

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

ROBERT J. COOK

called as a witness, having been first duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. CAMPBELL:

Q Will you state your name, please?

A Robert J. Cook.

Q Where do you live, Mr. Cook?

A Artesia, New Mexico.

Q By whom are you employed and what capacity?

A Newmont, District Petroleum Engineer.

Q You have not previously testified before this Commission or its Examiner, have you?

A No, sir, I haven't.

Q Would you briefly give the Examiner your educational and professional background?

A I was graduated from University of Texas in 1952 with a Bachelor of Science Degree in Petroleum Engineering. Approximately two years later I completed by correspondence the requirements for Bachelor's Degree in Geology. Since that time, I have almost exclusively worked with the shallower reservoirs in Southeastern New Mexico. For the last three years I have been employed by Newmont Oil Company.

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Q By what other companies have you been employed?

A I have been employed by Gulf Oil Corporation and by Cable Engineering at Wichita Falls; by Sinclair Oil Company in Midland.

Q Are you acquainted with the Square Lake Pool Waterflood Project operated by Newmont Oil Company in Eddy County, New Mexico?

A Yes, sir, I am.

Q I refer you to what has been identified as Applicant's Exhibit No. 1, and ask you to state what that is, please.

A This is an ownership plat of the Square Lake, a portion of the Square Lake Field. The Newmont Oil Company properties are indicated in orange; the acreage under consideration here is indicated in blue. The map also indicates the existing waterflood pattern in the area.

Q The pink area is the area that's under consideration here, is it?

A No.

Q Or the blue area on your map?

A Yes, right.

Q Shown is the South Half of the Southwest Quarter and the North Half of 20, and the North Half of the Northwest Quarter of 29, is that correct?

A Yes, that's correct.

Q What is it you are seeking to do?

A We're seeking a permit to expand our present flood onto



this lease.

Q If the authority is granted, what do you propose to do with regard to this lease?

A We propose to convert the No. 3 Well located in the Southwest Southwest of 20, and the No. 2 Well located in the Northeast Northwest of 29 to injection, and to leave the No. 1 Well, the Northwest Northwest of 29, as a producer.

Q Do you have operating rights insofar as this acreage is concerned?

A Yes, sir, we do.

Q Is Newmont Oil Company the operator under the operating agreement?

A Yes, they are.

Q Do you have information concerning the present status of the wells involved here and the surrounding wells, relative to their production?

A The rates, you mean?

Q Yes.

A Yes, sir. The Knox No. 1 Well is presently producing about 30 to 35 barrels of oil per day, and about 20 barrels of water. The No. 2 is producing about 10 to 15 barrels a day of oil with no water. The No. 3 is not presently producing; there is a pumping unit on the well but it is not presently operating.

Q Do you believe that the production from the acreage involved in this application has been stimulated as a result of



the injection of water in the presently approved project area?

A Yes, sir, I do.

Q You have referred to the production of water from the Knox No. 1 Well. Do you consider that to be water encroachment from the flood or from other sources?

A I believe that most of it is coming from water which we have put into this well during cleanout operations. We cleaned it out immediately after taking over, and had to inject fresh water into the well in order to break the salt water deal.

Q Do you consider that you have reached the northeast limits of production from this reservoir?

A Yes, sir, essentially, I do.

Q Do you contemplate the drilling of any additional wells on this tract or to the north of this tract?

A We are studying the possibility of drilling perhaps one more well on the tract.

Q Would this be a producing well?

A It would.

Q Are you seeking here to obtain the addition of this acreage to the project area as a legitimate expansion of the existing area?

A Yes, sir.

Q Do you consider that any production you obtain from the Knox Well No. 1 will be production from the same reservoir as you are presently flooding in the project area?



A Yes, sir, it produces from the same reservoir.

Q Do you believe that it is necessary in order to prevent waste that you be authorized to expand the flood to cover this additional acreage and to commence the injection with water in the Knox No. 2 and No. 3 Wells?

A I do.

MR. CAMPBELL: That's all the questions I have at this time, Mr. Examiner.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Cook, is the area outlined here in orange the same area as was granted to you as the project area in, I believe it was Order 1110-B?

A Yes, sir, I believe it was.

Q Was the North Half of the Northwest Section of 29 included in that Order?

A No, it was not. I don't believe so.

Q I thought I might have copied it wrong. Likewise, the North Half of the Northwest Quarter of 29 and the South Half of the Southwest Quarter of 20 was not in that Order, is that correct?

A Would you repeat that?

Q The North Half of the Northwest of 29 and the South Half of the Southwest of 20?

MR. CAMPBELL: That's what we're seeking here. The other one is an error there, there are two dry holes on that tract.



A Yes, sir, they are.

Q It's your intention, then, to put on more injection wells within the area?

A Yes, sir, it is.

Q And extend, namely, to the southeast?

A Yes, sir.

Q Are all the wells in the southeast area of a stripper nature?

A Yes, sir.

Q Would you know off-hand what the maximum production was on any of the wells?

A If you'll wait just a minute, I can get that for you.

MR. CAMPBELL: I believe that the record in Case No. 2299 may contain that information. I'm not certain.

MR. UTZ: I'm not sure, either.

MR. CAMPBELL: I don't have the transcript with me.

A The maximum production from the undeveloped wells in the southeast part would run not over four to five barrels a day.

MR. UTZ: Are there other questions of the witness?

MR. MORRIS: Yes, sir.

MR. UTZ: Mr. Morris.

BY MR. MORRIS:

Q Mr. Cook, as I understand it, you are seeking to add 160 acres to the project area that has previously been approved. Is it Newmont's intention to expand this flood any further in the



northern part of the project in a northern or northeastly direction from the Knox acreage?

A Not at the present time, no.

Q Do you feel that sometime in the future it might be Newmont's intention to expand the flood in that direction?

A No, I don't feel that we would expand it.

Q No negotiations are under way at the present time with Western Oil Fields or D.O.B., whatever that is, to take in the Southeast Quarter of Section 20?

A No, sir. We are not negotiating to acquire those properties.

Q Mr. Cook, are you familiar with the agreement under which the Knox acreage is to be taken into the flood?

A Between ourselves and the Knox people?

Q Yes.

A Yes, sir.

Q I believe in your application you stated that you do have an operating agreement with the ownership or the administrator of those properties. Do you feel that that operating agreement is sufficient to protect the correlative rights of the owners in the Knox acreage as well as the owners in the acreage already in the Newmont project surrounding the Knox acreage?

A Yes, sir.

Q You feel that any oil that migrates across lease boundaries will be compensated by counter-drainage?



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A Yes, sir, I do.

MR. MORRIS: I believe that's all I have.

MR. UTZ: Are there other questions of the witness?

The witness may be excused.

(Witness excused.)

MR. CAMPBELL: I would like to offer Applicant's Exhibit No. 1 in evidence, Mr. Examiner.

MR. UTZ: Without objection, Exhibit No. 1 will be entered into the record of this case. Are there other statements in this case?

MR. MORRIS: Mr. Examiner, the Commission has received a letter from Pan American Petroleum Corporation. The letter is too long to read into the record. Basically, they are opposed to the application. I will offer the letter as part of the record in this case.

MR. CAMPBELL: May I see it?

MR. MORRIS: Yes, sir.

MR. CAMPBELL: I assume that it's not necessary to show that this is not evidence in the case.

MR. MORRIS: No, sir, it's not.

MR. UTZ: It will bear the same weight as any other written statement, I presume.

The case will be taken under advisement.

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