Case ~~10698~~ 10697

REPORT OF

SUB-SURFACE DIRECTIONAL SURVEY

API

PETROLEUM DEVELOPMENT CORPORATION

WATTAM FEDERAL NO. 4

CHAVES COUNTY, NEW MEXICO

JOB NUMBER	TYPE OF SURVEY	DATE
430-1612	Gyroscopic Survey	May 13, 1993
430-1612	Steering Tool	May 18, 1993

SURVEY BY RALPH RICE/RON COLLINS

OFFICE: MIDLAND, TX

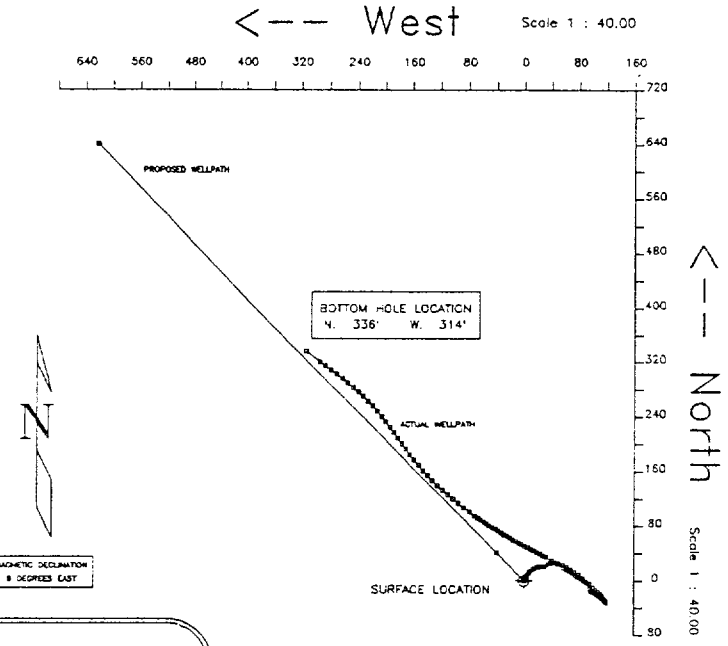
PETROLEUM DEVELOPMENT CORPORATION

Structure : SAN ANDRES FIELD Well : WATFED4

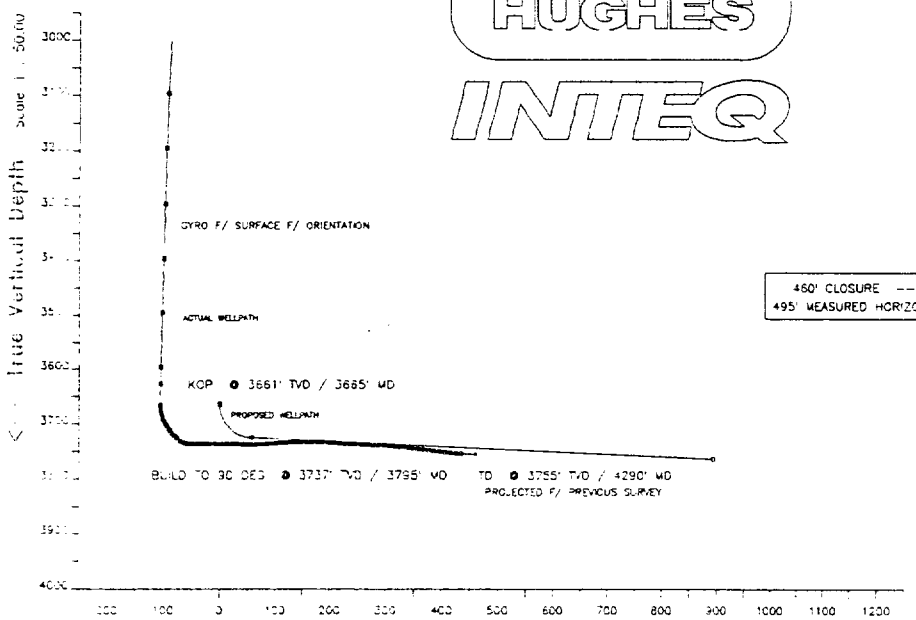
Field : SECTION 6 T8S, R31E CHAVES COUNTY Location : CHAVES COUNTY, NEW MEXICO

