q And how about the estimated well recov-
25 eries, is that also just based on the --

1 A They are based on the perforations that
2 -- that you -- just in the Morrow interval.

3 Q As far as the pool throughout, have you
4 ran across any or do you know of any wells that are pro-
5 ducing from the Atoka interval?

6 A To my recollection there is one well, I
7 can't give you the section, but there is one well that is
8 down to the southwest of this area and I don't think that
9 the pool -- I'm sorry, let me just start over here.

10 There -- there is one well I know to the
11 north of this area that's completed in the Atoka that is
12 not in this pool. I don't think it's in the Buffalo Valley
13 Penn, either.

14 There's also one well, I think, that
15 might be completed in the Atoka as a source of supply down
16 to the southwest, but it doesn't involve these (unclear)
17 either.

18 Q And geographic -- I mean geologically,
19 these two zones, or your proposed two zones in the Atoka
20 and the Morrow producing zones, are not connected in any
21 way.

22 A That's correct. There is no vertical
23 communication, to my knowledge, and in fact, my history of
24 my experience in the area here, that essentially there is
25 no -- there is no Morrow produced -- no Atoka producers in

1 this area at present.

2 MR. STOGNER: I have no other
3 questions of Mr. Compton at this time.

4 He may be excused.

5
6 JOE YOUNG,
7 being called as a witness and being duly sworn upon his
8 oath, testified as follows, to-wit:

9
10 DIRECT EXAMINATION

11 BY MR. KELLAHIN:

12 Q Mr. Young, for the record would you
13 please state your name and occupation?

14 A My name is Joe Young. I'm employed as
15 the Manager of Engineering and Acquisitions for Foran Oil
16 Company.

17 Q Mr. Young, as an engineer with your com-
18 pany have you previously testified before the Division?

19 A Yes, sir, I have.

20 Q And pursuant to your employment have you
21 made a study of the engineering aspects of this particular
22 application?

23 A Yes, sir, I have.

24 MR. KELLAHIN: We tender Mr.
25 Young as an expert petroleum engineer.

1 MR. STOGNER: Mr. Young is so
2 qualified.

3 Q Mr. Young, let me have you take a moment
4 and confirm for us on Exhibit Number Four that the esti-
5 mated ultimate recoveries utilized by Mr. Compton in con-
6 touring those numbers were numbers that you generated?

7 A Yes, sir, they were. I performed a
8 study of the area looking at the Morrow zone and looked at
9 the rate performance of the wells, the pressure perform-
10 ance, the pressure history, and rate history from the
11 wells. The evidence we saw in the wellbore of pay, the
12 thicknesses of porosity, the volumetric calculations, from
13 collected analysis of that data I arrived at the estimated
14 ultimate recoveries, which is what is exhibited here in
15 Number Four.

16 Q Would you summarize for the Examiner
17 what you propose to do with this application? What are you
18 trying to accomplish, Mr. Young?

19 A What we'd like to be able to do is based
20 on our studies here, engineering and geological studies, we
21 feel that the southwest quarter of Section 36 is not drain-
22 ing; the correlative rights are not being protected by the
23 existing well, the State ET No. 1, and that there is addi-
24 tional gas to be recovered that will not be recovered by
25 the existing wells.

1 So what we propose to do is to drill a
2 replacement well in the southwest quarter of Section 36 to
3 be completed in the Morrow.

4 If that well is successful what we would
5 then do would be recomplete the existing well, the State ET
6 No. 1, into the Atoka formation, once we've determined that
7 the Morrow in the southwest quarter is productive.

8 Q You mentioned awhile ago that you were
9 seeking to protect correlative rights of Foran Oil Company.
10 In making your study, Mr. Young, do you see that your
11 southwest quarter is being drained by other wells that are
12 producing in the Morrow formation?

13 A Yes, sir, it appears that it is being
14 drained by particularly wells in the south and westerly
15 directions.

16 Q Let's take a specific example that
17 causes you to reach that conclusion, have you pick out that
18 well and compare it to the existing well in the west half
19 of 36.

20 A Okay. A good example would be located
21 down in the southeast of Section 35. It's the White State
22 No. 1. The estimate ultimate recovery from that well is
23 3.8 BCF and the wellbore thickness, the pay on that well,
24 is about 6 feet and it even produced 4 BCF from the 6-foot
25 interval. If the interval is continuous the thickness of it

1 has to drain a pretty large area to get 4 BCF out of it.
2 That well has performed, it has been a very good performer.
3 The current rate is over a million a day it's capable of
4 making in the existing well, and the State ET No. 1 in
5 Section 36 is now currently capable of producing about 300
6 MCF a day on its way to under 1.6 BCF of ultimate recovery.

7 Q In making that engineering analysis, Mr.
8 Young, would you describe for us what calculations or
9 studies that you specifically conducted to satisfy yourself
10 that the Mesa Well in the southeast quarter of 35 was
11 draining your acreage?