WELL PROFILE DATA

Point	MD	Inc	Dir	TVD	North	East
Tie on	3664	0.00	315.82	3664	0	0
KOP	3665	0.00	315.82	3665	0	0
End of Build	3756	87.33	315.82	3725	41	-40
Target	4594	87.33	315.82	3764	641	-623



BAKER HUGHES INTEQ



460' CLOSURE -- 565' VERTICAL SECTION
495' MEASURED HORIZONTAL DISPLACEMENT IN ZONE

Scale 1 : 50.00

Vertical Section on 315.82 azimuth with reference 0.00 N, 0.00 E from structure

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	RECTANGULAR COORDINATES		Dogleg Deg/100Ft	Vert Sect	
0.00	0.00	0.00	0.00	0.00 N	0.00 E	0.00	0.00	
100.00	0.28	23.02	100.00	0.22 N	0.10 E	0.28	0.04	
200.00	0.85	24.81	199.99	1.12 N	0.50 E	0.57	0.20	
300.00	1.09	15.10	299.98	2.71 N	1.06 E	0.29	0.34	
400.00	1.50	28.22	399.95	4.79 N	1.93 E	0.50	0.66	
500.00	1.43	41.70	499.92	6.87 N	3.38 E	0.35	1.54	
600.00	1.61	40.16	599.89	8.88 N	5.11 E	0.18	2.72	
700.00	1.79	38.06	699.84	11.18 N	6.98 E	0.19	3.95	
800.00	1.93	40.02	799.79	13.70 N	9.03 E	0.15	5.30	
900.00	2.24	53.00	899.72	16.16 N	11.67 E	0.56	7.24	
1000.00	2.31	66.93	999.65	18.13 N	15.09 E	0.56	10.05	
1100.00	2.13	64.74	1099.57	19.71 N	18.62 E	0.20	13.08	
1200.00	1.96	89.23	1199.51	20.53 N	22.01 E	0.88	16.15	
1300.00	1.88	89.38	1299.45	20.57 N	25.36 E	0.08	19.38	
1400.00	2.14	70.59	1399.39	21.21 N	28.76 E	0.70	22.52	
1500.00	2.50	44.61	1499.31	23.38 N	32.06 E	1.10	25.16	
1600.00	2.65	73.73	1599.22	25.58 N	35.81 E	1.30	28.24	
1700.00	2.13	78.03	1699.13	26.61 N	39.84 E	0.55	31.89	
1800.00	3.12	98.87	1799.02	26.58 N	44.35 E	1.36	36.26	
1900.00	3.54	107.92	1898.86	25.21 N	49.98 E	0.67	42.05	
2000.00	3.75	116.07	1998.66	22.82 N	55.85 E	0.56	48.33	
2100.00	3.75	122.35	2098.44	19.64 N	61.55 E	0.41	54.65	
2200.00	3.97	120.70	2198.21	16.12 N	67.29 E	0.25	61.09	
2300.00	4.12	121.78	2297.96	12.46 N	73.32 E	0.17	67.84	
2400.00	4.27	125.61	2397.70	8.40 N	79.40 E	0.32	74.75	
2500.00	4.35	131.73	2497.42	3.71 N	85.26 E	0.47	81.60	
2600.00	4.09	133.38	2597.14	1.26 S	90.68 E	0.29	88.09	
2700.00	3.62	131.22	2696.92	5.79 S	95.65 E	0.49	94.04	
2800.00	3.26	131.87	2796.74	9.77 S	100.14 E	0.36	99.39	
2900.00	3.15	132.65	2896.58	13.53 S	104.28 E	0.12	104.34	
3000.00	2.60	133.68	2996.45	16.96 S	107.94 E	0.55	108.74	
3100.00	2.14	131.67	3096.37	19.77 S	110.97 E	0.47	112.38	
3200.00	1.82	146.36	3196.31	22.33 S	113.25 E	0.60	115.23	
3300.00	1.68	148.61	3296.26	24.90 S	114.89 E	0.16	117.46	
3400.00	1.23	148.18	3396.23	27.07 S	116.22 E	0.45	119.29	
3500.00	1.09	143.64	3496.21	28.74 S	117.35 E	0.17	120.81	
3600.00	1.35	139.85	3596.19	30.41 S	118.67 E	0.27	122.51	
3630.00	1.14	134.88	3626.18	30.89 S	119.11 E	0.79	123.05	GYRO F/ SURFACE F/ ORIENTATION