12 A The procedure used in that analysis was
13 to analyze the history we had from the existing wells, as I
14 discussed before, and arrive at a figure for the estimated
15 ultimate recovery. Then one that figure was obtained, to
16 back calculate and see what kind of drainage area would be
17 required given the wellbore properties in order to recover
18 that much gas.

19 Q And in making that calculation, then,
20 you were able to conclude that the drainage effect of the
21 Mesa well extended beyond its spacing unit into the Foran
22 acreage in the west half of Section 36.

23 A Yes, sir.

24 Q Have you made a similar study of any of
25 the other offsetting producing wells in the Morrow to see

1 what impact they were having on the west half of 36?

2 A Yes, sir, as I stated earlier, after
3 looking at the ultimate recoveries on all the wells here in
4 the vicinity, all the wells surrounding Section 36, we went
5 back and looked at what kind of drainage area could be ex-
6 pected given those ultimate recoveries and the thicknesses
7 and the wellbore porosity that we saw.

8 It does not appear to me that the
9 southwest quarter of Section 36 is being drained by any
10 (unclear) by existing wells, the State ET No. 1. In fact,
11 probably a best case would only have it draining the
12 northwest quarter.

13 The well in the southwest of 36 is
14 draining -- it's in the eastern half proration unit and
15 its drainage area extends somewhat into the western half.

16 Q Let me direct your attention now, Mr.
17 Young, to Exhibit Number Five and ask you if you have pre-
18 pared that exhibit?

19 A Yes, sir. Exhibit Number Five is a
20 production map of the area with some figures on the indi-
21 vidual wells and it is a map that I prepared.

22 Q Describe for us how to understand and
23 read the display, Exhibit Number Five. What information is
24 on that display?

25 A Okay. As an example, we can look at the

1 subject well, the State ET No. 1 in Section 36. There are
2 four numbers that appear below it.

3 The first number would be the date of
4 production, date of first production. In this case it
5 would be 7 of '78.

6 The second number is the ultimate re-
7 covery, which is also the number that appears on Exhibit
8 Number Four.

9 The next figure is the cumulative pro-
10 duction through May of '88, and the last one is the current
11 daily rate capability for that well, which in this case is
12 300 MCF.

13 Q Have you made engineering calculations
14 and studies sufficient enough to satisfy yourself that
15 there are remaining reserves in the southwest quarter of
16 Section 36 to justify the drilling and completion of the
17 replacement well?

18 A Yes, sir, I believe there are.

19 Q In the absence of accomplishing the
20 drilling and completion of the well in the southwest
21 quarter, what is going to happen to the remaining reserves
22 in the southwest quarter?

23 A A portion of them, not all, but a por-
24 tion of them, I expect to be drained by the White State No.
25 1 in Section 35.

1 Q Will approval of your proposed method
2 by which to simultaneously dedicate the west half of 36 to
3 two wells, to drill a replacement well and then to recom-
4 plete the existing well into the Atoka, do you have an
5 opinion as to whether or not that would prevent waste?

6 A Yes, sir, I believe that the drilling of
7 the additional well in the southwest quarter of Section 36
8 would maximize the recovery of gas from the Morrow in the
9 western half of Section 36. The proposed location should
10 recover additional gas and should also recover the bulk of
11 the gas that would have been recovered by the existing
12 well, the State ET No. 1.

13 Q And can that application by Foran Oil
14 Company be approved and not violate the correlative rights
15 of any of the offsetting interest owners?

16 A Yes, sir, I believe so.

17 MR. KELLAHIN: That concludes
18 our examination of Mr. Young.

19 We would move the introduction
20 of Exhibit Number Five.

21 MR. STOGNER: Exhibit Number
22 Five will be admitted into evidence.

23 You have an Exhibit Number Six
24 here, Mr. Kellahin.

25 MR. KELLAHIN: Yes, sir, that,

1 I'm sorry, is our certificate of mailing of notice to the
2 offset operators.

3 MR. STOGNER: And those are
4 being Mesa --

5 MR. KELLAHIN: Mesa, Depco,
6 and Read & Stevens, Mr. Examiner. We would also ask that
7 that certificate be admitted into evidence.

8 MR. STOGNER: Now where's
9 Depco's properties?

10 I see a Toles Oil Company.

11 So that is now Depco?

12 A Yes, sir. Also -- I'm sorry, would you
13 like for me to respond to that question?

14 Q Yes, sir.

15 A In -- down on the bottom half of the map
16 in Section 4, the eastern half, that's -- those are Depco
17 properties. The Coquina State No. 1 in Section 4 of 16,
18 28.

19 MR. STOGNER: And this was
20 sent out when, Mr. Kellahin?

21 MR. KELLAHIN: On the 6th of
22 September we sent a copy of the original application.

23 MR. STOGNER: Do you wish to
24 admit Exhibit Number Six into evidence?

25 MR. KELLAHIN: If you please.

1 MR. STOGNER: Exhibits Five
2 and Six both will be admitted into evidence.
3

4 CROSS EXAMINATION

5 BY MR. STOGNER:

6 Q Mr. Young, in looking at this, let's
7 talk about the existing well now, the State ET No. 1, when
8 did Foran Oil take that well over from Amoco?