All data is in feet unless otherwise stated
Coordinates from structure and TVD from wellhead.
Vertical section is from wellhead on azimuth 104.54 degrees.
Declination is 0.00 degrees, Convergence is 0.00 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	RECTANGULAR COORDINATES		Dogleg Deg/100Ft	Vert Sect	
3630.00	1.14	134.88	3626.18	30.89 S	119.11 E	0.00	-105.16	
3665.00	0.90	129.10	3661.17	31.31 S	119.57 E	0.74	-105.78	KOP W/ 40' SRAB ASSEMBLY.
3670.00	2.90	323.40	3666.17	31.23 S	119.52 E	75.57	-105.70	
3675.00	4.90	323.40	3671.16	30.96 S	119.32 E	40.00	-105.36	
3680.00	7.50	323.40	3676.13	30.52 S	119.00 E	52.00	-104.82	
3685.00	11.40	323.40	3681.06	29.87 S	118.51 E	78.00	-104.01	
3690.00	16.50	320.00	3685.91	28.92 S	117.76 E	103.26	-102.81	
3695.00	20.50	317.00	3690.65	27.74 S	116.70 E	82.21	-101.23	
3700.00	24.30	313.00	3695.28	26.40 S	115.36 E	81.84	-99.32	
3705.00	28.60	303.00	3699.75	25.04 S	113.60 E	123.56	-97.13	
3710.00	32.90	303.30	3704.05	23.64 S	111.46 E	86.05	-94.63	
3715.00	36.30	302.90	3708.16	22.10 S	109.08 E	68.15	-91.86	
3720.00	39.50	302.30	3712.11	20.44 S	106.49 E	64.42	-88.88	
3725.00	43.30	301.40	3715.86	18.70 S	103.68 E	76.92	-85.67	
3730.00	47.50	300.80	3719.37	16.86 S	100.64 E	84.43	-82.22	
3735.00	52.40	300.20	3722.59	14.92 S	97.34 E	98.43	-78.54	
3740.00	57.70	37.75	3725.96	11.77 S	96.84 E	1524.58	-75.94	
3750.00	67.00	299.80	3731.65	4.85 S	95.12 E	841.93	-69.77	
3755.00	71.60	300.00	3733.42	2.52 S	91.06 E	92.08	-65.27	
3760.00	76.60	305.50	3734.78	0.08 N	87.02 E	145.54	-60.59	
3765.00	81.60	304.80	3735.73	2.91 N	83.01 E	100.94	-55.76	
3770.00	86.30	304.30	3736.26	5.72 N	78.92 E	94.52	-50.89	
3775.00	89.00	304.00	3736.46	8.53 N	74.78 E	54.33	-46.00	
3780.00	89.70	303.20	3736.52	11.30 N	70.62 E	21.26	-41.11	
3785.00	89.80	302.30	3736.54	14.00 N	66.41 E	18.11	-36.24	
3790.00	89.60	301.60	3736.57	16.65 N	62.17 E	14.56	-31.39	
3795.00	89.70	301.20	3736.60	19.25 N	57.90 E	8.25	-26.54	
3805.00	90.70	300.80	3736.56	24.40 N	49.33 E	10.77	-16.88	
3815.00	91.50	300.80	3736.37	29.52 N	40.74 E	8.00	-7.22	
3825.00	90.40	299.10	3736.20	34.51 N	32.08 E	20.25	2.40	
3830.00	90.60	299.40	3736.16	36.96 N	27.72 E	7.21	7.19	
3835.00	89.90	298.50	3736.14	39.38 N	23.34 E	22.80	11.97	
3840.00	89.60	298.20	3736.16	41.75 N	18.94 E	8.48	16.74	
3845.00	89.40	297.70	3736.20	44.09 N	14.52 E	10.77	21.50	
3850.00	89.10	297.60	3736.27	46.41 N	10.10 E	6.32	26.25	
3855.00	88.20	297.60	3736.39	48.73 N	5.67 E	18.00	31.00	
3860.00	88.10	297.60	3736.55	51.04 N	1.24 E	2.00	35.74	
3865.00	87.90	297.40	3736.72	53.35 N	3.19 W	5.66	40.49	
3870.00	88.60	298.10	3736.88	55.68 N	7.62 W	19.79	45.24	
3875.00	89.30	298.70	3736.97	58.06 N	12.01 W	18.44	50.01	
3880.00	90.00	299.20	3737.00	60.48 N	16.39 W	17.20	54.79	
3885.00	90.60	299.60	3736.97	62.93 N	20.74 W	14.42	59.59	
3890.00	91.30	300.00	3736.89	65.42 N	25.08 W	16.12	64.40	
3895.00	91.90	300.30	3736.75	67.93 N	29.40 W	13.42	69.21	
3900.00	92.40	300.50	3736.56	70.46 N	33.72 W	10.77	74.02	
3905.00	93.70	301.00	3736.30	73.01 N	38.01 W	27.85	78.84	
3910.00	94.20	301.50	3735.95	75.60 N	42.27 W	14.12	83.67	
3915.00	94.50	302.10	3735.57	78.22 N	46.51 W	13.38	88.51	
3920.00	94.60	302.80	3735.18	80.90 N	50.71 W	14.10	93.36	
3925.00	94.60	303.10	3734.78	83.61 N	54.90 W	5.98	98.22	

All data is in feet unless otherwise stated
Coordinates from structure and TVD from wellhead.
Vertical section is from wellhead on azimuth 315.82 degrees.
Declination is 0.00 degrees, Convergence is 0.00 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

Measured Depth	Inclin. Degrees	Azimuth Degrees	True Vert. Depth	RECTANGULAR COORDINATES	Dogleg Deg/100Ft	Vert Sect	
3930.00	94.40	303.90	3734.38	86.36 N 59.05 W	16.44	103.09	
3935.00	94.20	304.60	3734.01	89.16 N 63.17 W	14.52	107.97	
3940.00	94.10	305.30	3733.65	92.02 N 67.26 W	14.10	112.87	
3945.00	93.90	305.90	3733.30	94.92 N 71.32 W	12.62	117.78	
3955.00	92.60	306.40	3732.73	100.82 N 79.38 W	13.92	127.62	
3965.00	91.10	308.40	3732.41	106.88 N 87.32 W	24.99	137.51	
3975.00	89.30	308.90	3732.37	113.13 N 95.13 W	18.68	147.43	
3985.00	89.10	310.10	3732.51	119.49 N 102.84 W	12.16	157.36	
3995.00	89.20	311.60	3732.66	126.03 N 110.40 W	15.03	167.33	
4005.00	88.70	313.00	3732.84	132.76 N 117.80 W	14.86	177.30	
4015.00	87.60	314.00	3733.17	139.64 N 125.05 W	14.86	187.29	
4025.00	86.60	315.30	3733.67	146.66 N 132.16 W	16.39	197.28	
4035.00	85.80	316.80	3734.34	153.84 N 139.08 W	16.97	207.25	
4045.00	86.20	319.00	3735.03	161.24 N 145.77 W	22.31	217.22	
4055.00	86.70	319.70	3735.65	168.81 N 152.27 W	8.59	227.18	
4065.00	87.20	321.00	3736.18	176.50 N 158.64 W	13.91	237.14	
4075.00	87.70	322.40	3736.63	184.34 N 164.83 W	14.85	247.08	
4085.00	88.10	324.00	3737.00	192.34 N 170.82 W	16.48	256.99	
4095.00	87.20	324.40	3737.41	200.45 N 176.66 W	9.85	266.87	
4105.00	87.00	324.80	3737.91	208.59 N 182.45 W	4.47	276.74	
4115.00	87.00	323.90	3738.44	216.70 N 188.27 W	8.99	286.62	
4125.00	86.50	323.40	3739.00	224.74 N 194.19 W	7.06	296.51	
4135.00	85.30	322.30	3739.72	232.69 N 200.21 W	16.26	306.41	
4145.00	84.70	320.90	3740.59	240.50 N 206.40 W	15.18	316.32	
4155.00	84.30	319.50	3741.55	248.15 N 212.77 W	14.50	326.24	
4165.00	83.50	317.90	3742.61	255.62 N 219.33 W	17.81	336.17	
4175.00	82.90	316.20	3743.79	262.89 N 226.10 W	17.91	346.10	
4185.00	82.40	314.90	3745.07	269.97 N 233.04 W	13.83	356.02	
4195.00	81.90	313.20	3746.44	276.85 N 240.16 W	17.57	365.92	
4205.00	82.20	311.70	3747.82	283.54 N 247.47 W	15.16	375.80	
4215.00	82.80	310.40	3749.13	290.05 N 254.94 W	14.22	385.68	
4225.00	83.60	309.20	3750.31	296.40 N 262.57 W	14.35	395.56	
4235.00	83.90	308.10	3751.40	302.61 N 270.34 W	11.34	405.42	
4245.00	84.90	307.40	3752.38	308.71 N 278.21 W	12.19	415.28	
4255.00	85.70	307.80	3753.20	314.79 N 286.10 W	8.94	425.14	
4265.00	86.60	307.30	3753.87	320.87 N 294.01 W	10.29	435.01	
4290.00	88.90	307.20	3754.85	335.99 N 313.90 W	9.21	459.71	PROJECTED F/ PREVIOUS SURVEY