9 A In August of 1988.

10 Q Has that always been a west half dedica-
11 tion?

12 A To my knowledge, yes, sir.

13 Q Would that location not be a nonstandard
14 location?

15 A It's my understanding that the proposed
16 location being 1980 --

17 Q No, I'm asking about the State ET Well
18 No. 1, the existing well.

19 A I'm sorry, I don't really know.

20 It is noticeable when we look at the map
21 that there are several wells out there, several wells in
22 the field, in the Diamond Mound Field and also in the Buf-
23 falo Valley Field that are not a typical 1980/660.

24 Q It looks to be nonstandard. I'll take
25 whatever order was issued in that particular well under ad-

1 ministrative notice.

2 So let me make sure I get this right.
3 The events that Foran is going to take will be to plug off
4 the Morrow completion in the ET Well No. 1?

5 A No, sir. The sequence of events will be
6 to -- if we were granted a simultaneous dedication, to
7 drill the well in the southwest quarter.

8 Once we determine that well is success-
9 ful and it's capable of producing the reserves we believe
10 it will be capable of producing from the Morrow, at that
11 time we would go into the existing well, the State ET No. 1
12 and attempt a recompletion into the Atoka.

13 Q And how about if that well does not test
14 in the Morrow to be that good?

15 A If the well is not a success in the Mor-
16 row, then we would continue to just produce it. If it was
17 a dry hole in the Morrow we would just continue to produce
18 the State ET No. 1.

19 Q And would you plug the proposed location
20 off altogether or are you going to test the Atoka?

21 A It depends on what we see when we drill
22 the well. If there appears to be Atoka pay in that well,
23 then, yes, sir, I feel the economics would justify it, then
24 we would attempt an Atoka completion.

25 Q Okay. And your State ET Well No. 1

1 would then be recompleted; plugged and abandoned in the
2 Morrow and recompleted in the Atoka, is that correct?

3 A Temporarily abandoned, yes, sir.

4 MR. KELLAHIN; Mr. Stogner, we
5 would not propose to produce concurrently both wells in the
6 same formation. The possibility exists that we might have
7 the Morrow in both wells open at the same time but we would
8 not produce both wells in the Morrow concurrently.

9 Nor would that possibility oc-
10 cur for the Atoka unless we come back for further hearings.

11 MR. STOGNER: Thank you, Mr.
12 Kellahin.

13 I have no further questions of
14 Mr. Young.

15 Is there anything further of
16 this witness?

17 MR. KELLAHIN: One question I
18 forgot to ask him, if I might.

19

20 REDIRECT EXAMINATION

21 BY MR. KELLAHIN:

22 Q Mr. Young, have you been in contact with
23 the other offset operators with regards to your applica-
24 tion?

25 A Yes, sir, I have personally contacted

1 the three offset operators and discussed our proposed se-
2 quence of events out here with those operators, and the
3 operators that I talked to, which is all of them, the same
4 ones that were notified in Exhibit Number Six, had no oppo-
5 sition to what we were planning to do.

6 MR. KELLAHIN: Nothing fur-
7 ther.

8 MR. STOGNER: Thank you. Is
9 there anything further in this case?

10 You may be excused and Case
11 Number 9491 will be taken under advisement.

12
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. 9491,
heard by me on 28 Sept. 1988.

Michael E. Rogers, Examiner
Oil Conservation Division

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

6 26 October 1988

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 Application of Foran Oil Company for CASE
10 simultaneous dedication, Chaves County, 9491
11 New Mexico.

12 BEFORE: Michael E. Stogner, Examiner

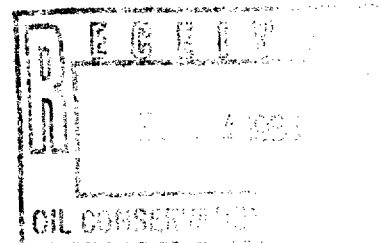
13
14
15 TRANSCRIPT OF HEARING

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

17 For the Division:

18 Robert G. Stovall
19 Legal Counsel to the Division
20 State Land Office Building
21 Santa Fe, New Mexico

22 For the Applicant:



1 MR. STOGNER: Call next Case
2 9491.

3 MR. STOVALL: Application of
4 Foran Oil Company for a simultaneous dedication, Chaves
5 County, New Mexico.

6 MR. STOGNER: This case was
7 originally heard on September 28th, 1988.

8 Due to an advertisement error
9 in the Roswell paper it was readvertised to today's
10 hearing.

11 I'll call for any appearances.
12 There being none, this case will be taken under advisement.

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
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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. 9491,
heard by me on 26 October 1988.

M. H. Testagrose, Examiner
Oil Conservation Division