All data is in feet unless otherwise stated
Coordinates from structure and TVD from wellhead.
Vertical section is from wellhead on azimuth 315.82 degrees.
Declination is 0.00 degrees, Convergence is 0.00 degrees.
Calculation uses the minimum curvature method.
Presented by Baker Hughes INTEQ

BAKER HUGHES INTEQ

2105 Market Street Midland, Texas 79703
915-694-9517 Fax 915-694-5648

SURVEY CERTIFICATION SHEET

STATE OF TEXAS
COUNTY OF MIDLAND

I, Ralph Rice, in the employ of Baker Hughes *INTEQ* did on the days of May 13, , 19 93 thru May 13, , 19 93 conduct or supervise the taking of a Gyroscopic survey by the method of magnetic orientation from a depth of 0 feet to 3665 feet, with recordings of inclination and direction being obtained at approximate intervals of 100 feet.

This survey was conducted at the request of Petroleum Development Corporation for their Wattam Federal # 4, Chaves County, State of New Mexico.

The data for this survey and the calculation were obtained and performed by me according to standards and procedures as set forth by Baker Hughes *INTEQ* and is true and correct to the best of my knowledge.

Ralph E. Rice

Directional Supervisor/Surveyor

BAKER HUGHES INTEQ

2105 Market Street Midland, Texas 79703
915-694-9517 Fax 915-694-5648

SURVEY CERTIFICATION SHEET

STATE OF TEXAS
COUNTY OF MIDLAND

I, Ron Collins, in the employ of Baker Hughes *INTEQ* did on the days of May 13, , 19 93 thru May 18, , 19 93 conduct or supervise the taking of a Steering Tool survey by the method of magnetic orientation from a depth of 3665 feet to 4145 feet, with recordings of inclination and direction being obtained at approximate intervals of 5 feet.

This survey was conducted at the request of Petroleum Development Corporation for their Wattam Federal # 4 , Chaves County, State of New Mexico .

The data for this survey and the calculation were obtained and performed by me according to standards and procedures as set forth by Baker Hughes *INTEQ* and is true and correct to the best of my knowledge.

Ronald L. Collins

Directional Supervisor/Surveyor

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

CASE 10,697, 10,698

EXAMINER HEARING

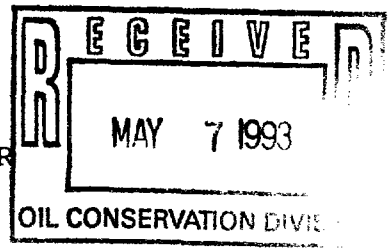
IN THE MATTER OF:

Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico

Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and a nonstandard oil proration unit, Chaves County, New Mexico

ORIGINAL

TRANSCRIPT OF PROCEEDINGS



BEFORE: DAVID R. CATANACH, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

April 8, 1993

A P P E A R A N C E S

FOR THE DIVISION:

ROBERT G. STOVALL
Attorney at Law
Legal Counsel to the Division
State Land Office Building
Santa Fe, New Mexico 87504

FOR THE APPLICANT:

KEGEL LAW FIRM, P.C.
Attorneys at Law
By: WALTER KEGEL
226 Los Alamos Drive, Suite C
P.O. box 2073
Espanola, New Mexico 87532

* * *

I N D E X

* * *

E X H I B I T S

APPLICANT'S EXHIBITS:

* * *

WHEREUPON, the following proceedings were had at 9:20 a.m.:

EXAMINER CATANACH: At this time we'll call Case Number 10,697.

MR. STOVALL: Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project and for special operating rules therefor, Chaves County, New Mexico.

EXAMINER CATANACH: Are there appearances in this case?

MR. KEGEL: Walter Kegel, attorney, Espanola, for the Applicant.

EXAMINER CATANACH: Okay, any other appearances?

MR. KEGEL: Mr. Examiner, I'd like to ask that this case be consolidated with the following case, Number 10,698, involving the same type of an application in the same section.

EXAMINER CATANACH: Okay, at this time we'll call Case 10,698.

MR. STOVALL: Also the Application of Petroleum Development Corporation for a high angle/horizontal directional drilling pilot project, special operating rules therefor, and a nonstandard oil proration unit, Chaves County, New Mexico.

EXAMINER CATANACH: Any additional appearances?

Okay, let the record reflect that the witness has previously been sworn in, prior case.

You may proceed, Mr. Kegel.

J.C. JOHNSON,

the witness herein, having been previously duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KEGEL:

Q. For the record, state your name and residence.

A. My name is J.C. Johnson, from Albuquerque, New Mexico.

Q. And your occupation?

A. I'm President of Petroleum Development Corporation.

Q. And you have testified before this Commission as an expert previously?

A. Yes, I have.

MR. KEGEL: Tender the witness.

EXAMINER CATANACH: He is qualified.

Q. (By Mr. Kegel) Do you have an exhibit book that's in these two consolidated matters?

A. Yes, I have. On the Case Number 10,697 I

have four exhibits and the Application letter with receipts from all the offset operators that they were notified by certified mail.

Case Number 10,698, I have four exhibits, the map, offset operators and addresses, horizontal drilling procedure and a schematic of the procedure.

Q. As well as -- Well, are these two Applications identical in what is proposed?

A. Yes, they are.

Q. Are there any differences between them?

A. Not really, except the depths of the pay zones and the kickoff points, the perforations, slight difference because one is on one side of the section and one is on the other side of this section.

The procedure of what we're going to be doing is, we're going to be doing the same thing, we're going to be drilling the horizontal wells, maintaining a distance of 100 feet from the out-of-boundaries of the 40-acre tract in each well.

Q. And do you have adequate controls to see that you don't intrude upon the 100-acre -- 100-foot boundary?

A. Yes, we do.

Q. Is the procedure which will be used the same or similar to the procedure about which you have

testified in Case 10,696?

A. Yes, it is.

Q. Is it identical or are there any significant differences?

A. The only difference is the distance that we will be going from the vertical wellbore.

In these cases we will be limited -- by going one certain direction -- If the bottom of the wellbore is the same as the surface we would be able to go out about 890 feet, there's a possibility.

On the other well we would be able to go out about 790 feet, is our maximum distance, where in the other case, 10,696, we're going to try to get out as far as we can because we're crossing another 40-acre boundary.

MR. KEGEL: Is it possible, Mr. Examiner, to take notice of the testimony in the prior case in this one so we don't have to go through it in detail?

EXAMINER CATANACH: Yes, I think we can do that.

Q. (By Mr. Kegel) In both of these cases, do you feel that the Applications are in the interests of conservation and prevention of waste?

A. Yes, I do. Again, we're in a situation where we're trying recover reserves that have not been

recovered by primary production from a vertical-drilled well.

All indications from log calculations, there are a tremendous amount of reserves still available to be recovered. And the offset operators will have the opportunity of this works to do the same thing to their wells if the economics are there to do it.

Q. And the fractionalization that you talked about in the prior case is present, you believe, in these two situations also?

A. Yes, I do.

Q. And the offset operators will get the benefit of the experience gained by your expenditures?

A. That is correct.

MR. KEGEL: I have no further questions.

EXAMINATION

BY MR. STOVALL:

Q. Mr. Johnson, just to make sure that we've got the record together, the exhibits appear to be the same in terms of content for each of the three cases, both the previous one which we're incorporated in here and then these two; is that correct?

A. That's correct.

Q. And the difference, as it appears to me, is that what's really significantly different is that you

are at different depths --

A. Right.

Q. -- in what you're doing?

A. That is correct. It is the same pay zone.

Q. Okay. So in other words, if we look at each exhibit, we could just -- If we wanted to substitute the testimony, we could just plug in the numbers from the exhibits into the testimony as a description of what you intend to do and how you intend to get there?

A. That is correct.

Q. One other -- The case did include an advertisement for a nonstandard proration unit. It appears to me your Application actually didn't reference that. I think that was identified when the case was -- the advertisement was prepared by the Division.

A. Yes.

Q. Am I correct in -- It appears that that is because of an irregular survey and not because you're omitting or adding any portion of a quarter section -- or a quarter quarter section or a line; is that correct?

In other words, the quarter quarter that you're in is actually a 44-acre quarter quarter rather than a 40-acre; is that --

A. That's right, but I believe the Application for --

Q. It's 10,698, is the one that we're referring to, and according to the advertisement, and if I -- Let me make sure I'm looking at the right map. It appears that that may be a 44.3-acre lot rather than a standard 40-acre tract. Do you have any reason to believe that's not true?

A. No, I don't. Walter, let me see -- I missed it somewhere or another -- what you're talking about.

Q. I believe when Mr. Stogner prepared the --

A. Okay.

Q. -- Application, he reviewed the land surveys for this area and determined that.

A. Yes, 44.3. Yes, okay.

EXAMINATION

BY EXAMINER CATANACH:

Q. Mr. Johnson, the direction of the laterals in the two wells that we've been discussing has not been determined?

A. That is correct.

Q. So you're requesting authorization to drill in any direction you choose --

A. That is correct.

Q. -- as long as you stay further than 100 feet

from the outer boundary of the 40-acre unit?

A. That is correct. One reason, the main reason for this request too, we may -- When we do one lateral, we may find some information that says, Hey, it may be better to change this direction in the next well.

MR. STOVALL: And the tracts are wholly owned by PDC?

THE WITNESS: That is correct.

MR. STOVALL: Federal tracts again?

THE WITNESS: They are federal tracts.

MR. STOVALL: And I assume the feds are once again enthusiastic?

THE WITNESS: They are enthusiastic about it.

Q. (By Examiner Catanach) Mr. Johnson, given the fact that these wellbores may be within 100 feet of the outer boundary of the lease line, do you see any adverse effect on the offset operators as a result of that?

A. At the present time, you mean?

Q. If you do in fact drill a lateral to within 100 feet of the outer boundary of the proration unit, you're really at a nonstandard location. Do you see that as affecting the offset operators adversely?

A. I do not myself, based on data and articles I've read and so forth. A well drill -- The amount of

oil that's been recovered in these oils -- I doubt if it's been recovered 20 foot from the wellbore.

But the thing that happens, if a well was drilled vertically 100 foot from the well, then you have the whole area, say these pay thicknesses 40-foot thick where the 7-7/8-inch bore may do it.

But with the lateral boring out there to a -- a drainage factor -- a lot of people think it doesn't drain 20 foot from that point of the lateral.

So the drainage is not as great. The drainage will be along that lateral as it goes out.

Q. Unless you hit a fracture, and then wouldn't the drainage area be extended?

A. It all depends on how far that fracture extends, that is correct.

Q. But you've had no objection or no concern from any offset operators on any of these proposals?

A. I've had no objections.

Q. The well number 4 is currently plugged and abandoned?

A. That is correct.

Q. Okay. And number 7 is currently still -- Is that still producing?

A. It's temporarily abandoned.

Q. Okay.

A. The number 4 well was drilled, attempt to complete was made. The well has produced, I think, 575 barrels of oil. Log calculations show there's 460,000 barrels of oil in place, based on a 40-acre spacing unit.

EXAMINER CATANACH: Okay, I don't have anything further.

MR. KEGEL: Nothing further.

EXAMINER CATANACH: Okay, there being nothing further, Case 10,697 and 10,698 will be taken under advisement.

(Thereupon, these proceedings were concluded at 9:33 a.m.)

* * *

CERTIFICATE OF REPORTER

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

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; 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 April 14th, 1993.

STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1994

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 10697, 10698 heard by me on April 1 1993.

David R. Catanach, Examiner
Oil Conservation Division